

NORTHWESTERN BANKER DES MOINES

AUGUST, 1926

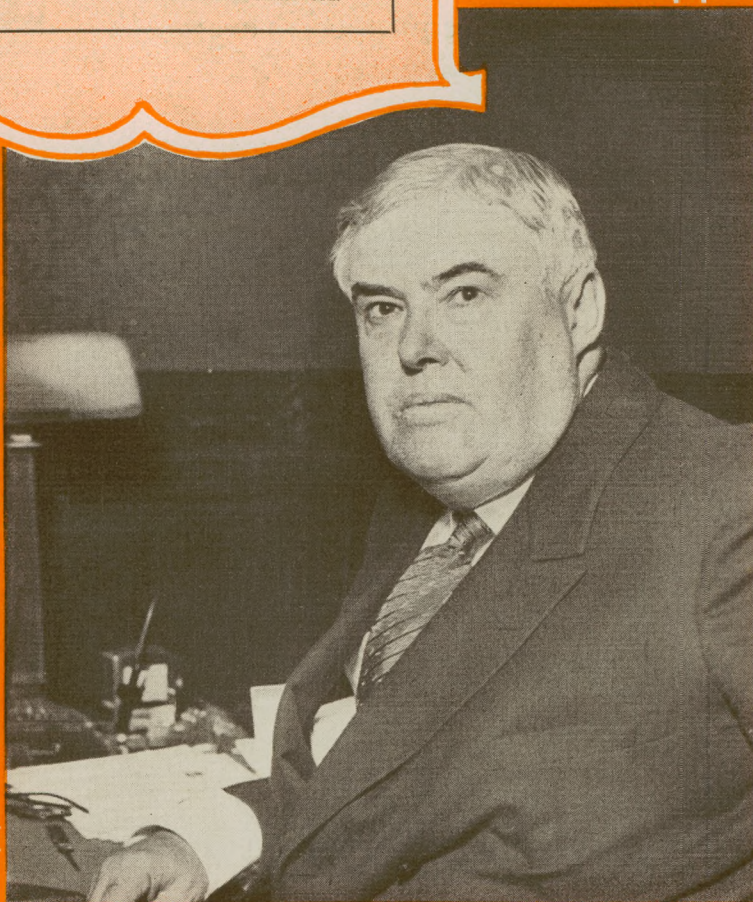
Turning the Spotlight on Your
Operating Costs and Income

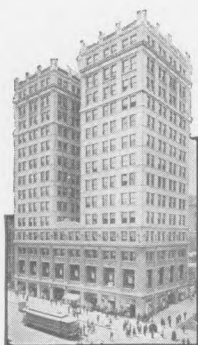
“The Dog in the Manger”

THE PHOTO BELOW:

Ralph Van Vechten, newly elected president of the State Bank of Chicago. He is a former Iowan, and was cashier of the Cedar Rapids National Bank for eighteen years.

Photo Underwood and Underwood.





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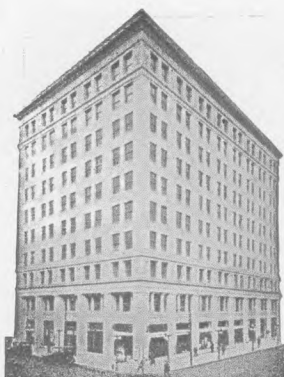
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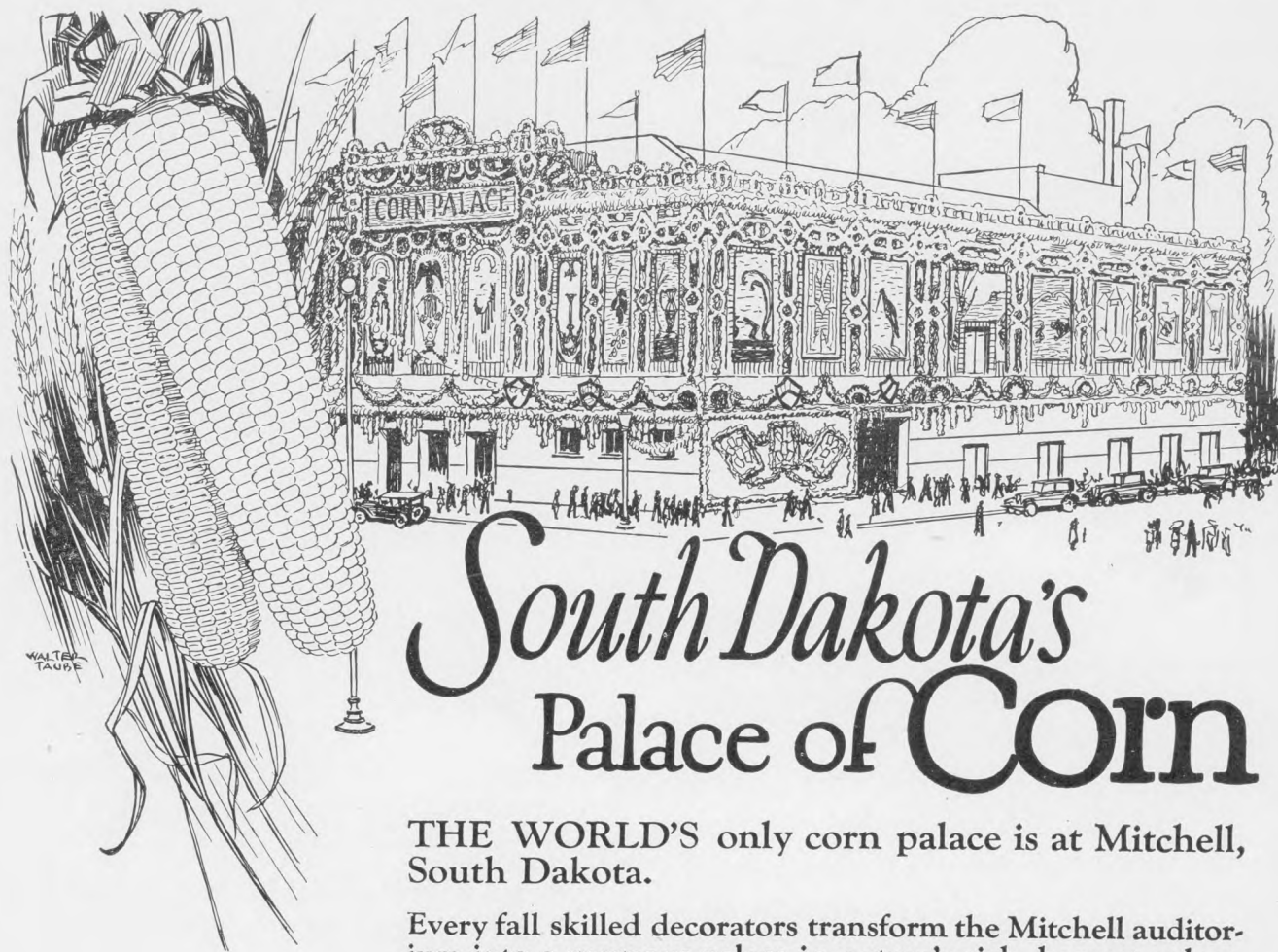
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The Northwestern Banker is the oldest banking publication west of the Mississippi river—and was the first in America to join the Audit Bureau of Circulations. It is the official publication of the South Dakota Bankers Association, the Iowa Farm Mortgage Bankers Association, and the Iowa Bond Dealers Association. It must be used to cover America's richest agricultural territory.

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THE NORTHWESTERN BANKER
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NORTHWESTERN BANKER

DES MOINES

The Oldest Financial Journal West of the Mississippi

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THIRTY-FIRST YEAR

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NORTHWESTERN BANKER
DES MOINES

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SAINT LOUIS

UNDERWRITERS REVIEW
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TRANS-MISSISSIPPI BANKER
KANSAS CITY

INSURANCE MAGAZINE
KANSAS CITY

SOUTHWESTERN BANKERS JOURNAL
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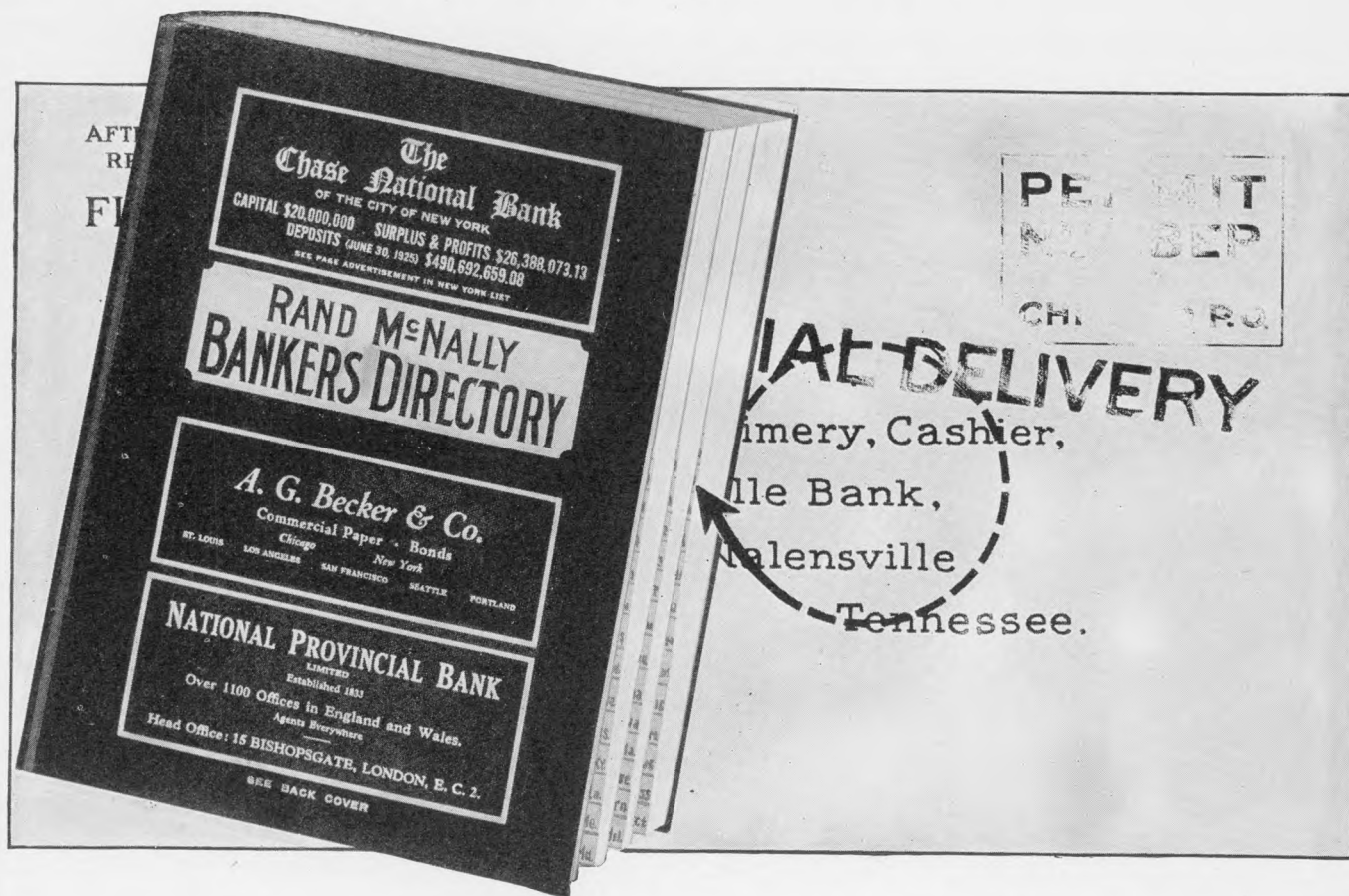
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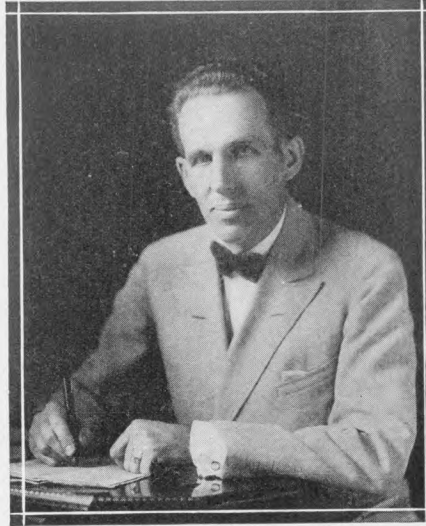
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Across the Desk from the Publisher

THE banker has greater temptations than grocers or merchants. The reason for this is obvious. Because of the greater temptations which constantly confront the banker, I have always been in favor of any system or device which would help to eliminate any temptation which might come to a banker in the daily course of his business.

A Bertillion expert has suggested the use of fingerprints with signatures to note and other bank paper, as a method to reduce forgery and aid bank examiners. If such a system were adopted, this expert believes that the number of failures among small country banks would be lessened.

Personally, I am inclined to agree with him. Under this system each person who signs a promis-



By Clifford DePuy

ory note would be required to put his fingerprint on the paper. A copy of the print would be kept in the files and then it would be a comparatively easy task for a bank examiner to compare fingerprints. If such a system were universally adopted there would be no temptation on the part of the banker to make duplicate copies of customers' notes and use them for rediscount purposes in order to secure additional funds. Such a system would make forgery impossible, and would, I believe, be a direct contribution to better banking.

Bankers are human and are subject to the same temptations as their associates. Therefore, I am in favor of any system which will make their work easier and their temptations less.

Interest on Deposits

IF YOU have not already read the article in this issue of the NORTHWESTERN BANKER on "Bank Operating Costs and Income," by Charles H. Preston, we suggest that you do so at once. It is a very comprehensive article and one of real value to you in the management of your bank. In this article Mr. Preston takes up, among other things, the rate of interest on deposits paid by the banks in the Ninth Federal Reserve District and by banks in the United States as a whole. The average interest paid on deposits by members of the Federal Reserve System in the United States is 2.18 per cent. The average interest paid on deposits by members of the Ninth Federal Reserve District is 2.60 per cent or .42 per cent higher per \$100.

As Mr. Preston points out in his article, if this item of interest on deposits alone could be decreased in "This district to that of the United States as a whole, and other figures remain the

same, the net profits would be just about doubled." In referring specifically to South Dakota he further states: "South Dakota has greatly improved in the suicidal policy of paying ruinous rates on time deposits, but there is still room for improvement. The records show that at the time of the last statement called by the Federal Reserve Banks, 40 per cent of the banks in South Dakota were still paying 5 per cent on deposits and that about 60 per cent of the banks were paying 4 per cent. Taking into consideration the present money market, and the consequent decrease of interest earnings, it takes no statistician nor prophet to state that no bank can do a profitable business and still pay 5 per cent on deposits."

Any banker who knows he is paying more on deposits than he should, and then continues to do so is foolish, unwise and courting disaster in the business of banking.

Cooperating with Crooks

IF BANKERS advise their farmer customers to invest in fake promotion schemes, they are cooperating with crooks. Nine farmers out of ten ask their bankers about prospective investments, and if the banker is the right kind—and most of them are—they will advise their farmer friends to leave blue sky investments alone.

Dr. F. B. Farrell, in speaking before the North Dakota Bankers' Association, said: "The farmer, like everybody else, often is tempted to try unsound shortcuts of one kind or another. All sorts of schemes are presented to him by people who promise too much. American farmers lose millions of dollars every year by investing in these schemes. Sometimes a bank, who should be the farmer's best friend, actually helps intentionally or otherwise to victimize the farmer by lending the moral and financial support to promoters who parasitize farmers. The fake schemes by which farmers are frequently victimized include the selling of useless livestock remedies and wildeat stocks, and the promotion of unsound schemes

for the improvement of crops or livestock. If the banker is to help safeguard the farmer against these schemes he will need to keep in close touch with his agricultural college."

A few years ago when the farmer was riding the wave of prosperity there was an epidemic of promotion schemes in which the banker was used as the "bird dog" to help get the farmer's money. The banker in turn was reimbursed by the stock promoter for the service he rendered. Those days are gone and we hope they are gone forever. The farmer or any other customer of the bank should be able to come to the institution where he does his banking business and get honest and conscientious advice from his financial advisor.

There will always be fake promotion schemes presented to farmers. In periods of prosperity these schemes will be promoted better than in times of depression, but if the banker is the right kind of a banker, the schemes will not flourish at any period in the business cycle through any cooperation on his part.

Paying the Community Bookkeeper

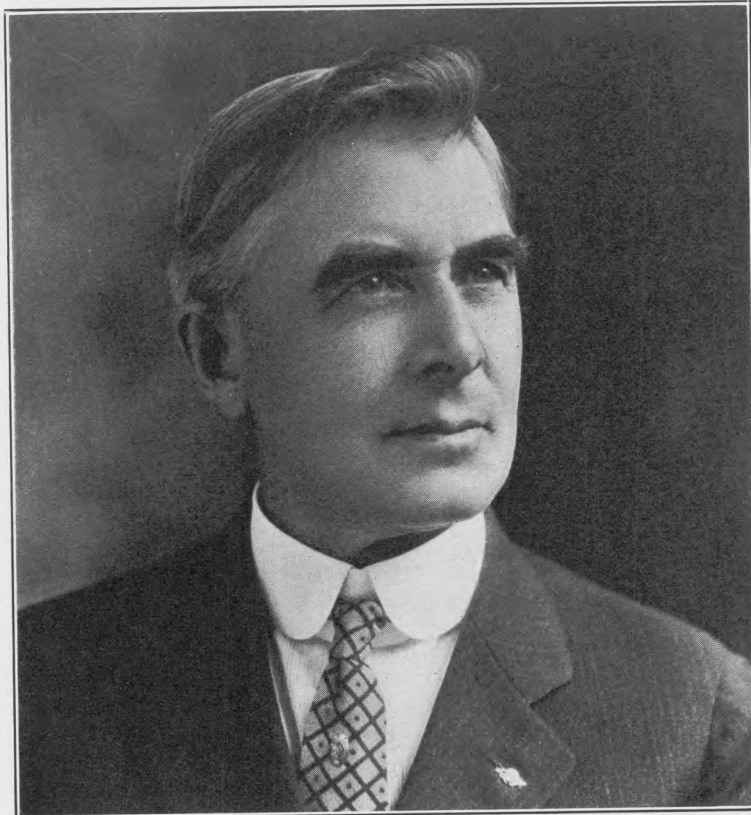
THE service charge which is being instituted by many banks throughout the country is simply paying the community bookkeeper, which is the bank.

When you drive up to a filling station and put air in your tires or water in your radiator you are not placing a very great burden upon the manager of that station, even if he does the work for you, there is no great amount of skill or labor involved. On the other hand, when a depositor carries a balance of \$50 or less in your bank, there is practically as much time and effort consumed by your bookkeepers in handling this small account as there would be if it were much larger. It is only fair, therefore, that the consumer should be charged for this service.

This whole subject was most admirably covered in the July issue of the NORTHWESTERN BANKER by Dan V. Stephens in his article on "Our Experience with the Service Charge." The banks in Fremont collect 50c per month on all accounts averaging less than \$50 each.

In Mr. Stephens' bank the result of this has been that where overdrafts formerly averaged \$500, and the number of accounts overdrawn around 75, these have been reduced in number to around 12 with less than \$45 as the total amount. The figures of this bank also show that their checking deposits have also increased \$255,000 since November and that the savings deposits have increased in proportion, with 242 accounts added. Mr. Stephens says: "Our new service charge schedule has netted us approximately \$400 a month, one of the large items in this being interest on bills of lading drafts in process of collection."

If any banker has any doubt in his own mind that there should not be a service charge collected in order to pay the community bookkeeper he should read the experiences of the bankers of Fremont and be convinced. The time is not far distant when every bank will be making a service charge because such a step is strictly in keeping with the development of "still better" banking in the Middle West.



EINER JOHNSON

President, South Dakota Bankers Association

Einer Johnson, the new president of the South Dakota Bankers Association, is cashier of the Volin State Bank. He was born and raised in Norway, came to the United States in 1882, clerked in a hardware store in Yankton, and was elected county treasurer of Yankton county in 1900, serving four years.

He began his banking career as bookkeeper for the Yankton National Bank, was later elected cashier of the Citizens State, Irene, serving there until 1907, when he was elected cashier of the Volin State, the position he now holds. Mr. Johnson served as a member of the state association Executive Council for a number of years prior to his recent election as president.

NORTH WESTERN BANKER



With Our Subscribers

IT IS always a real pleasure to learn from our subscribers that they are reading and enjoying the various articles and departments of the NORTHWESTERN BANKER. Hence, these words from the magazine's readers are deeply appreciated: "The NORTHWESTERN BANKER," says C. J. Wohlenberg, of Holstein, former president of the Iowa Bankers Association, "brings the entire banking world, both local and national, to our front doorstep each month. I have seen many bank journals from other states, but none that can compare with the NORTHWESTERN BANKER in quality of editorial matter. We look forward to every issue of it and read it from cover to cover."

G. S. Newberry, president of the First National, Carrington, North Dakota, writes: "I have read the NORTHWESTERN BANKER for a long time and like it. It appeals to me as the best three dollar investment any banker can make."

A New Department

THE NORTHWESTERN BANKER is very anxious to give all possible help and suggestions for better business to its readers. It is with this thought in mind that this magazine presents for its subscribers' approval, on page 17 of this issue, a new department headed "The Best Ads of the Month."

Not always is it possible for the country banker to devote the time he desires to preparing the weekly or semi-weekly advertisement for his local newspaper. No matter how much of a literary bent he may have, there are times when the writing of a bit of copy is a Herculean task.

To render a service in such a contingency, the NORTHWESTERN BANKER, in the above department, plans to present each month at least two original adver-

IN THIS ISSUE

tisements, on the various angles of commercial banking, for the benefit of its readers. Also, the department will quote, in each issue, representative ads of the month, written by other banks, as a means of inspiration and to see what brother bankers are doing.

If you have had some particularly fine piece of advertising, write the NORTHWESTERN BANKER a letter, or send in a copy of your ad. Let's make this a real department and help the other fellow with his advertising!

Ralph Van Vechten

RALPH VAN VECHTEN, whose picture appears on this month's cover page, resigned last month as vice president and director of the Continental and Commercial National of Chicago, to become president of the State Bank of Chicago. He is particularly well known in Iowa, having begun his career as a reporter on a Cedar Rapids, Iowa, newspaper at the age of sixteen. Later he became a clerk in the private bank of G. F. Van Vechten and when that bank became known as the Cedar Rapids National, he was appointed cashier and held that position for eighteen years.

He went to Chicago in 1905 as second vice president of the Commercial National and when that institution was merged with the Continental he retained his position, later becoming senior vice president.

Mr. Van Vechten takes the place of Henry A. Haughan, son of the founder of the State bank and one of its principal stockholders. Mr. Haughan becomes chair-

man of the board of directors. Leroy A. Goddard, former chairman, becomes chairman of the executive committee. It is understood that Mr. Van Vechten has purchased a substantial block of State bank stock.

The State bank is at work on plans for a \$10,000,000 building on the site of the Woman's Temple at La Salle and Monroe streets.

Mr. Van Vechten is one of the most picturesque figures in Chicago. During the deflation following the war he became known as the city's "trouble shooter" in the world of finance, because he saved more firms from bankruptcy than any other banker. Notable among the reorganizations in which he played a leading part was the welding of the Maxwell Motors Company and the Chalmers Motor Company into the Chrysler corporation, and the reorganization of the Goodyear Tire and Rubber Company.

Recently the State bank purchased its site for a building at a price of \$1,350,000, besides 90 feet in Monroe street for \$700,000. This gives the bank more than half a block for its building. The bank has a capital of \$2,500,000, earned surplus of \$5,000,000, undivided profits of \$2,287,288, and deposits totaling \$55,762,384.

"Dog in the Manger"

SOME humorist had declared that traffic congestion is caused by plumbers going back for their tools. Certain it is that banking traffic, in the roadway to better banking, is oftentimes congested by the banker who refuses to cooperate with his fellow financiers in doing the things that make for better banking practices.

Roscoe Macy, regular monthly contributor to the NORTHWESTERN BANKER, brings out this point most forcefully in his article entitled, "The Dog in the Manger—A Bedtime Story for Budding Bankers," page 13 of this issue. As usual, the reader will gain real dividends in information and amusement in his article. Be sure to read it, page 13.

Turning the Spotlight on Your Operating Costs and Income

Future bank profit must come from increased service and charging for it

THE purpose of this discussion will be: First, to set forth some facts and figures recently gathered regarding the results of banking operations in general and in this section of the country in particular. Second, to analyze these facts so as to throw some light upon the subject of operating results from a profit standpoint, and, Third, to attempt to point out some remedies which might be applied to improve a bad situation, with special reference to analysis of customers' accounts and the necessity for the establishment of service charges.

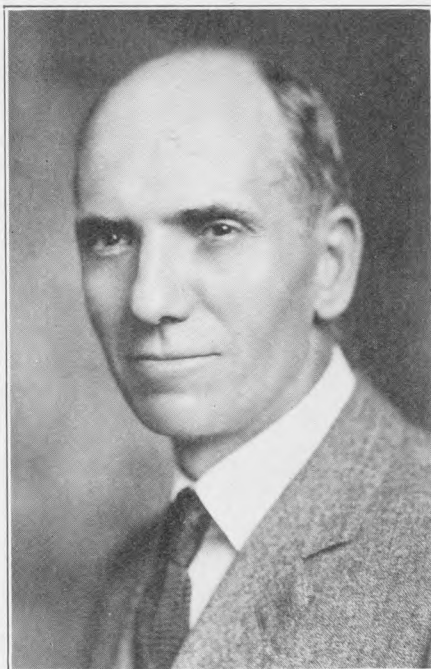
The first task—that of presenting reliable facts and figures—could not have been undertaken two or three years ago. Viewed from the standpoint of an accountant, it has seemed strange indeed that a business so vital to the very existence of all industry has not accumulated, until very recently, any data or statistics from which that business could be analyzed. Almost all other lines of business have developed cost figures which could properly be relied upon to furnish the basis of estimates for operating costs and probable profit margins from which budgets could be computed. But this appears not to have been the case with the banking business. Only a comparatively few banks have made an analysis of costs and those few have kept their cost figures as sacred secrets, with the result that no one could estimate from available figures just what it should cost to operate a bank of a certain size in a certain locality, what margin of profit could be confidently expected from a given volume of business, what rate of interest to pay on savings deposits, which should yield a comfortable margin of net return, and whether or not ones commercial accounts or open checking accounts were maintained on a profitable basis. Reliable statistics from scientific investigations were simply not available.

The Result

And what has been the result? The mere mention of the disastrous results of such a policy to a group of Mid-western bankers is likely to cause pretty much the same reaction as that of rudely elapping left arm of one who has recently undergone a successful vaccination. Touching such a recent sore spot is likely to place the recipient in no mood for a sympathetic heart to heart talk. Nevertheless, I am going to risk my own security and peace of mind by referring to

By **Charles H. Preston**

*Certified Public Accountant
Minneapolis*



CHARLES H. PRESTON

just those results first and thus have the unhappy part of this discussion over with.

Let us assume that the financial storm is subsiding, that the wreckage is being cleared away, and that we can view the situation with calm and dispassion, looking only to the possible lesson that can be learned from the recent sad experience. Bankers everywhere are doing just that, and are giving more thought and study to scientific analysis of bank operating costs and operating revenue than ever before in the history of America.

Now for some of those facts—cold cruel facts; confining the record for the present to a group of Mid-western banks from North Dakota and Montana on the north to Missouri, Kansas and Oklahoma on the south, taking in Minnesota and Iowa, there were 101 bank failures in the ten years from 1910 to 1920. This was an average of only about one bank in each state per year, a failure being almost an unknown quantity; a condition to justify that confidence which the public is entitled to have in its financial in-

stitutions. But that same period saw a tremendous growth in the number of banks organized in this territory. As a writer in a recent issue of "The Review of Reviews" states, "Starting a country bank was one of the public's most popular undertakings. On the best corners of the town, in the best business buildings in the villages, about the only attraction of the hamlets; they have become not quite so numerous as filling stations but run the drug stores a close race." Small capital was required, a minimum of \$10,000.00 being allowed in most states. Gathering stock subscriptions of \$100.00 each from merchants, farmers, and professional men, all flattered by the opportunity of being connected with so distinguished a business as banking, was simple. It was even charged that energetic agents for bank fixtures organized institutions in order that they might equip them with elaborate grills, counters, desks and vaults. Community pride also helped. "Things went on nicely for several years; along came a period of unusual prosperity, then later the period of inflation, war, and high prices immediately following." Then for five years we have had a record so painful, so disastrous and so recently impressed on our minds that we need here only refer to that record and try to profit by any lesson which it may have taught.

What Has Happened

Here is the result. During the five-year period, from 1921 to 1925 inclusive, there were a total of 1,300 failures in this section comprising eight states. This total was more than 50 per cent of all the failures throughout the entire United States. Indeed, during the last two of these years, 1924 and 1925, six of these states suffered more than one-half of the total failures throughout the country. By states, the record seems to appear as follows, taking into consideration the five-year period:

North Dakota	273
South Dakota	194
Montana	173
Oklahoma	160
Iowa	153
Minnesota	140
Nebraska	102
Missouri	96

Total.....1291

These figures are for the fiscal year ending June 30, 1925, since which time

failures have been continuing but with abated frequency. This total represents a financial wreckage equal to about 15 per cent of all banks in this section, while in the country at large the percentage was only 5.3 per cent. We have had no such record of failure since the days of wild-cat banking just prior to Civil War days.

It would indeed be gratifying to attribute this disastrous record to "general business conditions"—to a "series of events unforeseen by man." In this way one could shift the responsibility of the catastrophe to fate and not to lack of ordinary prudence on the part of bank administrators themselves. But another set of figures may shed some light on this theory. In the country at large there were in 1920, about 30,000 banks and trust companies; one bank to about 4,000

CHART 2
AVERAGE COST PERCENTAGES
GROUP OF TEN BANKS

RATIOS TO DEPOSITS

Total Income	
Commercial	\$.045
Savings .....	.048
Own Funds .....	.053
Interest Paid	
Commercial .....	.013
Savings .....	.034
Total Expense	
Commercial .....	.028
Savings .....	.007
Own Funds .....	.027
Net Income	
Commercial .....	.004
Savings .....	.007
Own Funds .....	.026
Item Costs in Cents	
Debits	
Transit	2.69
Clearings	1.89
Us Checks	2.99
Credits	
Individual Accounts	4.69
Loaning and Administration Expense per \$1,000 of Loanable Fund .....	.80

inhabitants. In this Mid-west section in 1920 there were about 10,000 such banks or a ratio of one to less than 1500 inhabitants, and, curiously enough, the list of states in this section, as above given in order of failures, is almost in exact reverse ratio to the average population per bank. That is to say: North Dakota, with the greatest number of failures, had the smallest ratio of population per bank or about 720. South Dakota with the second greatest number of failures had next to the smallest ratio of inhabitants to banks, or about 900. Iowa and Minnesota were following closely with the ratio of 1250 and 1650 respectively.

Banking in New England

Compare this with the condition in New England and the Eastern States where there is only one bank to about 7,300

CHART 1
ANALYSIS OF COSTS AND INCOME
AVERAGES FOR MEMBERS OF FEDERAL RESERVE SYSTEM

1925

Amounts per \$100 Earning Assets	Total U. S.	Ninth District
Interest Received	\$5.36	\$5.91
Other Income	1.05	.72
Gross Earnings	6.41	6.63
Salaries and Wages	1.26	1.47
Interest on Borrowed Money .....	.07	.08
Interest on Deposits	2.18	2.60
Taxes .....	.35	.41
Other Expense .....	.74	.80
Total Expense	4.60	5.35
Net Earnings	1.82	1.28
Losses .....	.50	.85
Net Profits	1.32	.43
Profit per \$100 Capital, Surplus, etc.	8.24	3.08

people. Failures in those states were a rare occurrence even during the periods of the greatest business depression, there being a total of only three failures in the entire New England States and eighteen failures in the entire Eastern States during the last two years of the period heretofore mentioned. Inasmuch as business depression was not confined to the Northwest, it would be logical therefore to conclude that the condition of being "over-banked" was one of the greatest of the factors contributing to the recent record of bank failures in this section. It would seem that the well known simple economic law of supply and demand has been at work to correct a condition which wise banking laws or their administration should never have allowed to exist.

I expect to be criticized for bringing into this discussion record of recent failures. Some of you will say, "Yes, but what are we going to do about it now? Go home and close our banks or go home and increase the population? What has population to do about it anyway? It is deposits that count, not people." In answer to the last, I might bring out the fact that a comparison of average deposits in the section under review with that of the rest of the United States would agree pretty closely to the discrepancy already shown as to population. In fact, deposits per capita are higher in

the East than in this section, therefore, the discrepancy would be even greater upon that basis. Further, it is probably true that there is still necessity for some liquidation and that process can be accomplished by cooperation among banks and with the national and state authorities. In Minneapolis, for instance, in the past two years, ten or twelve banks have been saved from failure by their being absorbed by some of the other banks in the city, with no loss to depositors, and saving by just that much the confidence which the public has in banking. In referring to Minneapolis, I am not giving reference to the banks taken over by the two large banks and operated as branch offices, but to several of the small banks that found it was impossible to operate a bank profitably in the city with average deposits of less than about \$1,000,000.00.

The State Association today could well follow the example set by the Minnesota Bankers Association in its convention last week in adopting a resolution that the State Banking Law be revised to prevent the formation of any new banks with less than \$25,000.00 capital and \$5,000.00 surplus. The records seem to show that some 80 per cent of the banks that failed were capitalized at amounts less than \$25,000.00. Had this legislation been in effect in the middle west two years ago

(Continued on page 50.)

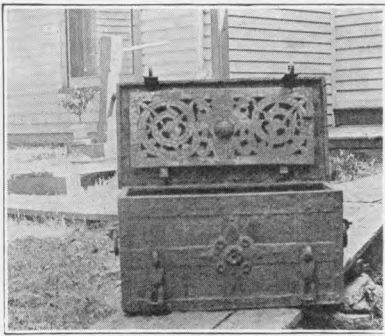
CHART 3
ANALYSIS OF ACCOUNT
OF JOHN JONES AND COMPANY
MONTH OF MAY, 1926

Average Daily Balance	\$1,400.00
Average Daily Float	\$450.00
Fifteen Per Cent Reserve Required	660.00
Net Available Balance	\$ 740.00
Gross Value at 6%	3.70
Cost of Account:	
150 items deposited @ 3c	4.50
50 checks drawn @ 4c	2.00
Interest Paid on Account	
Total Cost	6.50
Loss for Month	\$ 2.80

BUILDING A BANK ON A CHEST OF GOLD

By H. H. HAYNES

Associate Manager, Northwestern Banker



The chest containing the guilders that were brought from Holland in 1847.

POSSESSING all of the mystery with which tradition surrounds anything pertaining to treasure, and perhaps having been the cause of strife and bloodshed over the wealth it contained, there is on display in the lobby of the Pella National Bank at Pella, Iowa, an iron chest or strong box. Within its compartments there came to America from the Netherlands, many years ago, good Holland gold which was used to develop the community of Pella, and to establish its first bank in 1847.

While the exact origin of the chest is rather vague, it is believed to have been handmade in the 16th century by Dutch blacksmiths, and later found its way into the curio collection of Billderdyke, a famous Holland poet.

H. P. Scholte, founder of what is now the Pella National Bank, and grandfather of the present cashier of the same name, was a great friend of the poet, Billderdyke. Having decided to come to America, and knowing that he would need his capital in an easily negotiable form, it is thought that he purchased the chest from the collection of his friend. And so in 1847 the chest, containing a fortune in Holland gold pieces of 10 guilder denomination, started for America. As pirates abounded on the high seas at that early date, the chest was continually under the watchful eye of three men specially detailed to guard it.

The chest measures approximately 30 inches long, 16 inches wide, and 18 inches deep, and is of wrought iron throughout, extra reinforced. At each end is a heavy iron handle. The lid is fastened in front by two large clasps secured by huge padlocks.

In the front, also, is a keyhole into which a large key fits, but does not unlock. This keyhole is a "blind." The real one is on the top center of the lid, concealed by what appears to be a large rivet. This rivet is on a swivel, and a person familiar with its operation can easily move

it aside, and find the real keyhole. The key moves eight bolts, three on each side, and one on each end. Even though the hinges and padlocks were broken, it would still be impossible to gain access to the contents of the box without the aid of the key.

With this gold which H. P. Scholte brought to America in the chest, he purchased from the squatters who were occupying it, a large tract of land surrounding and upon which the city of Pella now stands. With the remainder of his golden capital he established the first bank in the colony, calling it the Iowa Land and Exchange Office. This he operated as a private institution until 1872, when it received a charter and became the Pella National Bank.

From the comparatively small start which his grandfather made years ago, H. P. Scholte, the present cashier, now is in active management of a bank whose deposits total nearly a million dollars.

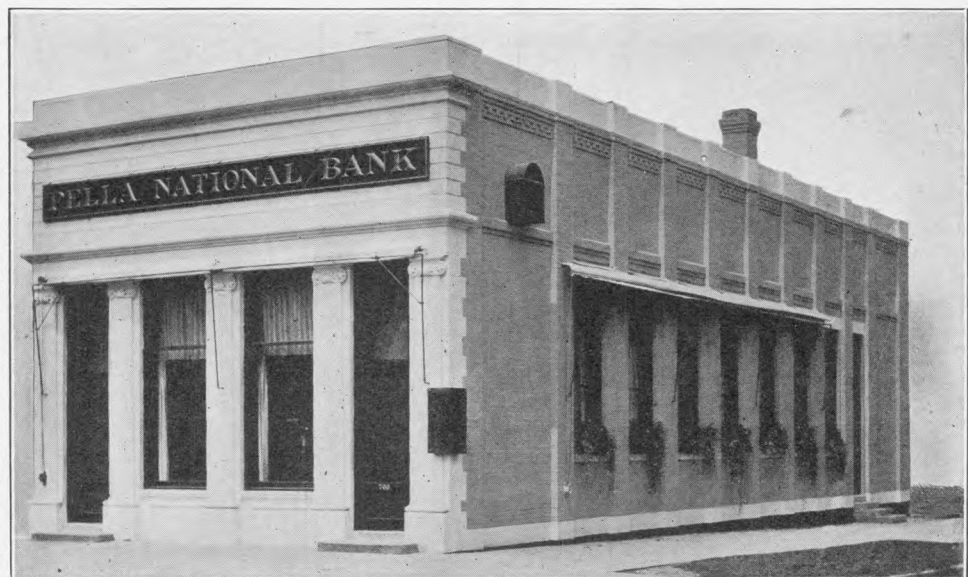
Cashier Scholte also has in his possession a number of interesting old coins.

It was customary in the Netherlands years ago, and perhaps still is, that whenever an event of national importance occurred, such as a royal marriage or birthday, a special coin, usually gold, would be struck off to commemorate the occasion. Mr. Scholte has a number of such coins, upon several of which his grandfather's name is engraved, and which were presented to the latter while he still lived in Holland.

Savings and Character

Savings represent much more than mere money value. They are a proof that the saver is worth something in himself. Any fool can waste, any fool can muddle; but it takes something of a man to save, and the more he saves, the more of a man does it make of him. Waste and extravagance unsettle the mind of every crisis; thrift, which means restraint, steadies it.—Rudyard Kipling.

Poetry is the worst mask in the world behind which folly and stupidity could attempt to hide their features.—Bryant.



Present-day home of the Pella National Bank.



ROSCOE MACY

"THE DOG in THE MANGER"

A bedtime story for budding bankers

By ROSCOE MACY

COME, my son; it is now 8:30, and if you want to grow up to be a good banker and the treasurer of the Kiwanis club, you must learn while you are young to keep regular hours. If you don't observe your bedtime now, you will never observe your regular closing time when you are cashier. While you are gathering up your toys and undressing, father will tell you a little story about a noble banker and his unfair competitor, as follows, to wit:

"Aw, Pop; tell me one about animals, instead. Tell that one about the time you got the grizzly to chase you, and you climbed up a tree and kept the bear there until someone came and shot him. I'd rather hear about animals than bankers any time."

But, my boy, don't you know that a banker is only a composite animal? He has the courage of a rabbit, the heart of a weasel, and the delicacy of a hippopotamus. Besides, I want you to know about this particular noble banker, because some day I hope you will be just like him, lending your money to destitute widows and orphaned children, on approved security, at 8 per cent and 2 per cent commission.

Well, one day this noble banker that I am telling you about was figuring up his "Over and Short" account to see if there was enough balance in it to pay the regular dividend.

"Dad, what's a dividend?"

A dividend, my child, is a sum of money you pay to your stockholders to console them for the assessment they had to fork over last year. Well, this banker, whom we shall call John, had been noticing for some time that his "Profit and Loss" account was developing a tendency to shift over to the debit side of the ledger, and he finally decided to go into the matter a bit, to see if he could not hit upon some system for keeping the balance where it belonged. While he knew that it was a benefit to the community to have a good bank in operation, still he didn't feel like going around among the citizens and voters and taking up a collection every

six months for the benefit of his stockholders. Even the idea of a bazaar or a home-talent play to raise the dividend money was distasteful to him. After spending two or three nights with his books, he began to see light. He found, for instance, that the bank's "Other Real Estate" account wasn't producing a satisfactory income.

"What is Other Real Estate, father?"

Why, "Other Real Estate" is something like that pile of bricks down on the lot where the Randall hardware burned up last year. Old man Randall realizes that they don't help the looks of his lots much, but he isn't going to let anybody haul them away without paying him for them. And the market for damaged bricks might pick up any day.

One reason why Banker John's "Other Real Estate" wasn't producing an income was the fact that he had got in the habit of letting his good customers pasture their cows there free. Also, he stored his crop the first year, intending to hold it for a better market, but every few days or weeks that winter he would hear of a good customer who was out of corn, and he would tell the poor fellow to go down to his "Other Real Estate" and get a load or two to bridge over with. Eventually, the customers came to expect each his share of the year's crop, and if anyone was left out by mistake, John faced the prospect of losing a good account.

Then, too, John had begun to notice that he hadn't been doing a great deal of banking lately; he didn't have time for it. He was keeping the books for the Farmers Elevator, for one thing. The manager was a good fellow, but he didn't have any knack for bookkeeping, and since the concern kept a good account with the bank, and since its stockholders were influential men in the community, John had come to see that it was his duty to the bank to offer his services as gratuitous accountant for the company. He had also accepted the office of church treasurer, with responsibility for the collection of all individual subscriptions, it being understood that the treasurer was

answerable for the annual failure of the budget committee to foresee all the expenditures that would become necessary during the year, and that it was consequently his duty to make up any deficit. Naturally, John felt that since this service was undertaken by him in behalf of the bank, the annual deficit was therefore a proper charge against the bank's expense account, and this burden, he found, was growing heavier each year.

These and other duties had come to take up a considerable portion of John's time during working hours, so that he had found it necessary to engage two or three extra clerks and assistants to perform the banking duties that would naturally have fallen to him, had he not been so busy otherwheres. Of course, these assistants did not perform the work as carefully and efficiently as John would have done—and not nearly so well as he was doing the outside duties I have described. Furthermore, these outside duties themselves were coming to be too much for one man, and he was just on the point of hiring a couple of assistants to help him with that also.

But after he got to figuring on the cost to the bank of these various items, John took a deep breath and began to arrive at a conclusion. As bookkeeper for the Farmers' Elevator, he cursed a little, and as church treasurer he repented and prayed for a solution of his problem. Which of these efforts was the greater help, it would be hard to say, but the fact is that John decided to change things around that bank. Furthermore, being as I have said a noble banker, he wasted some time wondering if other bankers were doing as he had done, and trying to work out a plan to help them all at the same time.

He talked it over with various neighbor bankers, and persuaded some of them to bring up the matter at the next meetings of their local associations. Soon a movement was well under way looking toward the establishment of a system of uniform practice among bankers on these matters. John and his fellows almost

began to feel that they had a right to look their stockholders in the face again.

And now, my son, we come to the villain of the piece—well, well, did father wake his boy up? Just listen a moment more, and then you can go to bed.

It seems that there was a wicked banker just across the street from John's bank—or maybe it was in the next town. I don't remember about that. Anyway, this wicked banker had been worrying along just like the other bankers, paying dividends out of capital and getting mired down deeper every year in his hand-out system. In fact, he was largely responsible for the system. It was hearing of things that this wicked banker had done for his customers that first gave John the notion of buying business. Why, it was said that this rascal would murder a competitor's customer, if he thought there was a chance to appoint an administrator friendly to his own bank.

Now, when he heard of the move that his fellow bankers were instituting—setting a price on services that were worth twice that price—what did this deep-dyed villain do? Why, he immediately began to call the attention of his customers to

the fact that his bank was not entering into this "conspiracy" of "extortion;" that he was still (after a manner of speaking) laundering his customers' handkerchiefs free, and therefore, if other banks were charging for services not connected with banking, it must necessarily be a hold-up scheme. He persuaded his customers to tell their neighbors that they were being robbed, but that if they would bring their accounts to his bank, they would escape the nefarious "ring."

As a result, his deposits grew rapidly. They pyramided his earning assets in proportion to his capital, so that for a time at least, a satisfactory income percentage on the investment was established. If his neighbors had cared to return to the old system, his deposits would have shrunk back to the old level, and possibly have caused him some trouble in adjusting his assets to the shrinkage. But his neighbors are cured of their bad habits. Is he, then, to continue to reap a profit from his dog-in-the-manger attitude?

That question, my son, remains to be

answered, but is it not likely to come out about this way: This evil banker will get a corner on the depositors who are easily disgruntled—those who are touchy, and exacting, and greedy. He has not yet increased his force in proportion to the increase in deposits, and consequently the personnel of his bank is overworked, and, after the newness of the new depositors has worked off, likely to become irritable with the increased demands upon the bank for the performance of more or less menial services. If he increases his force sufficiently to handle with uniform satisfaction all demands made upon it by the exacting customers, then his margin of profit will gradually disappear, for it naturally costs more to handle the same volume of deposits, when a large proportion of the time of the workers is taken up with matters not directly connected with their banking duties.

So there we are. That, my boy, is the question that remains. Well, well, if papa's little boy hasn't gone plumb to sleep! Well, tomorrow night he shall hear more about how to grow up to be one of the still-bigger-yet bankers.

The Service Charge in Small Towns

THE idea of the Service Charge is being extended into most communities until many of the smaller town banks are now inaugurating the service charge for small checking accounts, making out leases, income reports, and numerous similar services, only to find that the larger city banks are now adopting service charges into our inter-banking activities, while the Federal Reserve Bank is debating a charge on the handling of our non-cash items. The small town bank has always been reluctant about charging for such accommodations, feeling that it is sort of a community spirit, but we will soon be compelled to install them all in order to retrieve our losses or eventually we will be just an intermediary.

When to Start It

The question before the small town bank today is where to begin, with a majority probably favoring the charge for making out papers. On the other hand, though not opposed to charging for the service of making out leases, income reports and other papers, it would seem that this is openly placing the blame for a bank's short earnings onto some of our best or most promising customers and letting the parasites continue to bleed us to death. This long list of parasites whose dollar checks we furnish and post as they come back each day in an almost veritable snow storm.

Men who ask their bank to make out leases and income reports generally prove to be more substantial customers than

By *Clyde L. Eastman*
Assistant Cashier, First National Bank
Le Mars, Iowa



CLYDE L. EASTMAN

the floating trade, who never have to make income reports and whose weekly pay check barely lasts from one Monday till the next. It is the parasite and not the property owner, nor the man whose

annual income is not less than twenty-five hundred dollars, who is causing a noticeable decrease in the earnings or increase in the expenses, whichever one chooses to call it.

It may be argued, as one man in the banking business actually admitted, "That he believed that not over seventy per cent of his checking accounts had an average balance of more than one hundred dollars, but that the bank's earnings were increasing a little every year, so he did not worry about the cost of the small account." But, if that same man would figure "profit to volume," he would undoubtedly find a decrease in the ratio of gross earnings to the amount of money he controlled.

Let me give you an instance of what a service charge is and will do, right within our own ranks and from the customer's position. This bank has an account with two separate banks in the same locality. For years and years we have divided the business, kept the balances fairly even (maybe with one a little larger but drawing heavier on them) and always felt the same good opinion toward each. About six months ago the one correspondent began charging us exchange on nearly every cash letter for some small item, which they collected for us. They sent us notice each week of the exchange due, but informed us that the total of the month's exchange would not be charged to our account until the

(Continued on page 68.)

NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

J. H. Dyer, general manager of the Southern Pacific Company, says that during the ten years in which foodstuff advanced 46 per cent that the cost of locomotives has advanced 140 per cent. Dyer points out that in 1925 locomotives cost \$25,585, and now cost approximately \$55,000. Last year his company paid an average of 17.3c per pound for locomotives, but even at that, this is less than prunes, which were quoted at 19c and butter at 40c per pound.

In Oklahoma City Miss Maggie Williams, a Western Union messenger, walks ten miles daily. She ranked A-1 as a messenger "boy" and is a heavy investor in building and loan stock with the money she saves carrying messages.

Charles R. Wiers, 524 Park Square building, Boston, who was until recently assistant vice president in charge of advertising in the National Shawmut Bank of Boston, and prior to that sales manager of the DeLong Hook and Eye Co., has resigned from the bank and become a letter counsellor and good will specialist. Mr. Wiers is known the country over as an expert letter writer and has contributed many articles to *Printers' Ink* and other magazines on "How to Write Letters."

J. L. Osborne, vice president of the Anglo-California Trust Co., says: "Andrew Mellon may be the next president of the United States."

While Mr. Mellon has made a most enviable record as secretary of the treasury, he will not be the next president of the United States. In the first place, his recent contribution to the campaign fund of Pennsylvania is against him, and in the third place, his opposition to the McNary-Haugen bill places him at a disadvantage with the farming interests of the middle west. While we are prognosticating on that subject—how about Charles G. Dawes or Frank O. Lowden?

Frank W. Simmonds of the American Bankers' Association, speaking before the Colorado convention, says: "So-called state guarantee of deposits laws have been tried out and found wanting. The plan was wrongly christened at the start. It is not a guarantee but an insurance plan without the element of selective risk and entirely dependent upon a sufficiency of the premiums paid. Experience has shown that premiums are not

sufficient and the insured are not able to afford higher premiums. The plan seems so easy, so simple, so promising that it reminds one of the allurements of the mirage."

A "mirage" indeed it has been—and will continue to be, and yet there are some high-minded and supposedly intelligent bankers who wish to use this method of "protecting deposits."

Truman W. Richards, special deputy commissioner of finance in Missouri, in commenting on bank failures says: "The majority of the failures were caused by the country being over-supplied with banks for normal times, and by inexperienced and unqualified officers having the management of certain banks. The two principal causes as named above can be corrected by a legislature if the bankers place it before that body."

"In numerous cases there were two banks in towns which were able to support but one, and one bank in towns which should have had none."

This, to our minds, is the correct analysis of many of the recent bank failures. Banks have closed which never should have existed in the first place. As result of these closings, the country at large may have thought that certain communities were in much worse condition than they really were. Many of these communities were over-supplied with banks, and like the supply and demand for any other article or any other service, when the supply exceeded the demand, banks were forced to close as a result.

C. B. Adams, vice president of the Farmers Bank and Trust Co. of Monroe, North Carolina, voices the feeling of most every banker when he says: "Probably no class of business men are called upon for free service to such an extent as the banker. He should be at all times ready and willing to render, without cost, a reasonable service to his clientele."

However, the banker knows that he is giving entirely too much free service and is incurring a natural loss in so doing. When a bank carries accounts for its customers at a loss and makes no charge for that service, it is not good banking, either on the part of the bank or on the part of the customer. Any reasonably-minded customer is willing to pay for service rendered and will think a good deal more of the bank which makes a reasonable charge for such service.

Speaking of banking service, most bankers are asked every kind of a question from what to name the twins to what the weather will be tomorrow.

The following story from the Silent Partner may be indicative of the kind of weather bureau service which your bank renders upon occasion:

"Somebody made a mistake the other day and called our office on the telephone, then inquired: 'Is this the weather bureau?'"

"Now we have the brightest and best little telephone operator this side of the 'wrong number.' She is always courteous and always ready with a reply. But this time her sense of humor was good and her answer was this: 'Yes, sir!'"

"Then a dialect tongue that was hard to decipher asked: 'How about a shower tonight?'"

"'Fine idea,' replied the girl. 'Take one if you want it and use plenty of soap.'"

The Citizens State Bank of Ellsworth, Kan., has been using full-page advertisements in its local paper telling the history of its institution, and why not—if more bankers would use more printers' ink to let their customers know the real condition of their bank, there would be fewer disgruntled depositors and more satisfied bankers.

The banker who is running the kind of bank where he is not afraid to tell the world about it, is always willing to use plenty of publicity, and the banker who has the kind of bank where he does not dare to turn the spotlight of publicity upon its condition, has no business being in the banking business.

Lewis E. Pierson, chairman of the board of the Irving-Bank Columbia Trust Co. of New York, says, "Bankers meet with bankers, not merely to seek new ideas for their own establishments, but to improve the whole banking system of the country."

This is a good doctrine to preach at any time, and is only one of the many reasons you should attend the meetings of your own state association.

The banker who thinks he knows so much that he can stay away from banking conventions will soon learn that his fellow associates have outstripped him in banking methods and banking management.

Here's a story **Col. W. G. Edens** sent to us: "Applicant: 'And what will my wages be?' Employer: 'Seven dollars a week.' 'What do you think I am—one of those doggone college graduates?'"

Ralph Van Vechten, new president of the State Bank of Chicago, was a cub reporter on a Cedar Rapids, Iowa, paper forty-seven years ago. At the time he

quit his job he wanted to become a writer, and if the business of banking had not attracted him he might today be in the same class with his brother, Carl Van Vechten, noted novelist.

The first public bank was opened in Venice in 1550. The Bank of England was established in 1693. The name "bank" is derived from the word "banco," which originally was a term applied to benches set in the market-place for the exchange of money. These banks were founded by Lombard Jews.

A young man in a Baltimore bank was offered an advance in pay and a position of greater responsibility, but declined because he did not want to assume more responsibility. His responsibilities were decreased and his pay lowered. Has money-making lost its attraction, has the glory of success lost its lure, are we too contented? Can it be that our desire for a good time and for freedom from the irksome responsibilities of life is weakening our traditional ambition to forge ahead in life? **Henry Ford**, the country's largest employer, deplors the waning ambitions of the American people, especially those of the younger generation, and asks, "What has become of the gospel of success?"

"Business Is Good"

"The farmer sells a load of wheat, and all the world grows fair and sweet; He hums a couple of cheerful tunes and pays the grocer for his prunes. The grocer, who has had the blues, now buys his wife a pair of shoes. That then the shoeman thinks God-sent, and runs and pays it on the rent. Next day the rent man hands the bill to Doctor Eakins for a pill, And Doctor Eakins tells his frau that business is improving now, And cheers her up and says: 'My dear, you've been quite feeble for a year, I'm thinking you should take a rest; you'd better take a trip out West.' And in a couple days the frau is on the farm of Joshua Howe. She pays her board to Farmer Howe, who takes the bill and says, 'I swow! Here's something that just can't be beat, this bill's the one I got for wheat.' He hums a couple of cheerful tunes and goes and buys a lot more prunes."

M. W. Fitz, president of the Farmers Savings Bank of Manson, Iowa, has published a clever little leaflet with the title, "What shall we do to be saved?" Some of the splendid suggestions are: "Buy nothing unless you can pay for it. Know when you buy that you can and will pay. Borrow nothing unless you are positive you can pay when the debt falls due. Tell the truth to your banker, to everybody.

(Continued on page 66.)

GOLF as a BUSINESS BUILDER FOR BANKERS

By Charles "Chick" Evans, Jr.

GOLF I am told, is a great business builder for bankers. The phrase is not mine, but I believe that it expresses a truth, for the men who head the financial institutions of the country almost invariably play golf, and when the representative of the big city bank goes out to smaller towns he is invited by the country banker to the country club for a round of golf and the man who can play an acceptable game necessarily has a big advantage over the one who cannot.



"CHICK" EVANS

Without doubt golf frequently opens doors that would otherwise be closed. That is surely a help; at least it enables a salesman to display his wares, and what does it profit a man if he has the best goods in the world to sell and cannot even see a good prospective buyer? With the open door all things enter the range of possibility.

A great change has come over the country, and in all of the towns of over a few thousand inhabitants throughout America the leading citizens play golf. Very frequently the president of the local country club is the president of the largest bank, and he has a great pride in the management of the club and the improvement of his own game. There is no doubt, therefore, that the employe of a bank who plays golf starts out with something of an advantage over the man who does not, and I can cheerfully recommend every beginning banker to learn the game, for he will need it physically, and will need it mentally, and will also find it of great practical assistance in his business; but to be perfectly fair, at the time this is written it would appear that real estate is several holes ahead of banking, and, indeed, the rest of the field. This article, which is written by request, is not intended to insist or imply that all young business men who play golf do it in order

Editor's Note:—This is the fifth of a series of articles on "Better Golf Makes Better Bankers," by former international golf champion, "Chick" Evans, written especially for The Northwestern Banker. A similar article will appear in each issue during the rest of the year. Mr. Evans is not only a veteran of many championships, but an excellent instructor, and, from sixteen years' experience in the bond business, is well versed in the language of both golfers and bankers. Let "Chick" Evans help your golf game through The Northwestern Banker!

to get ahead in the world. No golfer could be so sordid as that, and all the leading players began their golf at an age when they did not consider any bank building or real estate subdivision nearly so important, or interesting, as the golf course, the clubhouse, or the caddy master's shop, and no sale of bonds in after life could ever equal the thrill of the first fine mashie shot.

But I can advise the young business man, and most particularly the banker, to learn golf as the West Pointer must learn to dance—not to become a professional dancer, but so that he may learn to handle his body with rhythmical exactness, and be at ease in the social part of the soldier's life. Hence it is that every young soldier preparing for the battle of life should learn the game that leads to fitness and efficiency.

And now that golf is becoming a game that almost every gentleman plays it behooves the coming generation to learn it, so that the man they seek in business may remember them not only because of the excellent bonds they had to sell, and the profitable business they transacted together, but the connection with a memory of a pleasant ride out in the country, an entertaining game, and cheerful conversation at the end of the day. It means that men who met as strangers have, through the happy medium of the game, been able to establish definite boundaries of understanding.

Poetry is an art which selects and arranges the symbols of thought in such a manner as to excite it the most powerfully and delightfully.—Bryant.

A NEW SERVICE!

Editor's Note:—In line with the policy of giving its readers every bit of help possible, the NORTHWESTERN BANKER, on this page and in this issue, is starting a monthly "Advertising Department" for the benefit of its many readers. Each month the NORTHWESTERN BANKER advertising staff will submit at least two original advertisements, written by the service department of this magazine, for use without charge by its banker readers. The subscriber can simply clip them from this page and pass them on to his local newspaper and thus save himself the time and trouble in writing his own copy.

In addition, this department, in order to give its readers an idea of how other bankers are advertising in their local papers, will quote from a number of country bank ads, each month, and occasionally, will reproduce in full, the best ads of the month that come to our attention. If you have written an especially attractive ad, send it in and we'll pass it on to fellow bankers.

THE BEST ADS of the MONTH

Helps and Hints on Local Newspaper Advertising

By the Service Department, Northwestern Banker

easy for you." RYAN STATE BANK, Ryan, Iowa.

"Facts Versus Guesswork.—Money is obviously an expensive thing about which to guess. If you are not keeping track of your expenditures through a checking account, you can only guess where it is going. Use a checking account here, know where your money goes, and see that you get full value for each dollar.—FARMERS SAVINGS BANK, Salem, Iowa, where safety and real helpfulness are offered every friend."

"Your Credit May Be Good and your promises sincere—but when opportunity knocks at your door and you reach out to grasp it, remember you cannot expect to hold it with only credit and promises to offer. Opportunity demands real money. Be prepared. Start a savings account and save systematically. Then when your opportunity presents itself, reach out and

grasp it with the cash.—HAMPTON SAVINGS BANK, Hampton, Iowa."

"The Pirates of Old Buried Their Gold for Safekeeping.—Security of possession has always been the first instinct of man. Many a hiding place has been lost and forgotten—even in our present day. There is no secret hiding place that can compare with the absolute safety of our fire and burglar-proof vaults! In them nothing can be lost nor discovered and appropriated by others. Boxes—\$1 a year and up.—FIRST NATIONAL BANK, Manchester, Iowa."

"Great Heavens. I've Lost My Wallet!—Money gone—embarrassment imminent. The danger of carrying large sums of money while traveling is apparent. Traveler's checks protect you. They are negotiable only to you. The finder or thief cannot use them. Cashable anywhere. Arrange with this bank for them before

THRIFFT and economy, saving for a purpose, independence in old age,—the advantages of owning a full-fledged bank account—are some of the many vital things bankers of the Northwest are talking about these days in the local newspaper advertising. We quote from a few of them published during the past few weeks: (The italics designate the headings of the ads.)

"An Investment—Not an Accident. You have less than one chance in ten thousand of becoming prosperous by chance. It is done by design. The best way is the establishment of a bank account and provision for its growth. Come in and talk it over. We will make the way

Better than the old tin box

Years ago, and not so many years ago, at that, valuable papers were kept between the leaves of the family Bible, in or behind the clock, and perhaps in a small tin box—places from which they could be easily stolen, and never safe from that ever-watchful thief, fire.

And some folks are doing it yet.

But why take chances like that. Think of your deeds, leases, contracts, cancelled notes, insurance policies, bonds—gone, destroyed.

A safety deposit box, in our fireproof and burglar-proof vault, is the answer. For a very small sum you get absolute safety, together with peace of mind. And that's worth something.

Stop at the bank any time. We'll be glad to show you.

NAME OF BANK

TOWN

STATE

What will you be worth in 1940?

Right now, in August, 1926, perhaps you have a good job, or your business is prosperous, or the crop prospects are such that you feel certain of a nice income for this year. Your health is good, and you don't owe a dollar that you couldn't pay if you had to.

But—what will be your financial condition in 1940?

Times change. There is an occasional business depression. Unemployment. Your business isn't so good. Several crop failures. You lose your health. It is during times like these that a savings account, systematically acquired when you have a steady income, will tide you over the rough spots. Money in the bank looks mighty good when these things happen.

It's easy to start a savings account. We'll be glad to help you.

YOUR BANK

ANYWHERE

ANY STATE



For your baby—

A Savings Account

NATURALLY there will be no appreciation for such an account during the tenderest of years, but as the child grows older and acquires the thrift habit he or she will certainly be thankful. Set aside a certain sum weekly or monthly—then watch it grow with the accumulated interest.

Crawford County State Bank

Capital \$100,000 - Surplus 25,000



Your Check Is a Legal Receipt!

There isn't a chance for an argument over the payment of a bill when you can present the cancelled check. It is legal evidence that payment has been made. Furthermore, you know at a moment's notice just how your books stand. A Checking Account in this Bank is a modern method of personal finance.

Lovell State Bank

Capital and Surplus \$300,000.00

COURTESY — SERVICE — SAFETY



**"The Bank That Makes
Friends--and keeps them"**

THE

State Bank of McGregor

The Bank of Personal Service.

Above, some good advertisements of the month. Left, the Crawford County State Bank, of Denison, Iowa. Center, Lovell, Iowa, State Bank. Right, the State Bank of McGregor, Iowa.

going away this summer. Call and let us explain.—**FARMERS & MERCHANTS SAVINGS BANK, Manchester, Iowa.**"

"You Can Walk to San Francisco—If you start in the right direction—and 'stick to it.' And, for the same reason, you can build a comfortable financial future if you just decide to 'spend a little less than you earn—and save the difference.' Why not think this over, then do what your best judgment tells you to do. Then you will probably open a savings account here today. See the First National Bank for farm loans at the lowest prevailing rates and popular terms.—THE FIRST NATIONAL BANK, La Porte City, Iowa."

"Good Business and Sound Banking Forbid Overdrafts!—Much as a banker dislikes to dishonor a check written by one of his depositors, sound banking principles demand that he refuse to pay a check written for a larger amount than the depositor has in the bank. By watching your balance and never overdrawing your account you will avoid embarrassment and earn the confidence and appreciation of your bank and of everyone with whom you do business.—FIRST NATIONAL BANK, Capital, \$50,000, Rockwell City, Iowa."

"The Deposit Book That Keeps the Wolf Away.—That horror to all of us—'want'—may not face you today or tomorrow, but who knows what dire future is ahead of any of us. In a twinkling of an eye all that we have and own may be wiped out. Yes, it isn't a pleasant picture, but if you're protected by a strong bank such as ours, with a comfortable savings account, there will be no necessity of fearing 'want.'—CERRO GORDO STATE BANK, Clear Lake, Iowa."

"You Save the Dollar and the Dollar Will Save You.—By maintaining your commercial deposits in this bank and the

check will receipt the payment. We have uniformity of checks which you may readily recognize. We want you to acquaint yourself with our banking facilities and it will be 'Home Sweet Home.'—**CITIZENS SAVINGS BANK, West Liberty, Iowa.**"

"Save for Them.—An education is the birthright of every child. Now, when they are young, is the time to think of their future. Prepare for it. Begin to save—for them. Just a few dollars each week will mean a lot in ten years. It will pay for a college education for them. And then you'll be proud. Don't neglect their future. It depends on what you do at present—save now!—FARMERS TRUST & SAVINGS BANK, Emmetsburg, Iowa."

"Experienced Travelers Always Carry Travelers Cheques even on short trips. They know they can cash them anywhere without the slightest difficulty—and they enjoy not having to worry about the possible loss of their money. We can furnish Travelers Cheques in convenient denominations at a cost of just a few cents per \$100. Carry them on your next trip.—FIRST STATE BANK, Holstein, Iowa."

"Give the Bride a Checking Account.—She'll appreciate it more than any other gift. And the longer she has it the more she'll enjoy it. It will start her off in the new home on a business basis. It will give her a wholesome feeling of responsibility in the manner of incurring and paying the bills. And a small deposit will start it for her. We pay 4 per cent interest.—THE HOME TRUST & SAVINGS BANK, Osage, Iowa."

"Don't Pay Bills Twice.—The business man was the first to pay his bills by check. He recognized it as the best and safest way to transact money matters. Now nine out of every ten people in private life pay by check. Sooner or later you, too, will

stop fussing around with old-fashioned money orders and unsafe transferring of cash. Paying by check is the modern way and the best way and the safest way to transfer money from one person to another. Remember a check is a receipt and you never have to pay bills twice.—**COMMERCIAL STATE SAVINGS BANK, Nashua, Iowa.**"

A Bachelor's Romance

Alexander Coleman of Hillsboro, Iowa, is a man of large land holdings, great wealth and a broad vision. He is eighty-seven years old and a bachelor, but through his far-sighted generosity, it is certain that he has taken steps to perpetuate the name of Coleman for many generations.

He has proposed to the officials of Lee and Henry counties that they pave ten and one-half miles of primary road leading south from Hillsboro through Lee and Henry counties to connect with Primary No. 40 in Lee county, and that they send the bill, amounting to \$250,000 to him. He will pay it.

The offer has been accepted, and Mr. Coleman has named P. A. Blackford, president of the Hillsboro Savings Bank, William Thornton, farmer, and J. R. Frailey, Fort Madison, attorney, as trustees of the \$250,000 fund.

Ft. Dodge Meeting

Manley V. Keith of Fort Dodge, a graduate of the recent C. J. Rockwell life insurance school held in Des Moines, was the principal speaker at the last regular monthly meeting of the Fort Dodge, Iowa, Life Underwriters Association. He was likewise asked to make a second address on the benefits he received from the school at the next meeting of the association in August. The association the preceding week held its annual picnic with fifty members and families in attendance.

The Farmer and His Mortgage

By E. D. Chassell

Secretary-Treasurer, Mortgage Bankers
Association of America

"FROM the rear platform of an observation car, this country looks prosperous, the landscape does not indicate the agricultural distress and bankruptcy so frequently referred to in Congressional debates last winter," said the Boston merchant to his traveling companion, a Philadelphia manufacturer.

As their train moved rapidly across the prairie about fifty miles west of Chicago, the Philadelphia man replied: "The same idea came into my head yesterday as I was passing through Ohio and Indiana. Large barns, comfortable houses, numerous silos, many dairy cows and flocks of sheep in pastures brought to my mind the prices we pay for butter, wool and mutton. I would be a bull on the farming business if I depended on passenger train observations."

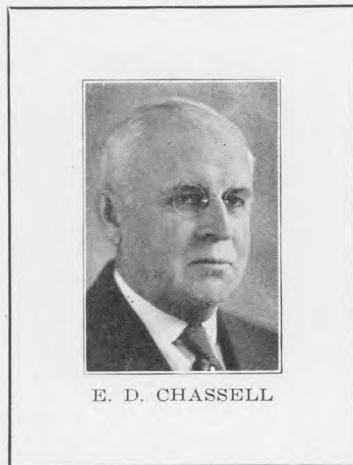
"The rich soil, the waving grain, the luxuriant pastures and the large fields of corn, all look good as we pass along," replied the Boston man. "But we are deceived by appearances. I got the 'inside dope' in Washington from the western Congressman who was working for one of the farm aid appropriations. He said that the average farm is so heavily mortgaged that there is no chance for the farmer to pay out."

Food Always in Demand

"I cannot understand it," said the Philadelphian. "I have always considered farming the basic industry, financially as sound as the everlasting hills and the fertile plains. I am amazed at the reports we have heard. But I am not convinced. Food and clothing are commodities which will never go out of style. There will always be a demand for grain, meat, cotton, wool and other farm products. Within the last hundred years, the railroads have supplanted thousands of miles of canals as traffic bearers. Now the automobile, the truck and the airplane are cutting into business of the railroad. The telegraph and the telephone supplanted the stage coach and the express rider as transmission lines for news. Now the radio, the great distributor of information, is cutting into the field formerly monopolized by the wire lines. Hydro-electric power furnishes light and heat now largely supplying the needs for centuries dependent upon coal, wood and oil. But nothing can ever take the place of food. Eating will always be a necessity and a diversion. Farming will continue as a leading industry until the end of man's existence on earth."

A County Agent Explains

"Perhaps you would be interested in an explanation of the problem from my point of view," interjected a listener whose accent betrayed his western resi-



E. D. CHASSELL

dence. "I am a county agent from Nebraska and I did not get my information about farming conditions from political stump speakers but from daily contact with the facts in the course of my regular business. I know you will excuse me for 'butting in' but there is so much misinformation in circulation that I feel it my duty as a representative of practical agriculture to correct errors at every opportunity."

"You are just the man we have wanted to meet," said the Bostonian. "We want to hear from a man who knows," added his companion.

"I am just returning from ten days in New York City," continued the county agent. "I venture the assertion that there is more poverty and distress in that city alone than in all of the farming districts in the middle West. I make the further statement, that take them small and large from street peddlers to wholesale merchants, there have been more failures in the great metropolis in the last ten years than among the farmers of the entire fifteen great food-producing states, but it would be foolish to say that business in New York is going to ruin or that the people are doomed to soon depend on charity for existence."

Farmers Have Many Troubles

"Do not think I am trying to make light of the troubles of agriculture in showing these contrasts," the westerner continued. "We have had troubles aplenty. The sudden jump in prices of farm products during the war for about three years doubled and trebled the net income of the majority of farmers. In too many cases the rise took our feet off the ground. We incurred unusual expenses and made wild investments, but the average farmer showed as much sense as the

average city man. We are all human. Neither farmers nor coal miners are wearing silk shirts now. The unexpected drop in farm prices in 1920 and 1921 hit us farmers hard. The reaction from the war carnival of high prices hurt the farmer the worst of any and hit him first. Prices fell on things he sold and stayed high on what he bought. The high wages kept up in the trades and with railway employees, have made the condition of the farmer much worse by contrast and much has been said about it. But we are adjusting ourselves to conditions and we are getting back on our feet. Unless I miss my calculations, during the next five years farming will be the best business going in this country."

Agriculture Has Smallest Debt

"But how about this enormous mortgage debt?" inquired the Boston man. "How will agriculture ever be able to carry that and pay it off?"

"Before I answer that question, let me ask you about the merchants. Taking the general average of merchants, wholesale and retail, how much borrowed capital do they employ in their business? Consider the cash capital that they have invested and adding it to the money they borrow and the merchandise they carry in stock purchased on open account and on bills due in sixty and ninety days or longer time, how much of the capital employed is owned by the merchants and how much of it is owed by them to banks and manufacturers and wholesalers?"

After a moment of deliberation the merchant replied:

"Many merchants with capital of \$25,000 carry a \$100,000 stock of goods, but that is too high for conservative business. I think that about fifty-fifty would be the average. The average merchant rides along with about fifty per cent capital of his own and with about the same amount of credit, but many use more credit."

"That is a fairly good estimate of the credit employed in manufacturing," said the Philadelphian. "Most large manufacturing companies and railroads are financed principally by long time bonds, borrowing from banks or on short time notes for immediate operating capital. Probably fifty to sixty per cent borrowed capital and forty to fifty per cent paid-in capital would represent the amount employed in manufacturing. The factory turnover takes more time than the merchandise turnover and more borrowed capital is required."

"Let me give you a few figures to think about," said the county agent. "The value of farm property—land, buildings, stock and machinery—in the United States is approximately \$60,000,000,000.

According to the best estimates, the aggregate farm mortgage debt January, 1926, was \$9,000,000,000. The farm debt is about 15 per cent of the total capital employed in the business. The farming business owes less than a third as much as the mercantile business or the manufacturing business. Farmers as a class have 85 per cent of paid-up capital and owe only 15 per cent. Take him as he goes, the farmer is the safer risk."

"But I have understood that the value has all been shrunk out of farm property since 1920," asserted the Boston man.

Gained Nearly \$3,000,000 a Day

"Do you know that the average increase in the value of farm lands and buildings has been almost \$3,000,000 a day every day for the last 15 years?" answered the Nebraskan.

"Let me give you the exact figures. The value of land and buildings in 1920 according to the United States census was \$66,316,002,602. In 1925, the same authority announces the value of land and buildings to be \$49,546,523,759. There is a shrinkage of about sixteen and three quarters billions of dollars. But that is not a loss of real value. That is only a deflation of war gas. Those were imaginary values created by the excitement of the World War. The temporary bubble blown up by the war is not a substantial nor fair standard on which to base comparisons. The only reasonable way to determine the progress of agriculture is to compare values of today with those preceding the abnormal war-time inflation. The last United States census before the war was in 1910. At that time the value of farm land and buildings was \$34,801,125,697 as compared with \$49,546,523,759 fifteen years later in 1925. There is a gain of \$14,745,398,062, almost fifteen billion dollars, in fifteen years. That is an increase in value of over 42 per cent."

"The increase is almost a billion dollars a year added to farm values. Figured out exactly twelve months to the year and thirty days to the month, taking the entire period of fifteen years from 1910 to 1925, the value of farm land and buildings has increased at the rate of \$81,918,878 every month. That equals \$2,730,695 for every day, week days and Sundays. A business which makes such great gains in capital is certainly a leader in permanent prosperity. Cases of foreclosure and bankruptcy caused by inflation were unfortunate results but they are outweighed by the general increase in value."

Part of Profits

"You seem to know what you are talking about and I would like to have you explain what doubled the farm mortgage debt, increasing it from about \$4,000,000,000 in 1910 to twice that amount in 1920," remarked the gentleman from Philadelphia.

"That is very easily explained," answered the county agent. "The four billion dollars of increased farm mortgages represent part of the profits on farms that were sold. They do not represent losses. Land increased in value and some farms changed hands. Considering the fact that the census estimate of value of farm land and buildings advanced \$31,514,876,905, between 1910 and 1920 it is not at all out of proportion for the mortgage debt on farms sold in those ten years to increase \$4,000,000,000. After deducting the extra mortgage debt of \$4,000,000,000 from the valuation increase of \$31,000,000,000 the 1920 census shows a net gain in value of over \$27,000,000,000. I will cite an instance in northwest Missouri which is a sample of what took place all over the country. This Missouri farmer in 1910 owned a farm of

NEARLY TWO BILLION DOLLARS

"After farm mortgages became a regular commodity of commerce through the development of farm mortgage banking, life insurance companies took them up for a substantial part of their investments. The general movement of insurance companies to increase their farm mortgage holdings in the west began soon after the Civil War. The investment managers of insurance companies may be classed as the financial seers of the investment market. That experiences of half a century have shown farm mortgages to be profitable and dependable investments is proven by the fact that at the beginning of 1926 fifty-two leading life insurance companies inventoried almost \$1,900,000,000 of farm mortgages. Their investment will exceed two billion dollars before the close of 1926."

200 acres valued at \$125 per acre and carrying a mortgage of \$50 per acre. His mortgage debt was \$10,000 and his equity in the farm was \$15,000. In 1918 he was offered \$225 an acre for the farm and sold. The buyer paid \$125 cash and gave a mortgage for \$100 an acre. The buyer has an equity of \$25,000 in the farm and owes \$20,000 secured by mortgage. The farm is worth \$20,000 more than it was in 1910. The original owner has realized on his profit. The buyer has the farm. The mortgage debt is now twice what it was on that farm in 1910, but the new owner in 1920 had a larger equity than the other man had in 1910."

"But is the Missouri farm now worth \$225 an acre?" asked the Boston man.

"I could furnish you lists of scores of farms that have sold in 1925 for \$225 an acre and some of them as high as \$300 an acre," replied the westerner. "These prices are obtained in Kansas, Missouri, Iowa, Nebraska for farms of which I have personal knowledge. In many other states equally good prices are obtained. This shows a very healthy revival of values.

There are few farms sold. Prices are lower than in 1919, but they are much higher than in 1913.

"Another cause for increasing the size of mortgages is the additional cost of making improvements. At the present time it requires about \$1.40 in cash to do as much as \$1.00 would do in prewar times in the way of building a barn or a silo or putting in tile drains. The farmer who made a loan of \$2,000 a dozen years ago to make improvements would be today obliged to borrow around \$2,800 to pay for improvements of equal value. The rate of interest on farm mortgages in the most reliable farming districts is no cheaper today than it was fifteen and twenty years ago. The farmer who paid five per cent interest on a \$2,000 loan, or \$100 a year then, will today be obliged to pay about five per cent on a \$2,800 loan to make the same improvements, costing him annual interest charges of \$140 now.

"To partly counterbalance this, the prices are higher now for farm products than they were twenty years ago. Farmers are beginning to reduce the volume of farm debt. In a few years from now a large part of the present mortgage debt will have been paid unless we have another world war or other unforeseen calamity. It is estimated that the farm mortgage debt of 1926 is smaller than that of 1922."

Who Loan the Money

"The agricultural outlook which you present is more hopeful than I had supposed it to be, but there is the enormous debt, estimated in 1926, at about nine billion dollars. Where did all of that money come from and who now own the mortgages? This farm land financing in localities located hundreds of miles from the financial centers is a difficult proposition. How is it done?" the merchant queried.

"Mortgages are as old as civilization," answered the county agent. "Long before paper was made or parchment was used for manuscript, real estate was used as security for loans. Among the ruins of ancient Asiatic cities, mortgages have been found written on tables of clay. From the earliest times until within the last 50 years, nearly all mortgage money was obtained from neighbors or personal acquaintances of the borrowers. The investor loaned to men in whom he had confidence and took security on property which was under his constant observation.

"The rapid settlement of the prairie states of the middle West in the early 'seventies' created a great demand for money for development purposes. There were no strong financial institutions on the frontiers. Local banks found a ready demand for all the money they could furnish at two per cent a month among the settlers of the Mississippi Valley. Men living in the new country, knowing



S A F E T Y

SAFETY rests with the seasoned experience and attentive counsel which are brought to bear upon any financial problem. In selecting this old and conservative Bank to co-operate with you in all matters requiring Chicago facilities, you are identifying your bank with that safe, solidly successful viewpoint which has been the governing policy here for 57 years.

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In September



all Roads Lead to Detroit

*Extract from "Trust Companies" Magazine
June, 1926*

The Financial Advertisers' Association has demonstrated incalculable usefulness in aiding its members to profit from cumulative experience and to attain the highest measure of effectiveness in advertising and promotion. The membership is only six hundred. It would be nearer six thousand if all banks and trust companies that are spending large sums of advertising and campaign money would become alert to the advantages of joining this association. This is particularly true in view of recent extensions of service and intensive work in connection with the clearing house of information maintained at the central office, the publication of monthly bulletins, folio exhibits, year book, research organization, buyers' service, confidential files and other facilities. Especially noteworthy is the preparation of a textbook on financial advertising which will crystallize the best bank and trust company judgment and experience in the country.

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FINANCIAL ADVERTISERS' ASSOCIATION
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of its fertility and confident of its future, loaned their capital on the new farms and then went to the financial centers soliciting more capital. The interest rates on western mortgages were ten and twelve per cent fifty years ago. The high rates appealed to the eastern investors accustomed to four and five per cent, but they hesitated to embark on uncharted prairies where wrecks might be frequent. The representations of the enthusiastic Westerners in whom they had confidence induced a few to make the venture.

"The mortgage companies who made the loans inspected the farms offered as security, checked up each year to see that the taxes were paid, that the land was properly cultivated and the buildings insured. They collected the interest and remitted it to the investors. Each mortgage was accompanied by an abstract of the title showing the mortgage to be a first lien on the property, by an application signed by the borrower in which he gave a complete statement of his personal resources and liabilities and the purposes for which he intended to use the proceeds of the loan, and also by a report of the loan company's inspector and appraiser giving complete information as to the location of the farm, the roads, convenience to market and school, character of soil, buildings and other improvements and other important matters. This report was accompanied by a map of the farm usually showing the different fields in colors indicating the cultivated land, the meadows, pastures, woodlands, streams, ravines, hills and swamps or ponds, if any.

Developing New States

"With this complete information regarding every mortgage, when the western mortgage banker appeared at a New England savings bank or at the office of an eastern insurance company or trustee of an estate with a portfolio of farm loans, the investor had no difficulty in selecting as many as he needed for placing his investment surplus.

"The mortgage companies were not the agents of the eastern investors for they first loaned their own money to borrowers in whose ability to pay they had confidence. The mortgages were the property of the loan companies until sold to the investors. The mortgage companies were really the producers of the mortgages as they made all of the preliminary investigations regarding the liability of the borrowers and the sufficiency of the security prior to investing their own money in the mortgages which they subsequently sold.

"This was the beginning of farm mortgage banking. The mortgage banker differs from the mortgage broker in that the mortgage banker produces the mortgage which he owns and offers for sale, while the broker does not originate the

loan but buys it from the individual or company making the loan or sells it on commission.

Rates Were High in the 70's

"Fifty years ago the usual loan on a farm of 160 acres in the Mississippi Valley did not exceed a thousand dollars and the usual term was five years. It was not practicable for the eastern investor to

make a journey of a thousand miles or more to hunt for farmers who might want to borrow. He was not familiar with the soil nor the characteristics of the borrowers. But he could purchase intelligently from the mortgage banker who brought the loans to his counter. The mortgages were then as now usually sold subject to inspection under a repurchase agreement by which

National Bank of Commerce in New York

Established 1839

STATEMENT OF CONDITION, JUNE 30, 1926

RESOURCES		LIABILITIES	
Loans and Discounts	\$322,984,561.38	Capital Paid up.....	\$25,000,000.00
Overdrafts, secured and unsecured	70,160.40	Surplus	35,000,000.00
United States Securities	61,028,216.99	Undivided Profits ...	6,942,978.69
Other Bonds and Securities	14,535,190.07	Dividend payable July 1, 1926.....	1,000,000.00
Stock of Federal Reserve Bank.....	1,800,000.00	Dividends unpaid ...	15,769.50
Banking House	4,000,000.00	Deposits	515,005,640.27
Cash in Vault and due from Federal Reserve Bank.....	68,326,181.26	Reserved for Interest, Taxes and other Purposes....	6,716,197.06
Due from Banks and Bankers	8,312,874.86	Unearned Discount..	1,081,175.20
Exchanges for Clearing House	123,914,071.98	Acceptances executed for Customers ...	23,126,533.32
Checks and other Cash Items	2,859,686.31	Acceptances sold with our Endorsement..	17,513,372.72
Interest Accrued.....	1,527,353.12		
Customers' Liability under Acceptances.	22,043,370.39		
	\$631,401,666.76		\$631,401,666.76

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"Planners and Creators of Original Bank Services"

BANK ART-WINDOW AND LOBBY DISPLAYS—CLASSIFIED PROGRAMS

the selling loan company contracted to buy back any mortgage within a year if upon inspection of the security the investor was not satisfied. Usually every summer, the investors send inspectors to the loaning field to examine the farms covered by the new loans. Each investor usually bunches his investments so that the inspector can view several of the farms in a day and thus keep expenses at a minimum. The compensation of the mortgage banker was adjusted by a second mortgage or by a cash payment out of the proceeds of the loan. In pioneer days fifty years ago when the small frontier banks charged two per cent a month on over-the-counter loans for three months, the five-year mortgage at ten per cent was a godsend to the borrowing farmer.

"Prompt payment of interest by the western borrowers made the mortgages popular in the financial centers. New companies were organized for farm mortgage banking. Hundreds of millions of dollars were sent west to develop the new country. Thousands of farms were improved and the winning of the west was hastened by at least a generation through the new channel which had been created for connecting the eastern lender with the western borrower. A great service was rendered to the country. A few years later the South was developed in a similar way.

Better Credit Reduces Interest

"As the popularity of farm mortgages as dependable investments increased and the flood of available funds became greater, competition reduced the rate of interest. Thirty years ago the farm mortgage rate in the proven sure-crop areas in parts of Iowa, Nebraska, Illinois, Kansas, Missouri, Minnesota, Wisconsin and others of the great food-producing states had dropped to five per cent and in some cases even less for the most desirable loans. On the frontiers in unproven territory where the credit hazard is greater, the rate is always higher. In farm mortgage loaning just as in personal loaning the interest rate is regulated by supply and demand as well as by the credit of the borrower. The rates of interest paid by borrowers today in Philadelphia and Boston run all the way from three or four per cent on call money and four or five per cent on prime commercial paper to thirty per cent charged by pawn brokers and instalment companies."

"You are correct about the commercial rate I know and I presume you are right about the thirty per cent rate," said the Bostonian.

Nearly Two Billion Dollars

"After farm mortgages became a regular commodity of commerce through the development of farm mortgage banking, life insurance companies took them up for a substantial part of their invest-

ments. The general movement of insurance companies to increase their farm mortgage holdings in the west began soon after the Civil war. The investment managers of insurance companies may be classed as the financial seers of the investment market. That experiences of half a century have shown farm mortgages to be profitable and dependable investments is proven by the fact that at the beginning of 1926 fifty-two leading life insurance companies inventoried almost \$1,900,000,000 of farm mortgages. Their investment will exceed two billion dollars before the close of 1926.

"Trust companies, savings banks, colleges and estates are heavy investors in farm mortgages. These always insist on first mortgages conservatively placed for their investments. Private lenders and local banks are heavy investors in farm mortgages, owning them to the amount of several billion dollars. Second mortgages are usually owned by local investors who have personal knowledge of the farms and confidence in the borrowers. A second mortgage is one that is junior to a first mortgage. On a farm worth \$200 an acre a fair first mortgage would be about \$75 an acre. The interest rate would be five, five and one-half or six per cent according to local conditions and the moral hazard. This would be a first class investment for a non-resident investor an insurance company or savings bank. If the borrower found it necessary to borrow an additional \$50 per acre, he would give a second mortgage and be obliged to pay a higher rate on the second mortgage to a local investor or other party who would be willing to take the less desirable loan in consideration of the higher rate of interest. Second mortgages and those that represent excessive loans are the ones most frequently foreclosed."

"What about the Federal land banks? I have been under the impression that they were making nearly all of the farm loans," said the manufacturer.

The county agent drew from his pocket a copy of the last annual report of the Farm Loan Board and referring to it, said:

"The twelve Federal land banks were carrying at the end of 1925 about one-ninth part of the total farm mortgages of the United States.

Land Banks Are Active

"The exact amount of net mortgage loans December 31, 1925, carried by the twelve banks was \$1,005,684,816.60."

"I suppose their business increases rapidly each year," said the Boston man. "We read a great deal about them in the papers."

"The total annual farm loan business has been smaller in recent years than formerly," answered the county agent. "New farm loans are most numerous when the land market is active. Money is borrowed to finance farm purchases.

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Fewer farm sales and the aggressive competition of life insurance companies and other investors reduced the annual business of the Federal land banks about half in the last four years. In 1922 the twelve banks loaned \$224,301,400. In 1925 the amount loaned fell to \$127,355,000. The 53 joint stock land banks, at the close of business December 31, 1925, were carrying net mortgage loans to the amount of \$545,559,200.05, a little more than half of the amount of the twelve Federal banks and about one-quarter of the amount held by the life insurance companies. The joint stock land banks are carrying about 6 per cent of the total farm loans of the country.

"It is apparent that the Federal farm loan system is an important element in the farm loan business although not the controlling factor."

"Do they not always make loans at lower rates than private investors?" asked the manufacturer.

Interest Rates

"That depends upon the location," answered the county agent. "The rate of interest charged by the Federal land banks is intended by the law to be uniform all over the United States without regard to the size of the loans, moral hazard or climatic risk from drouth, frost, hail or other causes. They distribute the risk and the expense over the entire loaning field of each bank and over the entire system. Private loan companies and investors consider each loan on its own merits and make the rate accordingly. A private loan company might loan \$25,000 at 5 per cent on a good farm in a sure-crop locality and charge 7 to 8 per cent on a \$1,000 loan in a locality where crop failures are frequent. It costs as much to examine the farm and keep the books for the small loan as for the large loan, and the hazard is greater. It is an economic principle that an allowance must be made for the risk of nonpayment. Fire insurance companies recognize this principle when they charge a higher rate for insuring a wooden building in an exposed locality than for a brick building in a safer locality. Federal land banks are generally charging the same rate on the \$1,000 loans as on the \$25,000 loans. What they lose on the small loans they make up on the large loans. The profits and losses of a Federal land bank from all of the states of its district are put in together and the dividends or losses are paid out of the common fund. The territory of the districts of the banks are laid out with this object in view. Each bank has some high grade farming territory and some that is less desirable and more subject to crop failure. After eight years' experience the land banks found it necessary to recognize the force of economic laws and to abandon the strictly uniform rate plan. At the present time there is a variation

in rates, which in some localities are 5 per cent and in others $5\frac{1}{4}$ and $5\frac{1}{2}$ per cent.

"Both the Federal land banks and the joint stock land banks have a special privilege in the form of exemption of their bonds and mortgages from taxation. This makes their bonds desirable as investments for those who wish to evade payment of local taxes and Federal income taxes, especially very wealthy persons liable for heavy surtaxes. This also shifts an equal amount of additional local and Federal taxes upon those who have land and other taxable property and taxable incomes."

Five Per Cent Thirty Years Ago

"What about the rates of interest on farm loans. Have they changed materially and have these changes greatly increased farm prosperity?" asked the Philadelphian.

"That can best be answered by statistics," replied the county agent, "and I will let you draw your own conclusions.

"A great mistake is often made by comparing the interest rates on second mortgages in one locality or time with the rates on first mortgages in another locality or time. Interest rates on first mortgages are always lower than on second mortgages because the element of safety is greater on the first mortgage. It is not a fair statement to compare the interest rate on a first mortgage in Illinois with the rate on a second mortgage in the same locality, nor to compare the rate on a first mortgage in Illinois with the rate on a first mortgage in a state where loans are smaller and farming more hazardous.

"As a general proposition the farm loan interest rates in 1926 are about the same as they were 35 years ago. Local conditions, size of loans and uncertainty of security have changed commissions and rates in some states. As the reliability of farm production of a new loaning area becomes better known, competition for loans reduces the rate. In Illinois and Iowa and other midwestern states, millions of dollars were loaned between 1890 and 1900 at 5 per cent with a small commission of 1 per cent or 2 per cent on a five-year loan. That is approximately the rate in 1926 on first mortgages. The 1924 Year Book of the Department of Agriculture reports the average farm loan interest rate in Iowa and Illinois charged by life insurance companies in 1923 to be 5.1 per cent, by Federal land banks 5.5 per cent, by local commercial banks 6.2 per cent. Local banks being where they can watch the security make more liberal loans than insurance companies and mortgage bankers who sell loans to nonresident investors and therefore they are able to charge a higher rate of interest. The 1924 agriculture Year Book gives the average

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farm mortgage interest rate of the entire United States as follows, in 1923:
Life insurance companies...5.36 per cent
Federal land banks...5.50 per cent
Local commercial banks...6.89 per cent

"This data is given on page 209 of the Year Book which may be considered a fair and unbiased authority.

"Several of the Federal land banks in 1925 broke away from the rule of uniform rates contemplated by law and cut their rate to 5 per cent or to $5\frac{1}{4}$ per cent. They were obliged to do so in order to meet the rates of the life insurance companies which were getting most of the business.

Insurance Company Interest Rates

"In the report of the 1922 annual meeting of the Association of Life Insurance Presidents, statistics are quoted showing that the average rate of interest on farm loans of life insurance companies in 1914 was 5.55 per cent and that in 1921 the rate had risen to 5.86 per cent. Illinois in 1914 had the lowest insurance company farm loan rate in the United States—5.16 per cent. In 1921 it had increased to 5.68 per cent, but in 1923 the rate as shown by the Agricultural Year Book had again receded to 5.1 per cent, the same as in Iowa. In the state of Ohio the life insurance company rate in 1914 was 5.3 per cent. In 1921 it was 5.67 per cent, but in 1923 the rate had been reduced to the 1914 level—5.3 per cent.

"In Nebraska, which is a newer state, the rates have been a trifle higher. The authorities previously quoted give the 1914 life insurance company rate as 5.34 per cent, the 1921 rate 5.77 per cent and the 1923 rate 5.2 per cent, while the Federal land bank rate in Nebraska was 5.5 per cent and the local commercial farm loan rate averaged 6.8 per cent.

"Illinois, Iowa and Nebraska are typical of the best farming states where interest rates are lowest."

Dividends Consumed by Expenses

"I have been told that the land banks pay dividends to the farmers on the land bank stock and thus reduce their rates of interest," stated the Philadelphian.

"There is a general misunderstanding about those dividends," replied the county agent. "The land banks pay dividends and the public is led to believe that the dividends are all applied to reducing the rate of interest paid by the farmer, but often those dividends are partly or wholly consumed by the expenses of the local farm loan association and do not reach the farm borrowers. The dividends are paid to the local farm loan associations. The local farm loan associations use the dividend money to pay the salaries of their local secretaries and other expenses, then if there is anything left they pay it over to the borrowing farmers. The Federal Farm Loan

Board report for 1925 on page 2 states that since organization dividends were paid to the amount of \$14,590,535.69. The public is naturally led to suppose that this amount went to the borrowing farmers. The investigation made by the Department of Agriculture and reported in the Agriculture Year Book 1924 reveals a very interesting state of affairs on pages 209 and 210 where it states that from organization to November 1, 1922, according to a survey made of a large number of the local associations only about 46 per cent of the dividends dispersed by the land banks had been distributed to borrowers. As the land banks are cooperative institutions, the dividend money is often used to pay interest for delinquents."

Initial Expense of Loans

"It is now my turn to ask a question," said the man from Boston. "Is it not true that the private loan companies charge a commission to the borrower while the Federal land banks make loans without charging any commission?"

"In the better farming localities where most of the loans are made, the usual commission charged by private loan companies is 1 per cent on a five-year loan, equal to two-fifths of 1 per cent per year," answered the county agent. "The expense of the land bank loans is often greater than this, but they call it by another name. On page 209 Agriculture Year Book 1924 this is very clearly stated in a paragraph which I will read:

"A survey made in 1920 of the cost of obtaining Federal farm loans shows that the initial cost averaged about 1.4 per cent of the amount of the loan. This cost was much larger in the case of loans of \$1,000 or less, amounting in such cases to 4.8 per cent of the loan, as compared with less than 1 per cent for loans ranging from \$7,500 to \$10,000."

"While it is true that the average annual cost would be small," continued the county agent, "if the land bank loan ran for the full term of 35 years, in actual practice it is a fact that a large part of the loans are paid off or refunded in five or ten years thus making the average annual cost as heavy as the commissions charged by private loan companies which pay taxes and get no special subsidies from the national treasury."

Free Capital Furnished

"Congress loaned the land bank almost nine million dollars without interest as capital to begin with and it has not all

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now been paid back. What the banks earned on this free capital made an important part of the dividends during the first years of their history when the taxpayers were paying interest on Liberty bonds and also paying the expenses of the Farm Loan Board," remarked a man from Omaha who now joined in the discussion. "With that amount of free capital, with exemption from taxation, with the expenses of the board paid out of the national treasury, with the free use of the mails for advertising by the board and a war-time demand for loans, the system ought to have been able to struggle along, particularly as about half of the so-called dividends were eaten up by expenses and not paid to the farm borrowers."

"The farther I travel, the more I learn," said the man from Boston. "I had always supposed that the loans were made to the farmers without cost and that the dividends paid by the Federal land banks went to the borrowers."

St. Louis Heard From

"I begin to see a little daylight, too," said a stranger who had been listening to the conversation. "I live in St. Louis. We have a Federal land bank which loans in Illinois, Missouri and Arkansas, three of the best states in the country. We are located in the center of that rich territory. I never could understand why the business of that bank fell off so in the last four years. The annual reports of the Farm Loan Board show that the St. Louis bank loaned \$17,207,700 in 1922, \$9,243,800 in 1923, and \$9,616,600 in 1924 with only \$7,028,300 in 1925, the last year reported by the Federal Farm Loan Board. Borrowing farmers must be learning a few facts about dividends and expenses and interest rates which were not explained in the annual report."

"The St. Louis bank has reduced its interest rates, and it may do a better business in 1926," interposed the county agent.

"I would like to know if the land banks have not in some cases made more liberal loans at lower rates than insurance companies and private loan companies," asked the St. Louis man.

Losses in the Northwest

"I can answer that question," said another listener. "I have lived in the Pacific northwest. The Spokane bank under the management of the first president for several years made it a point to loan about twice or three times as large loans as conservative loan companies would lend and it cut the rate to the regular land bank rate which in some cases was 2 per cent below the rate of private loan companies. This plan was very popular at first. Because of these excessive loans, hundreds of farms have been taken over by the Spokane bank. The last annual report of the Federal Farm

Loan Board on pages 4 and 5 explains that the other land banks are cooperating to help the Spokane bank carry the load. The other banks anticipate an ultimate participation of approximately \$4,000,000,000 and of course they may be obliged to contribute more than they anticipate. Under the management of the new president, the Spokane bank will avoid the blunders of his predecessor. The joint stock land bank at Helena, Montana, was another institution that loaned recklessly. It went into the hands of a receiver in May, 1923. Private loan companies in many cases tried to meet this foolish competition and lost by it.

Many Farms Lost

"This inflation of farm loans in the northwest has caused untold losses to farmers. Many men lost their farms because they could get big loans from the land banks."

"That is enough of statistics," interjected the Bostonian. "They are interesting and I understand that in the well established farming districts that mortgage interest rates are about the same as they were twenty and thirty years ago on first mortgages. But I want to know just how vital you consider mortgage interest rates to the prosperity of agriculture."

"Interest rates are quite important," replied the county agent, "but they are not so important as size of principal. A farmer might better pay 6 per cent on a \$2,000 mortgage than 5 per cent on a \$4,000 mortgage. The annual carrying charge is less and it is easier to pay the principal when it comes due. The true principle to follow is to borrow only for productive purposes and to pay the debt as soon as possible.

Essentials of Farm Prosperity

"There have been many theories about farm prosperity and some experiments have been tried. About 15 years ago the belief prevailed that legislation looking to a reduction in rates of interest would insure immediate prosperity.

Have Not Helped Agriculture

"It is stating the case very mildly to say that the general conditions of agriculture have not been improved since the land banks were organized in 1916. At that time it was thought that government supervised land banks would be a remedy for agricultural difficulties. The taxes of farmers have steadily increased during the last 10 years. One of the causes for the increased taxes is the increase in volume of tax-free bonds, enabling many investors to evade taxation. One cause of depressed agricultural conditions is the high price which farmers are obliged to pay for manufactured articles and merchandise. This higher price is partly due to the excessive taxes paid by merchants and manufacturers

because investors in tax-free securities thus evade paying Federal taxes.

"It is well known that in reliable farming districts the land banks have never been able to secure a very large proportion of the business and that there has been little if any actual saving to borrowers. In the hazardous districts the land banks made excessive loans at rates below the market. The amount of these loans made in hazardous districts at rates lower than conditions warrant is much smaller than the amount loaned in safer localities at rates substantially the same as those made by tax-paying private companies.

"Both the Federal land banks and the joint stock land banks claim the privilege of issuing tax-free bonds on the ground that they are of great benefit to the borrowing farmer.

"About one farmer in fifteen in the United States has borrowed from the

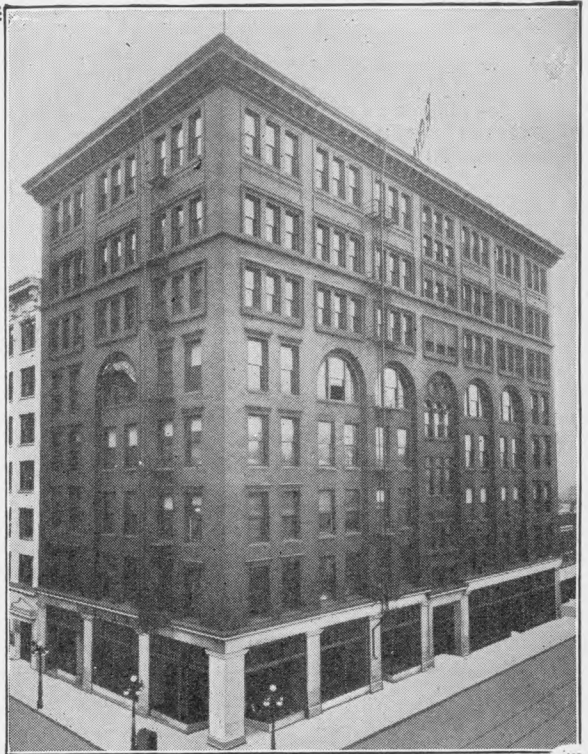
farm loan system. The other 14 farmers out of every 15 are paying higher taxes and higher prices for the goods they buy in order to permit the land banks to enjoy the privilege of tax exemption. It is in the interest of every individual who draws a salary from the farm loan system or who makes a profit from his investment in joint stock land bank stock or who evades taxation through the ownership of land bank bonds, to favor the system. These individuals are naturally propagandists. It pays them to be propagandists. They do not give publicity to facts which are detrimental to the system. They tell the favorable side only.

Many Propagandists

"There are many of these propagandists drawing regular pay. The last annual report of the Farm Loan Board (page 17) shows that there are employed (Continued on page 69.)

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Personal Paragraphs

Kenner S. Baetjer is manager of the new Chicago office recently opened in the Illinois Merchants Bank Building by the Hibernia Securities Company of New Orleans. The new office, which is equipped to deal in high-grade southern investment bonds, is the fourth to be opened by the Hibernia, the others being located in New York, Atlanta and Dallas.

George M. Reynolds, chairman of the Continental & Commercial banks of Chicago, recently returned from a tour which included practically every country in Europe. In discussing conditions across the water as compared with America, he says he is glad that he can call the United States his native land. He reports that most of the foreign countries, with the exception of France, are gradually working upward toward a greater degree of prosperity.

Arthur P. Arneson, formerly with the Federal Reserve Bank, Minneapolis, has recently become associated with the Northland Securities Corporation of the same city. He will represent his firm in southern Minnesota.

R. K. Amerman has been appointed resident manager of the Chicago office of W. A. Harriman & Company, in Minneapolis. Mr. Amerman was formerly connected with the New York office of the same firm.

William F. Kunze, vice president of the Marquette National Bank and also holding the same office with the Marquette Trust Company, of Minneapolis, has been appointed chairman of the Public Welfare Board of the city of Minneapolis.

Charles B. Mills, president of the Midland National Bank, Minneapolis, announces that during the recent new-business campaign just finished, his institution secured more than three million dollars in new accounts. The figure set at the start was one million, while the final results were more than three times the quota. The new savings accounts taken in averaged \$340 each, and the commercial accounts averaged \$2,400.

W. M. McMillan & Company, dealers in investment securities, is a newly organized firm in Chicago, with offices at 10 South La Salle Street.

Ralph Van Vechten has recently been elected to the presidency of the State

Bank of Chicago. Since then the shares of that institution have jumped in value from \$700 to close to \$900. With a stockholders' meeting called for August 10th, La Salle Street rumors have it that a nice melon will be cut at that time.

William P. Gest, formerly head of the Fidelity Trust Company, is chairman of the board of the recently consolidated Fidelity Trust Company and the Philadelphia Trust Company at Philadelphia. The merged institutions have resources of more than \$115,000,000, capital and surplus of \$27,700,000, and deposits of \$86,434,446.

A. Kopperud, vice president of the Federal Intermediate Credit Bank of Omaha, recently addressed the students of the American Institute of Cooperation at the University of Minnesota college of agriculture. The American Institute has just closed its fourth week of study on financing, grain and cotton marketing problems.

John J. Mitchell, president of the Illinois Merchants Trust Company, is recovering from an operation recently sustained at St. Luke's Hospital in Chicago. Mr. Mitchell is seventy-two years old and has often expressed the wish that he might remain the active head of the Illinois Merchants Trust until he became ninety. Physicians say that his vitality and splendid physical condition will help him toward his rapid regaining of health.

David F. Thomas, formerly manager of the bond department of Hornblower & Weeks, Chicago, has been chosen resident manager of A. E. Fitkin & Company, who have recently opened offices at 39 South La Salle Street.

John D. Ryan, chairman of the board of the Anaconda Copper Mining Company and also identified with many other prominent corporate interests, has been elected a director of the National City Bank, New York. Mr. Ryan was for many years a director in the old Mechanics & Metals National.

O. L. Dawson, federal statistician at the South Dakota State College, reports improved crop conditions for that section of the country. Prospects for corn are reported good and also for a barley crop. Wheat and rye show indications of being rather light, while oats are spotted and very short.

The Kind of Service That Counts

By **WM. H. MAAS**
Chicago Manager, NORTHWESTERN BANKER

THERE is an unusual uniformed bank usher by name of Karr in a fast-growing Detroit bank.

This writer had occasion to visit the institution a few days ago and while waiting to see an officer, Usher Karr, with a very fine bearing and approach, invited us to sit down in an easy chair right off the lobby.

"Now, while you are waiting for a few moments," he said, "just take a look at this statement which we think is very good for a bank which has only been in business since November, 1925. You will see that on the opening day our resources were only \$5,782,973, that we have had three bank calls since and on June 30th our figures had grown to \$17,365,859.62. Isn't that going some?"

All this proved interesting to us, strangers, so we asked Mr. Karr to what he attributed this growth in so short a time. "Well, you see," he continued, "in the first place, take a look at this list of our directors. With the exception of one man, they are all young and active in business here in Michigan.

"With the exception of two men, each director is a millionaire, and their combined wealth totals \$45,000,000. Everybody connected with the bank in any way works hard for it and while we have a nice location here, I just know we will have to look around some of these days for a larger building."

The above is "self-explanatory," as they used to say in business letters, but the incident furnishes a moral for every bank in the United States: to see to it that every person in low and high position boosts for his or her institution.

First National Bank

The First National Bank of Philadelphia, Pennsylvania, is the first bank chartered under the National Bank Act, and holds the distinction of having Charter Number One. Among its directors are numbered men of national reputation in the manufacturing, industrial, retail and insurance fields.

The First National, in its statement as of June 30th, shows loans and investments of \$47,493,824.91, deposits of \$58,588,406.75, and total resources of \$67,993,795.56.

Illinois Merchants Trust

The Illinois Merchants Trust Company, which is a consolidation of the Illinois Trust & Savings Bank, the Merchants Loan & Trust Company, and the Corn Exchange National Bank, all of Chicago, gives as its total resources at the close of business June 30, 1926, \$454,384,896.26.

Deposits of the institution taken from the same report are \$381,265,893.04. The bank is capitalized at \$15,000,000, and has surplus and undivided profits of more than \$30,000,000.

steamship and railroad tickets, and any other service in which it can be helpful.

From its latest statement, the total resources of the Seaboard are listed at \$197,228,238.50.

Seaboard National Bank

The Seaboard National Bank, of New York City, maintains a banking department, a trust department, foreign department, and a personal service department. The personal service department is for the personal service of friends and customers of the bank when visiting in New York. This department assists in securing hotel reservations, theatre tickets,

Returns from Western Trip

W. G. Tallman, vice president, and V. E. Nutt, claim auditor for the Great Western Insurance Co., returned to the home office in Des Moines recently following a business trip to the Pacific coast and Texas.

Only that is poetry which cleanses and mans me.—Emerson.

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The Foreman Trust and Savings Bank

La Salle and Washington Sts.
Chicago

Combined Capital, Surplus and Undivided Profits exceed

\$10,000,000

Financing the American Farmer

"EVERY successful enterprise must be adequately financed—and farming is of course no exception," said Judge Charles E. Lobbell, fiscal agent, Federal Land Banks, addressing a General Session at the Twenty-second Annual Convention of the Associated Advertising Clubs of the World. "Farm financing logically arranges itself into three divisions: First—the plant, to adopt the manufacturers' term, that is the farm and its equipment. Second—operating expenses, such as funds necessary to plant, cultivate and harvest the

crop, including fertilizer, and meet the general going expense. Third—carrying and marketing credit; funds necessary to carry and market the crop in an orderly fashion in substantial response to conservative demand.

"In less than eight years of actual operation they have loaned more than a billion and a quarter of dollars to approximately four hundred thousand farmers, in every quarter of the country and upon every type of agricultural land, ranging literally from the truck farm of New Jersey to the vineyards of California; from the wheat fields of Minnesota to the sugar lands of Louisiana, and from

the potato lands of northern Maine to the far-flung cotton fields of the South.

Problem Well Solved

"With nearly 5,000 Farm Loan Associations making service accessible in every community in the country, with the banks in abundant supply of funds and with other agencies competing for the business and meeting our terms and plans—as they must—the problem of farm credits would seem to be pretty well solved.

"That there was occasion for such credit, and a lack of proper agencies to supply it, was hardly open to question. As to the necessity of making it a permanent Government enterprise, I had, and still have, mental reservations. I feel that it would have been a happier solution, if provision had been made for the gradual retirement of the Government stock and the absorption by the beneficiaries of the Act and the continuance of the banks as farmer's mutual organizations under close Government supervision.

"To imposing its administration upon the officers of the Federal Land Banks, and placing it under the supervision of the Federal Farm Loan Board, I was unqualifiedly opposed. I felt that it belonged to the Federal Reserve System whose agencies are especially trained to that type of security and constantly dealing with it, but Congress thought otherwise and the Act was passed, creating twelve Federal intermediate Credit banks with a capital of \$5,000,000 each, all subscribed by the Federal Government with the officers and directors of the Federal Land Banks becoming ex-officio officers and directors of the Federal Intermediate Credit Banks. The corporations are entirely separate and distinct, and there is no relation whatever between their obligations. The Federal Intermediate Credit Banks make loans direct to farmer's cooperative marketing associations based upon pledged commodity, staple agricultural products, placed in properly bonded warehouses, adequately insured, with proper provision for grading and frequent inspection, and finally with ample margin."

Governor Lowden and Good Roads

Former Governor Frank O. Lowden of Illinois is credited with being a friend of the farmer and a strong political leader. In his message to the Illinois legislature, on January 8, 1917, while he was governor, he said:

"Good roads are a good investment, but a comprehensive system of good roads must wait a generation, unless bonds are issued to defray the cost.

"Motor vehicles are rapidly supplanting horse-drawn vehicles. When good roads have become the rule, and not the exception, as now, auto trucks will likely take the place of horses and wagons in

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, June 30, 1926

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$124,912,436.67
U. S. Government Bonds and Certificates	35,994,453.73
Public Securities	13,872,124.38
Other Securities	23,805,702.20
Loans and Bills Purchased	386,102,250.95
Real Estate Bonds and Mortgages	2,049,000.00
Items in Transit with Foreign Branches	2,105,448.60
Credits Granted on Acceptances	40,369,176.59
Real Estate	8,065,960.26
Accrued Interest and Accounts Receivable	7,226,205.42
	<u>\$644,502,758.80</u>

LIABILITIES

Capital	\$25,000,000.00
Surplus Fund	20,000,000.00
Undivided Profits	3,250,452.15
	<u>\$48,250,452.15</u>
Accrued Interest, Reserve for Taxes, etc	4,721,839.71
Acceptances	40,369,176.59
Outstanding Treasurer's Checks	31,173,765.39
Deposits	519,987,524.96
	<u>\$644,502,758.80</u>

the transportation of the products of the farm. With good roads, the upkeep and maintenance of motor vehicles would be largely reduced. The license fees now paid are only a trifling percentage of the cost of operation. If good roads were assured, the owners of motor vehicles could pay a much larger fee and still be the gainers.

"I believe it is possible to work out some plan by which the principal and interest of a bond issue sufficient for this purpose could be largely, if not entirely, paid from the receipts of such license fees."

As a direct result of Governor Lowden's effort and foresight, Illinois ap-

proved a \$60,000,000 bond issue to build a state-wide, comprehensive primary road system. The results have been so satisfactory that the voters have approved an additional \$100,000,000 bond issue, by an even greater majority than they approved the original bond issue. The entire cost is being paid by motor car owners in license fees, which are smaller than those paid in Iowa. They have no gasoline tax.

Changing Times

"Times have changed."

"Indeed they have. For instance, twenty years ago our casualty lists appeared in the newspapers July 5; now they appear every Monday morning."

Ten Years Ago Today



Brief bits of news from *The Northwestern Banker*, August, 1916

H. O. Tuttle, assistant cashier of the Farmers Savings Bank of Boyden, Iowa, has bought Hardy Z. Logan's interest in the Bank of Matlock, Matlock, Iowa, and has taken charge of the bank. There will be no other change in the officers of the bank and F. E. Frisbee will remain as president, F. W. Bloxham as vice president and Mr. Tuttle becomes the cashier.

—1916—

The **First National and the Citizens State Banks** of Cambridge, Iowa, have planned a consolidation. F. W. Larson, formerly president of the Citizens State Bank, will be the president of the combined banks.

—1916—

At the annual meeting of stockholders of the Franklin County State Bank, Hampton, Iowa, N. A. Inglis was advanced from the cashiership to the presidency.

—1916—

C. R. Wick, formerly of Collins, has taken up his duties as cashier of the First National Bank of Colfax, Iowa, succeeding W. V. Esher. Mr. Wick, together with the Kimberly brothers, Homer Miller, president of the Iowa National, Des Moines, and H. T. Blackburn, cashier of the same institution, has purchased a controlling interest in the First National.

—1916—

The **Farmers Savings Bank of Lytton**, Iowa, are planning to erect a new banking home. The officers of the Farmers Savings are Frank Corey, president, John L. Hamilton and F. A. Ayres, vice presidents, and G. B. Willholte, cashier.

—1916—

John Heitshusen has been elected cashier of the Conroy Savings Bank of

Conroy, Iowa, to succeed H. E. Oldaker. S. H. Stanerson is president of the bank and J. H. Burg is vice president.

—1916—

E. B. Zbanek, for three years cashier of the Central State Bank of Cedar Rapids, and one of the organizers of the institution in 1913, has resigned his position.

—1916—

The cornerstone for the new **Jasper County Savings Bank** building, Newton, Iowa, was laid July 4, 1916.

—1916—

S. D. Noonan, Edward Noonan, Joseph Noonan and **H. C. Gunderson**, men of ample means and business ability of Madelia, Minn., will open a new bank at that place to be known as the Farmers State Bank.

—1916—

The **Schuyler National Bank** of Schuyler, Neb., has been changed to the Schuyler State Bank. The officers are H. C. Wright, president; John Prokes, vice president, and R. O. Brownell, cashier.

—1916—

The **Omaha National Bank of Omaha** has passed its fiftieth anniversary as a banking institution. A member of the Millard family has always been at its head, J. H. Millard being the present president.

—1916—

George Brandeis has been elected a director in the United States National Bank, Omaha.

—1916—

C. B. Little, president of the First National Bank of Bismarck, N. Dak., and A. O. Schimansky, cashier of the Solen State Bank, Solen, N. Dak., have taken over the controlling interest in the First State Bank of Ft. Yates.



The Bank's Bond Account

A BANK should always endeavor to be in a position to take care of the reasonable demands of its depositors for loans, but as a matter of protection to its depositors and to itself it should maintain a reserve of quick assets second only to cash on hand and in other banks.

The intelligent selection of bonds for a bank's secondary reserve involves:

First, the determination of the bank's investment requirements.

Second, the analyses of bonds with respect to credit position and market position, and

Third, diversification, or investment risk insurance.

Many banks ask us to analyze the credit position, the market position and the diversification of their bond holdings together with their investment requirements, because of the value of the analyses to them.

This service is available to you.

First Illinois Company
BONDS FOR INVESTMENT
208 S. La Salle, Chicago

St. Louis
Aurora

Milwaukee
Springfield

The Chase National Bank of the City of New York

57 BROADWAY

Capital \$ 40,000,000.00
Surplus and Profits 36,764,122.23
Deposits (June 30, 1926) 813,425,869.65

OFFICERS

ALBERT H. WIGGIN
Chairman of the Board

GATES W. MCGARRAH
*Chairman of the Executive
Committee*

JOHN McHUGH
President

ROBERT L. CLARKSON
Vice Chairman of the Board

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A Criterion of Character

An investment house may be judged by the character of its clientele. For years American, Scotch, Dutch and British Banking Houses have found in Forman First Mortgage Investments the unqualified safety they must have for their institutional funds.

The safeguards which these experienced investors have long approved also make possible the unconditional guarantee of principal and interest which one of America's leading insurance companies will place on Forman's Bonds.

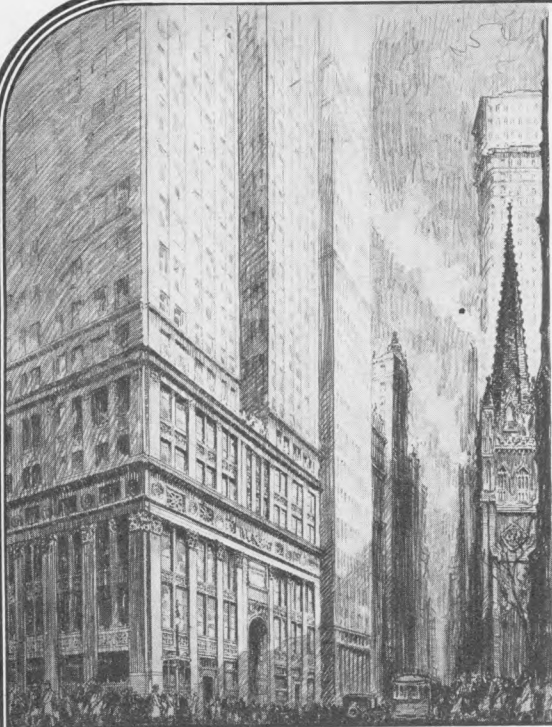
Local bankers who act as distributors for these bonds are afforded a profitable affiliation. Correspondence is invited.

GEORGE M. FORMAN & COMPANY

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EQUITABLE BLDG., DES MOINES, IOWA

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Stagnant Securities

What bank has not at some time found itself with sluggish investments?

Marketability—Values—Price Trends.

Knowledge of these factors keep your bond account active and profitable.

Our Vice President in charge of securities is a specialist on market conditions.

His counsel on these matters is only one of the many services our customers enjoy.

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Resources Over Fifty Million Dollars

Member of Federal Reserve System

FIDELITY TRUST COMPANY

120 Broadway *of New York* Equitable Building



Our Foreign Governmental Debts

By Paul M. Atkins

*Industrial Economist and Member of
H. N. Stronck & Company, Chicago*

THE whole problem of the debts of foreign governments to our own government has been made so much a matter of political windjamming, both in the United States and in foreign countries, that the essential facts have usually been lost track of in popular discussions of the matter. It is essential that any treatment of the subject—which is admittedly very complex—must be made in a dispassionate and analytical fashion if it is really to be enlightening.

In the first place, it must be recognized that the bulk of the present debts of foreign governments to the United States Government are radically different in their nature from private commercial debts between nationals of two different countries or from the debts of foreign governments contracted to American citizens before the World War or since the conclusion of the Peace Treaties. This distinction is of such vital importance and it is so commonly overlooked that it is worth while discussing it briefly here.

For Productive Purposes

When private corporations or foreign governments sell their securities or in other ways contract debts in the United States, the proceeds of such loans are, in the majority of cases, used directly or indirectly for productive purposes. Suppose, for example, that funds are borrowed here either by a corporation or the government, for the construction of a railroad in Brazil which will tap some of that country's great agricultural or mineral resources. If there is a real economic need for these materials and the railroad is efficiently and economically constructed, its operation should produce sufficient revenue to serve as a basis for the payment of the interest on the bonds sold here to facilitate its construction.

Or take the case of a loan for a period of years to a German industrial concern to serve as working capital. If the company is properly managed, then the use

of this additional working capital should result in such an increase of income that the interest on the loan may be paid when due.

The loans of the United States Government to foreign governments were for an entirely different purpose, however. They were employed for destructive instead of constructive purposes, and hence did not give rise to revenue which, in the normal course of events, would make possible the payment of interest on the loan and the building up of a sinking fund.

Not Generally Understood

This is the reason why the remarks of certain senators in regard to commercial loans to Italy immediately upon the conclusion of the debt agreement showed ignorance of some very elementary truths or an intentional effort to mislead their hearer. The commercial loans to Italy were for productive purposes of one kind or another and presumably will be sufficiently productive—directly or indirectly—to make possible the payment of interest while the war debt is simply a dead load—non-productive in every sense of the word, one which it is quite possible, even with the present reduction, will be found too heavy for Italy to carry.

The payment of any debt or interest on a debt by one government to another, or to the nationals of some other country, is predicated on two conditions:

(1) The ability to secure the necessary funds from its inhabitants—principally, of course, its citizens or subjects—by taxation, and

(2) On the procuring of means of transferring these funds to the other country.

Unless it can first secure the funds by taxation and then find a way of transferring them, it is practically impossible

for it to pay its debt, however willing and desirous both the government and citizens may be to liquidate their indebtedness.

No one likes to pay taxes, though they are so certain in one form or another that they have been linked with death as a synonym of the inevitable. There is always some scepticism on the part of nationals of one country when the nationals of another claim that the limits of taxation have been reached. Yet it is a truth that has been amply demonstrated in the United States during the last few years that it is possible to raise the rate of taxation to such a point as to decrease the net amount received from taxes.

Domestic Taxation

It has sometimes been remarked that taxation for domestic purposes does not have much effect on a country as a whole, that it is simply taking money out of one pocket and putting it into another. Unfortunately, those pockets very seldom belong to the same person. The bulk of the taxes in most countries comes from persons who are economically the most productive, while in so far as interest payments on the public debt are concerned, they go, as a rule, to persons who are less economically productive. This means that taxation may be pushed to the point where it is actually destructive of the economic progress of the country. Taxes to be used for the payment of foreign debts when those debts have been used for non-productive purposes, as have been those under discussion, even more easily become harmful to the welfare of a nation.

Moreover, the national wealth of a nation affects its ability to support taxation. A rate of taxation per capita which could easily be supported by a country like the United States with wealth of almost \$3,000 per capita, or Canada with \$2,400 per capita becomes impossible for such countries as Columbia or Peru with wealth of less than \$300

per capita. Herein lies one reason why more can be expected of Great Britain with \$2,450 of wealth per capita than from Italy which has only \$760 per capita.

Then there is the second condition to be considered, namely—the possibility of transferring funds from one country to another. It is a generally recognized fact that the payment of debts between countries can only be effected in the long run by the transfer of goods or services, or both. There is not gold enough in the world to make possible the payment of more than a very small fraction of the existing international debts.

It becomes necessary, therefore, for

the debtor country to secure an excess of "exports" of merchandise and services over its "imports" of these items if it is to repay its loans. This does not mean, of course, that its trade connections with its creditor nation must take such a form, because there is so much triangular, quadrangular, multi-angular trade carried on in world commerce that it may import goods and services from its creditor country and still be building up a surplus of exports with which to pay its debts. In this connection, it may be well to emphasize the importance of services. Switzerland, for example, for the year 1925 had about 25 per cent more imports than exports

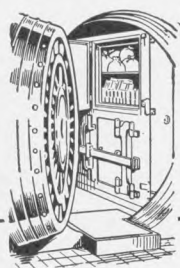
of merchandise, yet the disbursements of tourists in that country more than offset this excess, and left a substantial amount of funds available for payment of interest on her foreign debt or for investment in other countries. This same phenomenon is especially noticeable in the case of Great Britain where for years there has been an excess of merchandise imports over merchandise exports. This so-called "unfavorable" balance of trade has been wiped out and replaced with credit balance by the services rendered by Great Britain—her shipping, insurance companies, banking services, interest payments on previous loans so that before the World War, Great Britain was the great source of capital for investment in other countries, and now holds second place only to the United States.

There is still another factor which must be considered which is outside of and beyond the control of the debtor country, namely—the ability and willingness of the creditor country to accept payment. This factor has peculiar significance for the United States at the present time. There is a demand on the part of a certain portion of the community for the payment of the debts of foreign countries to us, and yet there is an equally vociferous demand on the part of many and, curiously enough, these same people often belong to the group just referred to, for the maintenance and even the further raising of a high tariff for the avowed purpose of excluding foreign goods. As we are now financially independent of the remainder of the world, and have become largely so for shipping, insurance and other services, it has become difficult for those countries who are able and willing to pay their debts to us to do so because of an unwillingness on our part to accept in payment in the only form in which payment is economically possible. To be sure, some of them like Great Britain, France and Italy are entertaining American tourists on a large scale, but even the development of this service will not be enough to make payment to us possible.

It may well be questioned whether this unwillingness of ours is as foolish as it may appear to some at first glance. A heavy influx of foreign goods would undoubtedly hurt American business seriously and result in considerable unemployment. In the long run, this condition would tend to correct or adjust itself, for long continued unemployment would result in a reduced purchasing power on the part of the American people with a consequent reduction in consumption and a lowering of the price level, all of which would tend to render the United States a less favorable market in which to sell.

Proved by Current Events

Proof of these statements may be



We Recommend for Bank Investment

\$600,000

Detroit Reduction Company

1st Mortgage One to Seven Year

6½% Serial Gold Bonds

due June 1, 1927 to June 1, 1933

Price to Yield 5.75% to 6.50%

\$1,500,000

General Power & Light Co.

One Year 6% Secured Gold Notes

due July 1, 1927

Price to Yield 6%

\$750,000

Bartles-McGuire Oil Company

1st Mortgage Sinking Fund 6½% Gold Bonds

due March 1, 1936

Price to Yield 6½%

Ask for Descriptive Circulars



BARTLETT & GORDON

INCORPORATED

First National Bank Building, Chicago

First Wisconsin National Bank Building, Milwaukee

found in current events. The foreign trade for the first quarter of 1926 shows a substantial balance of imports over exports, for goods have come in in spite of the high tariff, the index number for wholesale prices has fallen gradually, but steadily for several months and in spite of the optimistic forecasts of certain economists and certain newspaper writers, those most closely connected with the business and who have studied the matter with great care find many indications that business activity in this country is distinctly on the downgrade.

Of course, there is still another possibility which must be envisaged. There has been extensive marketing of foreign securities in the United States and an increasing willingness on the part of Americans to purchase foreign bonds, both governmental and corporate. A certain portion of the debt of foreign governments to the United States Government may be transformed into a debt of those governments to American citizens. There are many complicating factors entering into such an interchange of debt, notably the rate of interest necessary to make foreign government securities saleable here. In any event, however, such a procedure does not result in the payment of the debt, but only a change in its form. The fundamental thesis holds that we can only be paid in goods or services. To be paid in full in any such fashion, if it were possible, might very well hurt us more than help us, and it is possible that with even the partial cancellation of these debts which have taken place, we shall find they will prove an economic boomerang.

All of these statements must, of course, be understood in the light of "other things being equal." Other events may take place which will alter the entire situation radically. A long drawn out war between the United States and some other great power, for example, would change fundamentally the relationship of the United States to the rest of the world.

We are at present committed to the policy of expecting each nation to pay what we believe it is able to pay and time will tell whether this policy is wise economically or not, whether we will be the gainers or the losers thereby.

For those who are inclined to feel that the United States is not getting what is properly their due in this matter, it may be pointed out that a half a loaf is better than none. In scaling down the debts, it must be remembered that the same kind of thing is done in the case of domestic corporations which find themselves involved beyond their capacity to pay. Bondholders find their bonds cut in value and sometimes replaced wholly or in part by stock which present value may be little and whose worth is wholly problematical, and yet

frequently there is no implication of bad faith on the part of the management. So in the case of the foreign government debts to our national governments, the economic solvency of some of our creditors has been sadly impaired; in getting from them all they are capable of paying, we are facing the matter in a purely business-like manner, and should not complain of the deal which we are receiving.

New Appointments

National Bank of Commerce in New York announces that Herman G. Brock has been appointed an assistant cashier, Clarence B. Tailby has been appointed

assistant cashier and office manager, and Harold F. Anderson has been appointed manager foreign department.

Poetry is older than prose. Of this we have what may be called paleontological proof in the structure of all languages. Our everyday speech is fossil poetry. Words which are now dead were once alive. The farther we recede and the lower we descend, the more these wonderful petrifications of old forms of poetic thought and feeling abound.—Coles.

Fly pleasures and they will follow you.—Franklin.



The high character of this location is indicated by the surrounding buildings—The Federal Building, The Illinois Merchants Bank Building, The Rookery, The Standard Trust Building, The Commonwealth Edison Building.

The Bankers Building

First Mortgage Leasehold 6½ Per Cent
Gold Bonds, Due 1951

The new Bankers Building, to be completed by October 12, 1927, is to be one of the finest office buildings in Chicago, 41 stories high and located in the financial district, corner of Clark and Adams Streets. A conservative valuation of this building and leasehold estate, made by independent appraisers of recognized standing, shows that this issue of bonds is less than a 60 per cent mortgage.

A sinking fund, beginning May 5, 1929, will retire the entire issue on or before maturity by purchase or redemption. This sinking fund should be an important factor in maintaining an active market for these bonds.

These bonds have been purchased and recommended by a large number of banks and investment bankers in all sections of the country and may be obtained from them or from the undersigned.

Price 100 and accrued interest to yield 6.50 per cent

Descriptive circular upon request



P. W. CHAPMAN & CO., INC.

116 S. La Salle St.
CHICAGO

42 Cedar Street
NEW YORK

Facts About Industrial Financing

WITHIN the lifetime of most of you listening to this talk, a great change has taken place in the economic life of our country. As recently as a quarter of a century ago, the United States was still predominantly an agricultural country. Today more of the population is engaged in industry than in agriculture, and the value of the industrial product is greater than the farm product. Manufacturing industries in this country employ nearly nine million men, who receive eleven billion dollars a year in wages. The value of its product amounts yearly to over sixty billion dollars, five and a half times

From radio address of

James H. Becker

A. G. Becker & Co., Chicago

"The investment banking house which is in a position to extend accommodations of every kind, assures the borrower of that type of financing which meets his particular requirements most efficiently and offers to the bank, to the institutional and individual investor, securities well conceived and soundly built."

more than the value of manufactured products in 1900—only 26 years ago.

Industrial Growth Sound

This growth of industry, as we all know, has been economically sound, for the United States has attained its present dominant position as a manufacturing nation as a result of the combination of four factors. These factors are: First—the possession of rich natural resources which have not only furnished the materials for manufacture, but also have given to each of us through their development an average purchasing power greater than that of any other country; secondly—a high degree of efficiency in both labor and executive capacity; thirdly—the development of large-scale production through labor-saving devices; and fourthly—high per capita consumption and capital accumulation and investment.

It is plain that the steady evolution of American industry which has been briefly outlined above must continue to be the most significant fact in American business life. New markets for American goods are being found and new avenues for American business energy are being opened every day. It is not hard to agree with Mr. Charles Schwab that "The United States must be the workshop of the world in the future."

As industry grows, it must be provided with capital, and in industrial financing, the investment banker performs a necessary and indispensable function.

It is most improbable that American industry would have accomplished anything like the development it has had, were it not for the cooperation of the investment banker. He has been a large factor in making it possible for corporations to borrow and to obtain capital from investors scattered in every part of the country and, in fact, in all parts of the world.

The faith of the investment bankers and of investors in American industry has been based on a recognition of the fact that our great industries touch the lives of all of us at nearly every point. Carefully selected securities based on the continued prosperity and growth of American industries are, therefore, suitable and fruitful channels for safe investment.

May I outline, briefly, at this point the method whereby capital is supplied to industrial corporations?

First of all, the investment banking house must determine whether the corporation concerned is justified in seeking public financing, and if so, what form of financing is best suited to its present and future requirements.



When minutes count

QUICK action necessary on a bond offering? Investment quotations or other information wanted? As swift as the click of a telegraph key our office in your locality gets in touch with our head office in New York or with the control office for your district. Back comes an answer, accurate, reliable.

Speed is but one phase of National City investment service which commends it to bankers and investment houses.

The National City Company

National City Bank Building, New York

Offices in more than 50 leading cities throughout the world

BONDS

SHORT TERM NOTES

ACCEPTANCES

The answer to these questions involves a broad and intensive investigation, which in some cases may require months of effort on the part of many experts. Such extensive investigations, needless to say, work for the protection of both the corporation and the investor. Their interests are the same in the final analysis. The right kind of financing for the corporation will mean the offering of a sound security to the investor.

Investigation by Bond House

In order to carry through an intensive investigation, the organization of the investment banking house must include experienced engineers, trained economists and accountants. The investigation starts with a survey of the client's industry as a whole. Is the industry economically sound? Does it possess permanency? Is it growing at the right rate? Can we reasonably foresee a steady growth in the demand for the product and can the rate of growth be estimated? Will some other rising industry supplant it? Is the industry subject to foreign competition or can it build up foreign markets of its own? These questions can be multiplied indefinitely but those given convey some idea of the preliminary survey made.

Secondly: Having satisfied ourselves as to the industry in which the corporation is engaged, we must next determine the corporation's relative position in the industry. Does this concern seeking financing make money only when conditions are exceptionally favorable, or is it able to prosper when times are relatively difficult? Does the company produce a good product which can be sold at the proper price? We want to know whether our prospective borrower will suffer heavily with a curtailed demand for the products of his industry and whether he is in position to take advantage of an increased demand. In order to answer these questions, a study is made of the elements that either tend to benefit or handicap the business—such as markets, location, transportation, demand, competition, local labor conditions, together with other important factors. Is the factory favorably located as to the source of raw materials and the market for its finished products? Are transportation facilities favorable? Are changes in local labor conditions possible? When do valuable patents and copyrights expire?

Then comes the appraisal of plant and equipment by experienced engineers and appraisers, who are technically acquainted with the operating requirements of such corporations. Their appraisal of fixed assets and valuation of inventories are both detailed and exact. Another branch of our inquiry has to do with the organization and personnel. Management is of tremendous importance in any under-

taking and particularly so in an industrial concern. Is the organization capable and well-knit, and is it so constituted that it does not unduly rely on one or two men?

Finally, the accountant, of course, plays a prominent part in the investigation. A detailed examination of balance sheets over a period of years is made. The capital structure is analyzed; the credit, purchasing and sales policies scrutinized carefully. A study of the working capital requirements involves close attention to inventory fluctuations during the normal year, capital necessary to handle increased volumes and to provide for extensions necessary to sustain the company's position in its field.

The Financial Program

Having, by this time, satisfied ourselves that the corporation is justified in doing public financing, we must then prepare a financial program for the company and carry it out. What is to be the nature of this financing? A mortgage bond may be unwise and unsatisfactory, both to the company and to the investor. A debenture issue may be cheaper for the company, but a preferred or common stock offering might be sounder financing. Again, in some cases, a common stock issue might appear attractive but would be unnecessarily expensive under the circumstances. Finally, short term borrowings, through the medium of com-

Sound Investments
Yielding 5.30 to 7.15%

<i>Name of Security</i>	<i>Rate</i>	<i>Maturity</i>	<i>Price</i>	<i>To Yield About</i>
Container Corporation of America <i>First Mortgage S. F. Gold Bonds</i>	6	1946	99	6.08%
Consolidated Cement Corporation <i>First Mortgage S. F. Gold Bonds</i>	6 1/2	1941	98.50	6.65%
Waltham Watch & Clock Company, <i>Debentures</i>	6	1928	101	5.30%
Pan American Petroleum Co. of Calif., <i>First Mortgage Convertible Gold Bonds</i>	6	1940	103.25	5.55%
Bankers Building <i>Land Trust Certificates</i>	5 1/2	....	100	5.50%
Savoy-Plaza Corporation <i>First Closed Mtge. Gold Bonds</i>	6	1945	100	6.00%
Hotel Sherman Company <i>First Mortgage</i>	5 1/2	1937-46	....	5.60%
Roman Catholic Church in Bavaria, <i>S. F. Gold Bonds</i>	6 1/2	1946	Market	7.15%
Roman Catholic Church Welfare Institutions in Germany, <i>Gold</i>	7	1946	98.50	7.12%

Subject to previous sale and change in price.

We will be glad to send you circulars describing these securities

Mitchell, Hutchins & Co.

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mercial paper, may fulfill the company's requirements, or used to supplement other longer term financing, provide a more flexible and more desirable capital structure. Whatever the form of financing, it must be the product of the special circumstances in which the company finds itself.

You will see, by this sketchy description, the part played by the investment banker in building up our manufacturing enterprises and in providing investors with safe and profitable securities. The investment banking house which is in a position to extend accommodation of every kind, as just outlined, assures the borrower of that type of financing which

meets his particular requirements most efficiently, and offers to the bank, to the institutional and individual investor, securities well conceived and soundly built.

New Eppley Hotels Offering

Offering will be made shortly of \$2,500,000 Eppley Hotels Company, Omaha, Nebraska, first mortgage 6½ per cent sinking fund gold bonds at 100 and accrued interest to yield 6½ per cent by Howe, Snow & Bertles, Inc., The Omaha Trust Company and A. B. Leach & Co., Inc. The Eppley Hotels Company was organized in the spring of 1926 to acquire a chain of strategically located hotels which had been successfully built

up over a period of ten years by E. C. Eppley, as a proprietorship. Ninety-five per cent of the stock of the company is owned by Mr. Eppley, who has been generally known as the largest individual owner of hotels in the country.

The average annual net earnings of the group of hotels, having a total room capacity of 2,737, for the three years ending December 31, 1925, after depreciation and applicable to interest, were \$361,912 or over 2½ times the maximum interest requirements on these bonds. A sinking fund is provided for retiring a total of \$1,550,000 of these bonds prior to maturity.

Acquire Valuable Utility Properties

The W. B. Foshay Company of Minneapolis, Saint Paul, Chicago, New York, and Portland, Ore., owners of large public utility holdings throughout the United States has entered into a contract to purchase electric light and power properties from the West Coast Power Company in Washington and Oregon, now owned and operated by Cammack & Company of Chicago. This contract has been signed by the Foshay Company for the Peoples Light & Power Corporation of Minneapolis, Minnesota.

Although owned and operated by the Peoples Light & Power Corporation the management of the properties after August 1st will be in the hands of the officers of the W. B. Foshay Company, who have had broad experience in the operation and management of public utilities over a long period of years.

The transfer will include public utility properties now operated by the West Coast Power Company in the following cities and towns in Oregon: Reedsport, Gardiner, West Gardiner, Florence, Glendale, Cushman, Waldport, Toledo, Newport, Yaquina, Clatskanie, Clatskanie Junction, Westport, Quincy, Cascade Locks, and Burns: together with cities and towns in Washington as follows: Shelton, Cathlamet, Stevenson, Chinook, Ilwaco, Long Beach, Seaview, Ocean Park, Naheotta South Bend, Breakers, Newton, Tioga, Centerville, Shelbourne and Holman.

These properties will be consolidated on August 1st, 1926, with the other holdings of the Peoples Light & Power Corporation which include electric gas, water, and street railway companies in the eight states of Oregon, Washington, California, Arizona, Minnesota, Vermont, Iowa and Wisconsin. Valuation of physical properties in this consolidation is over \$8,000,000. The Gross Earnings in excess of \$1,000,000.00. The generating capacity of the West Coast Power Company is hydro-electric in addition to which they purchase current at a low rate through attractive contracts with sawmills.

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Austria's Financial Outlook

By Dr. Ignaz Seipel

Former Chancellor of Austria

From Address Before Chicago Bond Men's Club

DURING the first years, after Austria came into existence, in foreign countries, and very likely in America also, we were known as an extremely weak state and utterly incapable of holding out.

At that time, the old Austria-Hungary, which until then had been a territory of unity, was reduced to a small state inhabited by but six and one-half million people, who in the majority derive their sustenance from the mountains of the Alps, rich in natural beauties, as well as through the highly developed industries of the large cities. A considerable amount of the foodstuffs required had to be imported from other countries at the same time because of the dismemberment of the old territory and because as a consequence of the war the natural market of Austria such as the near Orient, from the Balkan states across Turkey up to Russia, the industries had lost their markets. Then came the time of the inflation, the Austrian crown depreciated to its 14,000 part of its prewar value a time in which as a consequence thereof every industrial effort seemed useless, yet, a time in which we were dependent upon the support of foreign lands, just to enable us to feed the children of our people, to keep them alive.

At the many opportunities afforded me in the different countries, Germany, Switzerland, Holland, Sweden, Denmark, Czechoslovakia, France, Italy, since the year 1924, and now in the United States, I deem it my special mission to speak, and above all else, to make known to all of them that these times belong to the past.

Austria Forging Ahead

Due to superhuman efforts, Austria has overcome successfully three periods of reconstruction. The first one was hardly noticeable to other countries. While we fought for the daily necessities for our people, we had to battle with bolshevism at the same time. Our neighbor to the east, Hungary, was under dictatorship; Germany was torn by the onslaughts of the Spartakists. Austria, however, remained calm, upheld order, notwithstanding the fact that the Treaty of St. Germain as well as her own poverty did not permit her an army of any appreciable size. Up to this day there is not one communist deputy in Austria. The second effort was made to stabilize the value of the Austrian crown. That we succeeded in this effort is shown by the fact that since September 2, 1922, the Austrian crown has not deviated in value to the American dollar in the least. One shilling, that is, 10,000 Austrian paper crowns, is and remains equal to one-seventh part of a dollar. Our note bank is independent. The gold reserve of our bank notes

is better by far than the law prescribes. The third effort was made towards the balancing of the budget. This also was accomplished. The proof of this is shown by the fact that at the beginning of the present month the control of our finances by the general commissioner of the League of Nations was abandoned.

We succeeded in these efforts with the assistance of the League of Nations which also helped us in the negotiations of the loan. The opinion prevailed that we would use up the proceeds of the loan to cover our deficits within two years. This, however, did not happen. We spent less before we arrived at the balancing of the budget, in order to cover the deficits. We utilized the balance of the loan by making more profitable investments through intensifying the work on the farms, by electrifying our railroads, etc.



When night comes down over the city

Lengthening shadows darkening sky
a light gleaming through the window of a tall
office building then row upon row of lights
as the dynamos in some distant power plant hum
to the evening load. The work of men goes on
by night, as by day, because of electricity.



To the investor in the bonds of Electric Power and Light Companies the lights of the city represent income—as steady and sure as the demand for the electricity which makes it. In these safe bonds investors find the ideal investment.



"The Ideal Investment," our new booklet, contains 10 reasons why you should buy Electric Power and Light Bonds. Sent on request for Booklet T-1

THOMPSON ROSS & CO. Inc.

ESTABLISHED 1912

INVESTMENT SECURITIES

Bank Floor - 29 S. La Salle Street

NEW YORK CHICAGO BOSTON

Telephone Randolph 6380

SAN FRANCISCO

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However, the fourth effort is still outstanding. The revival and reconstruction of our economic condition, our labor and our industry and of our market. The fact that we have not as yet attained our goal will not surprise you, when you take into consideration that the new Austria has existed but only eight years, and that not quite seven years have passed since our borders were established by the Treaty of St. Germain. Enough has been accomplished in this short time. Although we have been reduced to an extremely weak state, we have started sooner with our reconstruction period than the others, consequently we can state, without ap-

pearing boastful, that we have succeeded further than others.

Future Appears Peaceful

For the future there does not seem to exist any danger to our peaceful development. The next elections of our parliament, which under normal conditions should take place in the fall of next year, which, however, may come a few months ahead of time, should not cause any appreciable changes. The political issue in our country, in the main, is for freedom of religion and the School of Vienna, which, contrary to existing laws, is not recognized by our socialist opponents. The second big question is that of rent

protection. The plurality parties are in favor of an appropriate reestablishment of rents for the house owner, while the opposing parties are fighting this move. The financial and political economy questions under the jurisdiction of the state in all essential points do not furnish material for discord. Neither do foreign political questions involve any trouble. Without exception, we live in harmony with our neighbors.

The question of national minority and the battle between protectionism and free trade keeps the statesmen busy from time to time, but no one is thinking of forcing the issue. The talking duels carried on between Mussolini (who as a strong character has many sympathizers among us), and the chancelors of Austria and Germany, have passed on without endangering peace.

My confidence in the favorable development of our future is unshakable. The one desire I have is to transmit to you gentlemen, also, some of this confidence. In Austria, all are certain that investment of capital in our country is just as secure as anywhere else. There is no opportunity for quick speculative gain, but there exists every possibility for good solid business.

Purchase Iowa City Waterworks

The W. B. Foshay Company, of Minneapolis, has contracted to purchase the Iowa City Water Works Company of Iowa City, Iowa. The purchase is being made by the Foshay Company for the Peoples Light & Power Corporation through which the Foshay Company controls and operates extensive utility properties. The Iowa City Water Works Company will be known as the Peoples Iowa City Waterworks Corporation and it will be operated in conjunction with the other holdings of the Peoples Light & Power Corporation.

The Iowa City Water Works Company is an Iowa corporation that serves without competition the city of Iowa City, Iowa, on favorable rates and under a twenty-five-year franchise, expiring in 1949. Iowa City is the seat of the State University of Iowa and is situated in the heart of one of the best agricultural districts. The Iowa City Water Works Company has been in operation for forty-three years.

When the Iowa City properties are taken over on August 1st of this year, the holdings of the Peoples Light & Power Corporation will include public utility properties in Oregon, Washington, California, Arizona, Vermont, Wisconsin, Minnesota and Iowa. Altogether this consolidation represents in value over eight million dollars with total gross earnings in excess of one million dollars.

The true poem is the poet's mind.—Emerson.

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- 1 We have sold millions of dollars of our First Mortgage Bonds to investors in every state of the Union.
- 2 No investor has ever lost a dollar invested in our bonds.
- 3 No investor has ever had to wait a day for interest or principal payments when due.
- 4 Bonds have been repurchased from customers at a small discount when they were in need of ready cash.

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Why Municipal Operation Fails

ADVOCATES of municipal ownership and operation of public utilities usually attempt to sustain their position by a varied assortment of alleged facts. They say, among other things, that one of the advantages of the municipal ownership system over private ownership and operation of such utilities is that the municipality can obtain all the capital it needs for the purpose at much lower cost or rates than is the case for private companies. They argue that this is the case regardless of whether the municipality bonds or pledges all of its taxable property as well as its credit and tax levying power as security for the loan, or whether only the property and earnings of the utility are so pledged.

Such arguments are advanced mostly in order to convince property owners, taxpayers and voters generally that it is to their best interest to vote for municipal ownership and operation of the utilities; that they are at least running no financial risks in doing so. The sentiment in favor of municipal ownership has of late been disturbed by the big operating losses of such plants that have from time to time come to light. These losses have, in fact, become so pronounced that during the last five years nearly one thousand municipally owned and operated utilities have been sold to and taken over by private companies.

Assumes Costly Risks

When a municipality pledges all of its taxable property, credit and tax-levying power as security for the capital obtained for the acquisition and operation of public utilities, it assumes great and costly risks. Utilities so owned and operated are seldom paying. Owing to political and other conditions, they not only often fail to earn much of anything for interest and depreciation on the investment, but many of them even earn less than the rest of the operating expenses. Losses of this kind must, in the long run, be made good from some source. If they are not met from the earnings derived from the service rendered, they must, in the long run, be shifted to, and made good by, the taxpayers. Not only must the taxpayers meet losses of this sort, but since municipally owned plants pay no taxes, the loss to the municipality from this source must also be borne by the taxpayer. It is obvious that when any part of the property is exempt from taxation, the rest of the property has to make up for it in the form of a correspondingly high tax.

The cost or rates at which money or capital can be obtained on different grades or classes of securities in the financial markets are fixed by natural eco-

By *Halford Erickson*
Vice President, H. M. Byllesby Co.

conomic forces in the business world, forces that are beyond the control of both public authorities and private persons. These costs or rates are higher when the securities upon which the capital is obtained are less well protected by property earnings, and when the management of the enterprise in which the money is to be used is inefficient, than is the case when these securities are better protected by property and earnings and when the management of the enterprise in which the

money is to be used is capable and efficient.

Influenced by Politics

In plants operated by the municipality, the native forces back of the desire of earning profits are largely replaced by motives of a political nature. Efficient operation has then become less important than votes. The result is that such plants are often badly constructed and poorly maintained. Extensions to the plant are frequently made for other reasons than because they are in line with good business and general public interest. The business or service is seldom fully and



Types showing the evolution of the telephone instrument.

The Telephone Instrument

THE modern telephone's "family tree" dates back 50 years to the original "gallows frame" instrument of Dr. Alexander Graham Bell. The direct lineal descendants of this instrument include 64 different types of receivers and 96 types of transmitters, indicative of the incessant research and experiment resulting in the telephone of today.

Today's telephone, comprising 201 parts, is a paradox in that it is super-sensitive and yet virtually foolproof. Today, more than 17,000,000 telephones in service, conveying 73,600,000 messages daily, testify to its indispensability.

The Bell System's facilities required to provide public service had a book cost March 31, 1926 of \$2,626,270,553.

This nation-wide plant and its nation-wide service underlie Bell System securities.

The stock of the A. T. & T., parent company of the Bell System, can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."



BELL TELEPHONE SECURITIES CO. Inc.
 D.F. Houston, President
 195 Broadway NEW YORK



"The People's Messenger"

uniformly extended and developed. The prices charged for service are, as a rule, discriminatory and are levied without much regard for the cost of the service.

Private enterprises are, as a rule, noted for efficient operation. Exceptions to this in more permanent undertakings are comparatively few. They are also promptly corrected when found. Private undertakings are operated for profit. As even the ordinary profits cannot be earned without competent management, the owners of an enterprise can usually be depended upon to see to it that such a management is provided. It is to their own best interest to do so, and self-

interest is one of the strongest of all motives.

Privately operated utility plants are, as a rule, well constructed and maintained. They are also fully extended and their business more fully developed. The result is that they also produce service at low cost. The rate schedules of such plants are largely based on cost and each class of customers must therefore bear its just share of such cost. The quality of service rendered by a private plant is also up to the required standards.

The average rate per kilowatt-hour is often more than twice as high for municipal as for private plants. When municipi-

pally owned electric plants employed about ten per cent of the total number of employes in such plants in the country and purchased or consumed about ten per cent of the coal used by all the electric plants, they produced only about four per cent of the electricity sold in the country.

Cost of Operation More

The cost per unit of producing the current is from thirty per cent to more than fifty per cent higher for municipally owned than for privately owned plants.

While for municipal plants the top rate is, as a rule, lower than for private plants, the difference is more than offset by the fact that for municipal plants the lowest rates for domestic service and the power rates in the schedules are very much higher than for privately owned plants, making the average rate per kilowatt-hour sold much higher for municipally owned plants than for privately owned plants.

What is thus true of the production of current is also true of its distribution. While the distribution systems for municipally owned plants cover much less territory and are less well constructed than is the case for privately owned plants, the cost per unit of distribution is much greater in the former case. While the cost of the service and the average rate is thus higher for municipally owned than for privately owned plants, the service in the former is, with very few exceptions, much poorer. In the former case, the fluctuations in the voltage show much wider—so wide, in fact, as to seriously interfere with good service. In the former case, further, interruptions of the service are also more frequent as well as longer. Instances of this kind could be multiplied but the facts are so well known as to make further mention of them unnecessary.

Buying Bonds By Measurement

People buy coal or steel by the ton; flour by the pound; potatoes by the bushel; land by the square foot; diamonds and gold by the carat. The value of a system for judging investments by some such fixed standards will be readily appreciated by careful investors. Such a plan has been devised by the Chicago Journal of Commerce for electric light and power bonds. This plan gives a definite unit of measurement for these bonds—a “yardstick” for gauging their true value. It supplements the knowledge you have of the bonds and that furnished by the bond dealer—makes it possible for you to analyze the various factors which determine their worth. A recent number of our “Investor’s Almanac” fully describes this test-method. A copy will be sent you on request.

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BOSTON



CEDAR RAPIDS

Birthdays of the Month

*Send 'em a card.

August 4th—Ira Rodamar, President, Pioneer National Bank, Waterloo, Iowa.

August 5th—Victor Smith, Publicity Director, Omaha National Bank, Omaha.

August 8th—I. C. Stanley, Stanley-Henderson Company, Cedar Rapids, Iowa.

August 18th—Ed Kauffman, President, American Commercial & Savings Bank, Davenport.

August 25th—Edwin H. Furrow, Vice President, Merchants National Bank, Cedar Rapids.

August 26th—Walker Hanna, Hanna-Shreves Company, Burlington, Iowa.

August 27th—D. H. McKee, President, Iowa Loan & Trust Company, Des Moines, Iowa.

August 29th—D. P. Hogan, President, Federal Land Bank, Omaha, Nebraska.

Value of Advertising

"Banks are far more liberal in their terms to companies that have been regular advertisers than toward those who do not advertise," Frank L. Blanchard of Henry L. Doherty & Company, New York, told the Public Utilities Advertising Association at the Twenty-second Annual Convention of the Associated Advertising Clubs of the World in Philadelphia, last month.

"They rightly feel," he added, "that a company that has, through advertising, won the good will of the public, is more likely to retain its position in the community as an important business enterprise than a company that does not advertise and therefore does not have the hold upon the residents of the city that the former company has." Mr. Blanchard mentioned eight specific purposes for which advertising can be profitably used by public utility companies:

1. To sell the companies' securities, service and merchandise.
2. To keep stockholders and customers informed regarding the affairs of the company, and thus promote their interest in it.
3. To make known to the general public the company's policies, its methods of doing business, its personnel and its plans for improving its service.
4. To defend itself when unjustly attacked, and especially by politicians who hope to promote their candidacy for office.
5. To oppose legislation that would hamper the physical operations of the company, or impose financial obligations that would be unjustly burdensome.
6. To promote public good will by encouraging thrift, promoting safety, building up commercial enterprises and helping to make the city a better place in which to live.
7. To give reasons why it has applied to the state utility commission for permission to raise its rates.
8. To present arguments for the renewal of its franchise."

More Office Space

John G. Phillips, branch manager in Des Moines for the Travelers, announces that his branch is taking over additional floor space at their location in the Insurance Exchange building, the additional office space being made necessary by greatly increased production. Mr. Phillips says the agency broke all records in June, with more than two million of new business written by the life department in Iowa alone. The life department is now fully 25 per cent ahead of last year's production at this time.

Municipal Bond Sales in June

Permanent financing of \$136,000,000 worth of public improvements was negotiated during June, according to records

of state and municipal bond issues compiled by the Daily Bond Buyer of New York. This June figure just about equals that for May and is considerably in excess of the total for the corresponding month of last year.

New Issue

A. G. Becker & Co., W. A. Harriman & Co., Inc., and Marshall Field, Gore, Ward & Co., are offering a new issue of \$3,000,000 fifteen year seven per cent sinking fund mortgage gold bonds of the Mannheim and Palatinate Electric Companies at 96½ and accrued interest to yield about 7.40 per cent. The bonds are dated June 1, 1926, and mature June 1,

1941. The two companies, which are jointly and severally liable on the bonds, supply electric power and light one to the territory in and about the city of Mannheim in the State of Baden and the other in the neighboring Palatinate district of the Free State of Bavaria. The total population served by both companies directly or indirectly aggregates approximately 1,162,000, the territory served by both companies having extensive and varied industrial development.

What makes old age so sad is, not that our joys, but that our hopes then cease.—Richter.

Our List of Municipal Securities

*has proved to be an unfailing source of desirable investments from which many buyers are making all of their purchases. We own and unqualifiedly recommend every security which we offer, including **Scott County, Burlington and several Iowa school issues.***

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as an investment policy should be thoroughly applied in order that the full benefits of the principle may be secured. An investor seeking the maximum of safety and convenience will not only distribute his funds among several different types of investments. He will see that his holdings come from widely separated territories. He will insist on having various maturities for protection against changing money rates and market conditions—and he will select diverse interest dates so that his income will be evenly distributed. Our comprehensive list of public utility, municipal, real estate and industrial bonds offers ample range for complete and effective diversification.

DE WOLF & COMPANY, INC.

Investment Bonds - Established 1889

CHICAGO

MILWAUKEE

Henry L. Doherty District Sales Meeting

A general sales meeting of the northwest sales division of the Henry L. Doherty Company under the direction of James L. Moore, district manager, was held last month in Des Moines.

The meeting was attended by branch office managers R. H. Tuck, of Des Moines; J. P. Gordon, Cedar Rapids; M. S. Barton, Sioux City, and W. B. MacLean, of Davenport, and the salesmen from their respective territories.

The day sales meeting was held in the Oak Room of the Ft. Des Moines Hotel, at which time plans of future operation and sales policy were discussed.

A banquet was held in the evening, with G. W. Williams, vice president of the Iowa Loan and Trust Company, and



JAMES L. MOORE

A FEW CHOICE BONDS

Amount	Issue	Due	Yield
\$25,000	Gatineau Power Co., 1st Mtg.....	1956	5.40%
\$10,000	Land Trust Certifs. (Bankers Bldg.).....	.....	5.50%
\$22,000	Central States Pr. & Lt. Corp., Secd.....	1930	5.70%
\$20,000	Brown Paper Mills, Inc., 1st Mtg.....	1931-1939	Various
\$15,000	Commander-Larabee Corp., 1st Mtg.....	1941	6.15%
\$15,000	Seaboard Air Line Ry. Co., 1st & Cons.....	1945	6.40%
\$15,000	Roman Catholic Church Welfare Insti.....	1946	7.12%

Circulars sent upon request

PRIESTER-QUAIL & CUNDY-INC.



BONDS FOR INVESTMENT

First National Bank Bldg.
DAVENPORT, IOWA

29 South La Salle St.
CHICAGO

C. H. Stevenson, cashier of the Bankers Trust Company, as guests, who gave very interesting talks relative to Iowa as a field for the selling of high-grade investment securities.

Present at the sales meeting from New York were R. C. Russum, head of the securities department; T. E. Falvey, sales manager of the retail division of which the northwest district is a part, and J. J. Burnette, chief accountant of the securities department.

The northwest territory offices were established in January by the present manager, Mr. Moore. The company has organized quite an extensive sales force for the primary purpose of placing the securities of the Cities Service Company and its subsidiaries, together with distribution of bonds of other companies

in which the Henry L. Doherty Company participate as syndicate underwriters. For the most part these are chiefly public utility issues, although some building bonds and industrials are also handled.

The officials from the New York office expressed themselves as being highly satisfied with the progress made by their organization in this territory during the first six months of 1926, and were quite enthusiastic as to the future of the northwest territory for the permanent development of the investment business.

Changes Made in Hanna-Shreves Co.

Announcement was made last month that the partnership of Hanna-Shreves Company, Burlington, Iowa, has been dissolved and the interest of Mr. Shreves purchased by Mr. Hanna. Mr. Hanna, and others interested with him, formed a corporation known as the W. D. Hanna and Company, with capital of \$200,000. Mr. Hanna was formerly a banker, at one time vice president of the Bank of Winfield and secretary and then chairman of Group 11 of the Iowa Bankers Association.

The officers of the new W. D. Hanna and Company are: W. D. Hanna, president; A. R. Kramer, vice president and treasurer; T. C. Hanna, secretary; Frank Von Ach, salesman for southeastern Iowa, western Illinois and northern Missouri. The following representatives of the former partnership will continue with the corporation: Leo Mak, in charge at Waterloo; S. E. Phillips at Muscatine, L. J. Shearer at Lincoln, Nebraska; N. A. Buck at Muscatine, L. A. Schrubbe and Harold Cooper in Iowa.

A. Lloyd Shreves, who has been connected with corporation finance work for twenty years, and who has been a partner of Mr. Hanna since 1921, has established his own company with headquarters in Burlington, Iowa, in the new Medical Arts Building. The firm name is A. L. Shreves & Co., and will also conduct a general bond and investment business in the state of Iowa and nearby states.

Messrs. Hanna and Shreves first purchased the Wortman Company in Burlington in 1921. During this time they have built up a substantial bond business and a host of friends throughout the state. Thus, Burlington now becomes the home of two substantial bond houses.

True poetry is truer than science, because it is synthetic, and seizes at once what the combination of all the sciences is able, at most, to attain as a final result. The soul of nature is divined by the poet; the man of science only serves to accumulate materials for its demonstration.—Amiel.

THE DIRECTORS OF THE STATE BANK OF CHICAGO

ANNOUNCE THE FOLLOWING CHANGES IN
ITS OFFICIAL STAFF

HENRY A. HAUGAN
CHAIRMAN BOARD OF DIRECTORS

RALPH VAN VECHTEN
PRESIDENT

LEROY A. GODDARD
CHAIRMAN EXECUTIVE COMMITTEE

OSCAR H. HAUGAN
VICE CHAIRMAN OF THE BOARD

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A Bond House Specializing in Serving Iowa Banks

Write for circular listing current offerings for bank investment

HARRY H. POLK & Co.

INCORPORATED

Investment Securities

Equitable Bldg.

Des Moines

4

A series of six ads, each giving one reason for the superiority of Fidelity First Mortgage Real Estate Gold Bonds. The others are: Experience, Investigation, Appraisals, Security, Guarantee.

Safeguards

To make investments in Fidelity First Mortgage Real Estate Gold Bonds absolutely safe, we insist that the location of every building financed by Fidelity be the best for that type of building.

Every day men of integrity and financial soundness are refused our loans because the locations of their proposed buildings do not meet our rigid requirements.

If the location is right and the demand for that type of building exists, the building will always earn sufficient income to pay principal and interest on the loans. There remains but one question: Has the mortgagor business experience, financial backing, sound reputation? If he has, then Fidelity Bonds are issued and the payment of their principal and interest, at maturity, is guaranteed without charge by the Fidelity Bond and Mortgage Company.

For bankers who are interested in maintaining a high standard of investments for themselves, as well as their clients, Fidelity Bonds will meet every requirement. Write for list of Fidelity issues.

FIDELITY

BOND AND MORTGAGE CO.
J. U. MENTEER, President INCORPORATED 1913

1182 New York Life Bldg.
Chicago, Ill.



St. Louis—Denver

Fidelity Guarantees Every Bond

JR824

TURNING THE SPOTLIGHT ON OPERATING COSTS AND INCOME

(Continued from page 11.)

history would have received a different story.

But enough of this matter of reciting past unhappy history. It is not done in the spirit of "I told you so," but merely to call attention to the fact that if bank administration had been guided by facts and figures regarding operating costs, and possible revenue these banks would not have been attempted in this territory. I am merely urging that the business of banking be organized and conducted with at least the same use of scientific facts as is made in the case of five and ten cent stores where every possible precaution is used in the selection of a location and in its management for profit.

Comparing Earning Statements

Now for the use of comparative earning statements. During the past two years there has been considerable data acquired which can be used to establish standards of operating costs and earnings which can be expected from a given volume of business under certain conditions. Committees working under the Wisconsin Bankers Association, the Illinois Bankers Association, and a firm of accountants cooperating with the Minnesota Bankers Association have gathered considerable valuable data in regard to average earnings and costs. The Federal Reserve Bulletin, too, beginning with its June, 1925, issue, has been publishing semi-annual figures showing average earnings and operating costs for its member banks throughout the country. It is to the last of these reports, the one for the fiscal year ending June 30, 1925, that I wish to direct your attention for purpose of this part of the discussion. I am here presenting a chart showing averages for the entire country in one column and averages for the Ninth District in the other. Your attention is directed to the basis of percentage used, figures being based upon total earning assets, the net profit figures being based upon total earning assets and also upon capital, surplus and undivided profits. Although some statistics have been based upon total deposits of a bank and others upon gross earnings, it has been conceded that the basis now used by the Federal Reserve Bank and as shown in this chart, appears to be the most satisfactory.

It is understood that earning assets consist of three principal items: First, loans and discounts; second, United States Government bonds; third, other bonds and securities. Note first that while net profits per earning assets for the country as a whole are \$1.32 per \$100.00, that the profits for the banks in this district were only \$.43 or about one-third of the average for the country. This figure was the lowest of all the twelve Reserve Districts for 1925, as it

was in fact, for the two preceding years. Yet it is encouraging to know that the figure for this district was more than double that of the previous year, 1924, when the average net earnings were only \$.21 per \$100.00. You will note that banks in the country as a whole; i. e., Reserve member banks, earned 8.24 per cent on capital and surplus, while the banks in our district earned but 3.08 per cent, yet this figure too, more than doubled over the previous year, that figure being \$1.41. The improvement in the figures for this district seem to justify the hopeful prediction that banking in our section is being restored to normalcy, even though it cannot yet be said that they are on a satisfactory paying basis.

Note now some of the comparisons of details making up these average earning statements. First, the item of interest received. The net yield for this district is more than one-half of one per cent higher than the average for the country, yet this increase in yield is more than absorbed by the increase in total expense over that of the country's average. While this interest yield in the District is higher than the average, it is exceeded by the following Reserve Districts: Atlanta 6.78, Kansas City 6.50, Dallas 6.78, San Francisco 6.02. In these districts the average rate of interest yield was lower than for the preceding year, yet in most districts the net income increased over that of the preceding year, the difference being made up by the increased amount of other income and a slightly smaller expense ratio due to the larger volume of business and also to a slightly lower ratio of net losses.

Salaries and Wages

The item of salaries and wages is considerably higher in this district than in the country at large, this item being nearly 20 per cent higher. The interest on deposits is materially higher, the difference being nearly one-half of one per cent of the total earning assets. Of course, you will recognize that this difference might be expected, due to the fact that this section has been paying higher interest rates on time deposits than any other sections of the country. From these two items, making up the greater proportion of the total expense, you will note that this district is considerably higher, being exactly three-fourths of one per cent higher in our district than in the average. The item of net losses is 70 per cent higher than the average for the country, being .85 of one per cent as against .50 in the United States at large. Taking all of these items into consideration, therefore, accounts for the very material difference in the net income of the banks in this district over those of the rest of the country. It should be borne in mind that increasing any one of the earning items by even a small fraction, or decreasing any of the ex-

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pense items by a *small* fraction, will affect the net result—the increase to undivided profits—by a very *material* margin. The expense item of salaries and wages is already about as low as it can possibly be maintained in competition with other salaries and considering living conditions. This item will reduce as deposits increase. One should look to other items from which to decrease costs or increase earnings in order that the banks may be kept in a solvent condition and make a fair rate of return to stockholders. Take the interest on deposits alone, if this could be decreased in this district to that of the United States as a whole, and other figures remain the same, the net profits would be just about doubled, the difference being \$.42 per \$100.00. South Dakota has greatly improved the suicidal policy of paying ruinous rates on time deposits, but there is still room for improvement. The records show that at the time of the last earnings statement call by the Federal Reserve Bank, 40 per cent of the banks in South Dakota were still paying 5 per cent on deposits and that about 60 per cent of the banks were paying 4 per cent. Taking into consideration the present money market and the consequent decrease of interest earnings, it takes no statistician or prophet to state that no bank can do a profitable business and still pay 5 per cent on deposits. Indeed a majority of the larger banks seem to have come to the conclusion that they cannot pay 4 per cent and leave a margin of profit after paying the necessary operating expenses. It may be said in support of the 4 per cent bank, however, as against those paying a lower rate, that the operating and management of savings accounts can be done at a cost of one-half of one per cent of total deposits, while the operation of commercial accounts or open checking accounts costs from four to eight times that amount.

Individual Accounts

This leads us to the final part of our discussion; that of the analysis of depositors' accounts and the proof of the necessity for establishing service charges for all accounts that have been carried by the bank at a loss.

The analysis of a bank's operations to show unit costs brings out the striking fact that upwards of one-half of the checking accounts carried by the average bank are maintained at a loss. Examinations have shown that in nearly every bank there are from 55 to 65 per cent of all accounts having balances of less than \$50.00, and that the total of those balances amount to less than 5 per cent of the total deposits of the bank. Also, that the average balance of those accounts is less than \$15.00. Considering all the expense the bank is undergoing in the way of furnishing stationery and

NORTHWESTERN BANKER

The Dominant Medium

clerical help for these customers and the fact that they occupy so much of the time of the officials, is it any wonder that so many banks show deficits rather than profits. So many bankers say, "It is the total volume that counts." That is like the explanation of the old dealer, who, when asked how he could afford to sell, at a loss, said that while he admitted that he lost a little on each transaction he had such a large volume that he made money in the long run. Every banker would insist that such a policy would be ruinous to a grocer or a shoe dealer, yet most of them have been doing this very thing for years. The cost of handling these accounts has been increasing rather than decreasing; first, because of the increasingly expensive service given the commercial account customers; second, because of the higher salaries required for the services of the type necessary to attend to these customers; third, because of the decreasing value of these checking accounts—both because they are more active than they were fifteen years ago, and consequently, more expensive, and because they are smaller and more numerous than they were. Customers with large and inactive balances tend to transfer those balances to savings or to place them in the many forms of investment now available to small investors. You ask what can be done to get around this high cost of checking accounts. The answer, curiously, is just what is now being done by progressive bankers all over the country; i. e., to place those checking accounts upon a paying basis.

Service Charges

Service charges have been established by hundreds of banks in Minnesota, Wisconsin, and other Mid-western states during the past two years and have been in force in the East for a longer period than that. The service charge seems to have come to stay as it has been found necessary to the very existence of banking business to place each activity of the bank on a self-sustaining basis. The margin of profit between the interest received and the interest paid for savings has been decreasing constantly and steadily, until the point is reached where that margin will not sustain all of the expense of free service which the bank has been giving away for many years past. The usual charge appears to be 50c per month on all accounts having a balance below \$50.00. Sometimes this charge is 50c for balances below \$100.00. Other banks maintain a charge of \$1.00 per month for all accounts with balances under \$100.00. Some of the Eastern banks even go further than this—there is no uniformity in the matter. It is usual for banks, however, to delay action until all banks in the city or country have been induced to agree to this action, yet in many cities where it was impossible to get such

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unanimous action, the more courageous banks acted independently, and, to their agreeable surprise, found that they lost no desirable customers because of their adoption of the service charge. The general verdict has been as follows: First, the plan tends to reduce small accounts; second, decreases the number of overdrafts; third, it increases average balances; fourth, the plan yields a revenue to assist very materially in the clerical force.

The bankers are just beginning with this problem when they have installed service charges to take care of the small balances. Further analysis has shown that many of the larger accounts, those with handsome ledger balances, are han-

dled with considerable net loss. Let me illustrate: "An examination of one account in one of the large city banks, which account had an average balance of between two and three hundred thousand dollars, showed an actual loss to the bank in carrying the account of more than \$500.00 per month. This was because of the unusual activity of the account and because of the fact that most of the deposits to the account were on out of town banks requiring from one to three days for collection. Similarly an analysis of a country creamery account where the creamery maintained a balance of nearly \$3,000.00 showed a considerable loss to the bank because: first, the deposits to the account consisted of sight

drafts with bill of lading on New York houses, and second, because the creamery made a practice of paying for each individual delivery by check; it carried no accounts with farmers. Thus the average number of checks drawn upon the bank against this account averaged nearly 100 per day; third, because the bank assumed all expenses even to the extent of furnishing the depositor with printed checks without charge. After an analysis of this account, it was estimated that the cost to the bank was over \$100.00 per month, while the value of the account to the bank was nothing, it resulting in a virtual overdraft."

Analyzing Larger Accounts

In order to check these losses, many leading banks are making very careful analysis of the larger accounts to determine their profitability. To obtain accurate figures to be used as a basis for ascertaining the cost of handling an account in a particular bank, involves careful analysis, the details of which will not be discussed at this time. The chart, however, will show unit costs obtained as a result of such analysis of ten banks in one of the leading cities of the middle west, the figures being the averages for those banks. By the use of these figures representing item costs, each official can make a very accurate estimate of the cost of handling any individual account. However, he will not take the trouble to make a fine analysis of his operating costs as is shown on this chart, nor is it necessary for him to do so. He need only know approximate cost of handling items to enable him to arrive at a fair estimate of the value of any individual account to determine its profitability or unprofitability and to serve as a basis for the proper service charge provided the account is maintained at a loss. The Committee on Bank Costs of the Minnesota Bankers Association has recommended to country banks in Minnesota a uniform rate of 4c per item in computing the cost of individual accounts. That 4c to cover the cost of all checks deposited, as well as checks drawn on the bank.

Chart No. 3 illustrates the simple method of analyzing a customer's account. We are using here a rate of 3c per item deposited and 4c for checks drawn on the bank. If you bankers will use this simple method and apply it to many of your active accounts, you will be surprised how many of them are run at a loss. The following are the steps necessary to analyze a customer's account: First, one must determine the average ledger balance of the account. This can be done from the depositor's ledger sheet. These ledger balances can be taken off and placed upon a sheet and can be known as Form 1, the monthly individual account analysis. Second, it is necessary then to determine the aver-

(Continued on page 91)

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INSURANCE SECTION

Chain Stores and Mergers

I AM asked to talk to you on a subject today which is of great interest to not only the local agents, but to the companies and their representatives as well. I am not going to start out by calling the chain store or business organized along similar lines a menace, but as an institution which is here and is to continue and without doubt multiply. The problem before us and the community affected by this modern method of handling business is to find the best way to handle the situation, as it now confronts us.

These chain stores or mergers of different classes of business, are promoted without question for the purpose of saving overhead and for a greater buying and distributing power, and there is no sound argument against this principle, but the havoc it has caused and the disarrangement of business in a similar line is something we should look into, and you should assist the local agent as far as possible in meeting the situation.

All business has been rearranged to meet general conditions but in this rearrangement many communities and many individuals have felt the change severely. For example—the chain grocery store enters communities, I think only where the population exceeds five thousand. They buy their products, not from the traveling salesman nor from the nearest jobbing or wholesale house, but are generally brought in from certain foreign central points. They absorb the money from the community and that money is only kept the shortest time possible, until they can make remittance to their head office. Consequently the community receives no benefit by either the merchant buying within his own territory or distributing the returns in that community.

The independent merchant is a part of the community. He has raised his family there, he has bought his products from the traveling salesman and from the wholesale houses within his district, he has purchased his real estate, he has been a part of every civic proposition in his town, he has left his insurance with his local agent, in fact everything has been done at home and his income from his business has been reinvested in the same community from which it came. He has gone further than that, he has carried the accounts of his community during depressions, even at his own sacrifice.

By P. J. Clancy

Des Moines

(From address before Iowa field men and members of the Iowa Pond of the Blue Goose)



P. J. CLANCY

The chain store enters the community, it buys from some foreign state or city. It requires that cash be paid by the community. It offers no great reduction to the public, it offers them no chance to exchange their produce, and the money they receive is taken immediately from that community and shipped elsewhere.

We must realize that when the individual merchant has to retire, with him also retires the help he has developed. The man who sells him a truck or automobile is affected. The man who sells him a home or other real estate, and the wholesale houses with whom he has transacted business are affected. In fact the whole scheme of the business has been reversed.

We must go further. The tendency of the times is to merge other interests which are vital to you and the local agents. Recent mergers of the times are the brick plants of the Mississippi Valley, the absorbing of all of the small electric light and power plants of communities, the proposed placing of branch

stores such as Marshall Field and Company in the cities exceeding fifty thousand. The chain system which is running now into clothing and shoe stores, restaurants and jewelry stores will soon go into every class of business. It has such a decided effect that it is placing the small community at a stand still so far as the efforts of the individuals are concerned.

Getting back to our own business, these mergers have brought about this condition—the insurance which belongs to the community in which it originated because of the taking of the money from that community is being taken away very rapidly. In fact just as fast as a chain store enters or a merger takes place the insurance is immediately transferred to some other state or large city, and the local agent and you as representatives of the various companies are left high and dry.

In our own agency almost every month we note some merger that has taken place and the insurance transferred to some distant point. Only recently the brick merger which took place in the Mississippi Valley transferred all of that insurance to New York, Kansas City and Chicago. An old company from Kansas City has purchased groups of oil stations in Iowa and the insurance has been transferred and cancelled at short rate and rewritten by a foreign broker at a rate less than one-half the former rate because of blanket co-insurance which one station would not justify. When you speak of the fire insurance you must also take into consideration the casualty lines on which your local agent depends a great deal, all of which goes with the fire insurance that is being taken away.

The experience for the most part has been that perhaps during the first year of the merger the local agent is permitted to participate in the insurance as brokers, but after that it is removed entirely.

No fault is found with the firms that wish to consolidate their business or their various lines of insurance, because they have a large proposition to attend to, but I do say with emphasis that the business belongs to the local agent, and should be written, no matter what source it comes through, by the local agent of the particular community in which the business originated.

I want to say this is the problem that is bound to confront you more and more

and it is going to affect you just as much as the local agent, because as their business is transferred to some distant point, the local agent loses that much premium, and you as representative of your company must go out and attempt to replace that volume. The agent is not taking that away from you, but he is forced to submit to the situation that has come about.

What I would like to see done is to avoid if possible the discouragement that comes from these methods to the local agent. You know and can appreciate the fact that if this condition continues as it has in the past and is bound to unless we take some concerted action,

that your local agents who have been representing you for years will be reduced so much in the possibility of getting business in their territory that they have labored for, that they will become discouraged to the extent you will find it difficult to get good representatives.

I am not offering a general solution, but I think it time that you as representatives of the companies get together and see if something cannot be worked out. We should not assume an antagonistic attitude. That does not get us anywhere, but I do believe that with your efforts and our assistance the matter can be laid before the companies who can in turn take the same up before these large

merged firms or chain stores and it will result in some good, and at least will prevent a disorganization of the agency system, which is as you know essential to the progress of the companies.

I think this condition is more serious in the rural communities which are so prevalent in Iowa than in any other state in the Mississippi Valley. I think you and your local agents can do a great deal toward educating the community, not by assuming as I say an antagonistic attitude, but by talking with the representatives of these chain stores or merged firms, and getting them to realize that in view of the fact they take from communities this money and give nothing back, it is bound eventually to injure them. I think that the good local agent ought to encourage his individual merchant, who has made that community his home, who has left his money there and who gives his business to his local agent, by talking to his neighbors, not in any discreditable way toward the other institutions but as a matter of fair play.

It is probably true that the local merchant cannot sell at quite the same figure that the other firms can sell at as they are privileged to have a greater buying power and a reduction in overhead, but if the public will deal with him as they deal with the other fellow in terms of cash and will only exact from him the same things they do from the other man, they will find he is able to survive and to give them returns almost as good as anyone else, not taking into consideration the great value that he is to his community to have the money earned, used and invested at home.

I know you as representatives of the various companies have already thought about this problem, and I feel the interests of your companies will be best served by getting together and seriously discussing it, and if there is anything that the state association can do to assist you in any way, you may feel free to call on us, because the large cities are being just as much affected as the small towns, only perhaps we have a little more opportunity of turning to other avenues to make up the loss, but it is a rather difficult thing to keep pace with the loss of premiums that have been incurred by this removal of the business.

Shows Increase

For the six months ending July 1, 1926, the John Hancock Mutual Life of Boston shows a substantial increase in its total insurance written; the paid-for insurance in force on that date is approximately \$2,400,000,000. Gains are shown in both the ordinary and weekly premium business. The ordinary paid-for business issued shows an increase of \$23,000,000 for the six months period as compared with the first six months of last year.



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Approximately \$4,500,000 of group insurance for the 1,200 members of the faculty of the University of Minnesota is called for under tentative plans worked out by a committee which for two years has been studying pension systems and group insurance. The details of the plan are being worked out. As now projected the master policy will protect each faculty member to the extent of \$5,000 and each employe to the extent of \$2,500, at a premium equal to approximately one and one-half per cent of the present salary budget, or in the neighborhood of \$45,000. In addition, a trust fund will be accumulated by the university from annual savings made by members of the staff participating in the plan so as to provide annuities after retirement at age sixty-eight.

Goes with Local Agency

Effective about August 1st, Robert R. Hufstader will resign as state agent in Iowa for the Rochester department of the Great American to become connected with the firm of Upham Brothers Agencies, one of the largest and oldest of Des Moines local agencies. He will have an interest in the firm and will be in charge of the fire and casualty department.

Mr. Hufstader has been Iowa state agent for the Rochester department of the Great American for the past three years. Prior to that he was Iowa state agent for the Northern American National Fire for several years. Before coming to Iowa he was with the Hetchler-Raab local agency in Flint, Michigan, and before that time was part owner of the R. F. Gibbs local agency in the same city.

Mr. Hufstader is one of the most popular of the younger Iowa field men and has been active in Blue Goose circles. He is at present time custodian of the goslings in the Iowa pond and last year was chairman of the membership committee.

New Snake-Bite Cure Needed

The well-known cure for snake-bite may be all right for the fellow who is bitten, but apparently there is only one antidote for the man who must assume liability for the snake, and that is liability insurance. Damages of \$40,000 for injuries suffered from a snake bite while he was working in the Chicago & Northwestern roundhouse at Charon, Nebraska, was awarded Herbert B. Brannan against the railroad company at the district court at Lincoln, Nebraska. Brannan sued for \$65,000.

Buy Autos and Neglect Clothes

Because the average American citizen buys an automobile on the installment plan when he can not afford one and consequently neglects his clothes, taking

a ride in the country on Sunday instead of attending church attired in his "go to meeting" suit, woolen and textile manufacturers are reported to be raising a fund to combat the sale of cars on deferred payments, according to a writer in the New York *Graphic*. The writer states that after an investigation the textile manufacturers are positive that the ease with which an automobile may be purchased on time is reacting unfavorably on their business.

Hold Board Meeting

The Royal Union Life held its semi-annual meeting of the board of directors recently. A. C. Tucker, president, presided.

W. Atlee Pomerene, former senator from Ohio, and special prosecutor in the Teapot Dome oil suits, and a member of the board of the company, visited the

office to inspect the records, but was unable to attend the session.

H. A. Smith Dead

H. A. Smith, age fifty-nine, a representative in Des Moines for the Springfield Life of Illinois, for the past thirty years, died recently after a brief illness. He was county auditor at Osceola, Iowa, for eight years prior to his life insurance connection.

Plan Instruction School

Plans are now being made for the annual school of instruction of field representatives of the Brotherhood of American Yeomen, to be held at the Yeoman's "City of Childhood" near Elgin, Illinois, August 24-28.

Misfortunes should always be expected.—Johnson.

**The
Royal
Union
Life
Insurance
Company**

**DES MOINES
IOWA**

We have an unexcelled line of policy contracts.

Our new Select Risk low-rate policy for business and professional men is a fast seller.


Over fifty per cent of our policies are issued and in the mails within twenty-four hours after the application papers reach the Home Office.

Royal Union Life Insurance Company

A. C. TUCKER, President

Total Paid to Policyholders - - - Over \$ 21,000,000.00

Insurance in Force as of Dec. 31, 1925 - \$148,281,904.00



Royal Union Life Building, Cor. 7th and Grand Avenue
Des Moines, Iowa

What the 63rd Annual Statement Shows

Assets of \$368,818,073.

Policyholders' reserve (Massachusetts standard) of \$316,383,808.

Other liabilities \$21,922,459, including policyholders' dividends of \$11,250,000 payable in 1926.

Surplus Assets \$30,511,805; 9.6 per cent of the general policy reserve.

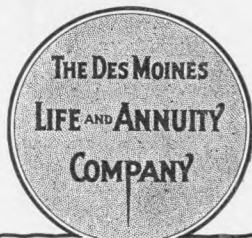
The John Hancock Mutual writes all forms of Life, Endowment and Term policies for Business and Personal Protection, Joint Life contracts, Total Disability and Double Indemnity, all the new forms of Group, Wholesale and Salary Deduction, as well as Annuity contracts in various forms.

Our organization is prepared to arrange life insurance protection to meet any need and specializes in the requirements of particular conditions and inheritance taxes.



HARRY S. HASKINS, State Agent

417-21 Southern Surety Building, Des Moines, Iowa



Planning Ahead

The man with initiative, the man who plans ahead and does things while others are thinking of them, is the man who makes the biggest success in the Life Insurance world. That is just what Des Moines Life and Annuity Cooperation is doing for its banker agents, and will gladly do for you. It would help you analyze your field and determine its possibilities and then assist in the plans for producing business.

Such is the kind of service we render willingly and gladly to all of our banker agents.

J. J. Shambaugh, Pres.

Des Moines Life and Annuity Company

Des Moines, Iowa



Back of NORTHWESTERN NATIONAL A Strong Board of Directors

E. W. DECKER

Director and Member Executive Committee Since 1905

THE Northwestern National Bank of Minneapolis and the Minnesota Loan & Trust Company, having identical ownership, have combined resources of \$105,000,000. E. W. Decker is president of the Northwestern National Bank and chairman of the board of the Minnesota Loan and Trust Company. He is as well, vice president of the Twin City Rapid Transit Company.

Mr. Decker came to Minneapolis from Austin, Minn., in 1887 to enter the University of Minnesota, but hearing of an opening as a messenger in the Northwestern National Bank, he applied and secured the position. In 1899 he was elected assistant cashier, becoming vice president three years later. In 1912, just twenty-five years after he entered the bank's service, he became its president.

This is Number 2 of a series of nine advertisements on the Board of Directors of Northwestern National Life. Each member has been eminently successful in business, and each is in close touch with the affairs of the Company, taking an active part in its management.

**NORTHWESTERN
NATIONAL LIFE
INSURANCE CO.**

O. J. Arnold, Pres.
Minneapolis

Fire News

W. J. Carter of Fort Dodge, Iowa, has purchased the general insurance business of both the Garlock-Garrett agency and the A. L. Allen & Co. The Garlock-Garrett agency handles both general liability and life insurance and Mr. Carter purchased only the general insurance business while Mr. Garrett will continue in life insurance, having a district agency of five counties for the Northwestern Mutual. Mr. Carter likewise purchased only the general insurance business of the Allen Co. and not its real estate business. Mr. Carter will maintain offices in the Snell building and W. J. Carter, Jr., will be associated with him under the firm name of W. J. Carter & Son.

Freda Bergeron, of Sioux City, Iowa, is suing the Travelers Insurance Co. of Hartford, Connecticut, on a \$7,500 accidental death policy carried by her husband, Lisle Bergeron, at the time of his death, which resulted from drinking a concoction containing poison which he had been using for sometime as "liquor." The insurance company denies the claim is a valid accidental death claim.

A. L. Kreidler, who has had a real estate and insurance agency in Des Moines, and is a former president of the Des Moines Real Estate Board, has been appointed manager of the mortgage loans and property management department of the Iowa National Bank, of this city.

Stanley Haynes, United States commissioner, has started a movement at Mason City Iowa, to recommend to the state legislature the passage of a bill requiring all motorists to take out liability insurance to protect themselves and others in case of accidents. He has addressed letters to leaders of the Iowa assembly. "It may be possible," said Mr. Haynes, "to work out a scheme something like the workmen's compensation act which would be a protection both for the driver and the possible victims of an accident."

W. W. Waddel, Iowa state agent for the Royal, has resigned to become assistant manager of the Hawkeye and Des Moines department of the Firemen's Fund, with headquarters in Des Moines. He will succeed F. O. Davis, veteran assistant manager, who retires the first of the year on pension. Mr. Davis has been in the insurance business for forty-three years, starting with the Hawkeye Insurance Company, then going with the Continental, the Des Moines Fire, and finally with the Hawkeye and Des Moines department of the Firemen's Fund.

Do YOU Ring the Bell?

Have you "that convincing comeback" to your prospect's resistance? National Life salesmen have that comeback for they have "something people want." Popular low-cost policies have increased the N. L. A. salesman's earning ability by permitting him to shoot straight at the mark.

MORE SALES

One salesman in California has hung up a record of continuous production for 40 months, averaging \$31,375.00. His production is noted for its consistency. Will your average show as well?

Correspondence is invited relative to the National Life's popular contract.

AGENCY DEPARTMENT

National Life Association

Home Office: Des Moines, Iowa



THE ORDINARY LIFE POLICY

With Automatic Extended Insurance or Paid-up values or Optional Old Age benefits at age 70.

Specimen Rate—Age 35
\$17.60 per \$1,000

Title Insurance

ON A

Real Estate Title

MEANS

that your abstract and an opinion is substantiated by a guarantee.

Advise your clients of the security of protection, convenience, and economy which a

GUARANTEED TITLE

assures.



Title Insurance Department

Southern Surety Company

201 Youngerman Building

DES MOINES

IOWA

Federal Surety Shows Low Acquisition Cost

AN IOWA institution doing a national business on an underwriting basis that has produced results comparable to those of any company operating in the country, is the Federal Surety Company of Davenport, Iowa.

This company has attained, under the leadership of W. L. Taylor, vice president and general manager, an enviable record, which has not sacrificed "experience figures" in order to seek high totals of production.

The new figures for the three months ending June 30th show that this company has acquisition cost and operating expenses reduced to a degree not shown by a majority of American companies. On the three principal lines of the company the premium for the period of three months this year, compared for the same period for last year, is as follows: Compensation, \$105,143.44 this year against \$61,691.45 last year; liability, \$114,515.68 against \$76,764.06, and surety, \$132,332.75 this year against \$88,748.49 for last year.

The losses on compensation this year are listed at \$42,464.90 against \$28,724.22 for the same period last year; liability, \$19,064.68 against \$10,741.96, and surety, \$21,913.74 against \$22,250.76.

In recapitulation the figures show the losses this year to be 24.5; commission, 18, and other expenses 25.7, against 1925 figures of losses, 29.2; commission, 20.9, and other expense, 30. The premium income for the three months is listed at \$673,998.37 with total gross income of \$684,272.55, and total net income over all disbursements of \$167,396.45. It is to be noted that the Federal Surety now operates six branch offices, and since the establishment of these branch offices the rates of commission have gone down. It therefore follows that "other expenses" would be a little higher, owing to the fact that the branch offices are run on a strictly salary basis.

The above figures are a fair index to the company's figures for the last twelve months and show progress of which any company might well be proud.

The Federal Surety is fortunate in having an especially forceful and loyal agency representation, which is particularly in evidence at the annual Federal Surety conventions, and for which annual get-togethers the Federal Surety has achieved the reputation of being one of the best "families" of the West.

W. L. Taylor, the popular directing head, known affectionately as "Uncle Bill," has imbued the necessity of reducing acquisition cost and operating expense into the management of every de-

By R. W. Moorhead

Editor NORTHWESTERN BANKER

partment of the company, in which he has the hearty support of the directors of the company who are prominent in the finance and industry of the state. The directors are C. W. Borg, founder of Borg & Beck; M. H. Calderwood, an ex-president of the Iowa Bankers Association; George E. Decker, director and president of the Register Life; Charles Grilk, general counsel of the Register Life; H. C. Kahl, railroad contractor and director in banking and hotel companies and owner of the Kahl building, Davenport; Charles Shuler, director and president of the Iowa National Bank of Dav-



W. L. TAYLOR

enport, and Frank B. Yetter, director and active vice president of the Iowa National and an ex-president of the Iowa Bankers Association.

The officers and department heads of the Federal Surety are strongly allied in support of the principles which have placed the Federal Surety in the position it holds today in casualty insurance. They are: President, Charles Shuler; vice president, George E. Decker; vice president and general manager, W. L. Taylor; secretary-treasurer, Frank B. Yetter; and general counsel, Charles Grilk. The department heads are Karl P. Blaise, general auditor; Grady Challes, superintendent accident and health department; P. S. Irvine, superintendent of

accounting; A. R. Kroppach, superintendent liability and compensation claim department; C. H. Mahan, statistician; Hugh T. Millard, superintendent surety bond department; T. H. Ridgaway, superintendent surety claim department; Walter H. Stuart, assistant general manager and agency manager; E. R. Warmoth, superintendent liability and compensation department, and E. R. White, superintendent of burglary and plate glass department. The June 30th statement shows assets in excess of \$3,000,000.

Good News for Creditors

The American Institute of Accountants reminds the public that the amendments to the federal bankruptcy law will become effective within a very few weeks. In the opinion of the institute the changes that have been made in the existing law will greatly reduce the dangers of collusive petitions, fraudulent compositions, easy discharges and failure to prosecute. Admittedly, the devised law marks a great advance over the present practice, which puts a premium upon "involuntary" bankruptcy, to which dishonest bankrupts usually have recourse. Composition offers will no longer in such cases hold up action on the petition for adjudication, thus making withdrawal or dissipation of assets possible before creditors can secure control. Penalties for fraudulent declarations, concealment of assets, etc., will henceforth be subjected to severer penalties and in numerous ways the risks run by the criminal bankrupt are to be increased. At the same time the protection afforded creditors is strengthened by extending the period during which prosecution of offenses is permissible, while the creditors themselves are better enabled to exchange information without becoming liable to damage suits.

No revolutionary changes of any sort are embodied in the amended law, as is evident from the summary issued by the American Institute of Accountants. The purpose of the revision is primarily corrective. It clarifies (barring a few exceptions) the existing provisions of the law, and the innovations are chiefly intended to give effect to the original purpose of the act; that is, to provide the greatest possible protection to creditors and also to give all legitimate relief to honest bankrupts.

Administration of the bankruptcy laws remains substantially unchanged. The courts, the lawyers and the accountants who have to deal with bankruptcy cases will be the same groups of men. The law

has strengthened their hands and made it more difficult for offenders to escape, but success in final analysis depends upon vigilance, conscientiousness and thoroughness in prosecuting fraud wherever detected. Mere changes in the law will not rout the bankruptcy rings that flourish in the large cities. The commercial and credit organizations of New York cannot afford to relax their efforts to eliminate these unsavory elements. The law as amended is a better weapon with which to fight dishonesty, but its effectiveness depends greatly upon the presence of a sensitive and perpetually alert business community resolved to maintain high standards of business morality.—From *New York Journal of Commerce*.

With Shapker, Stuart & Co.

C. Leo Engelbert, recently resigned as assistant cashier of the Peoples Savings Bank of Marengo, Iowa, to become representative in northeastern Iowa for Shapker, Stuart & Co., public utility and real estate bond and investment house of Chicago. Harold Clements, Des Moines, is state manager for the firm.

Mr. Engelbert is well known among the banking fraternity of his territory. He graduated from the University of Iowa in 1921, after serving two years in the world war. He became assistant cashier of the American Savings Bank of Marengo, leaving there to become assistant cashier of the Peoples Savings, in which capacity he served until recently. Mr. Engelbert will headquarter in Marengo.

Booklet on Milling Industry

The Union Trust Company of Chicago is distributing a new booklet on the Wheat Flour Milling Industry which is one of a series of timely studies of important industries with which the bank has had specialized experience.

The booklet deals with the underlying trends and presents tendencies in the industry which are of importance to every one in this or related lines of business.

Copies of this booklet may be obtained from the Union Trust Company, Chicago, on request.

A Deliberately Friendly Act

The judge fixed his eye severely on the prisoner.

"Flaherty," he demanded, "Why did you dump your hod of bricks on your friend Nolan?"

"Ye see, Judge," explained the offender, "Oi once told Nolan that if he was hard up for money to come to the building where oi was workin' and oi'd do him a favor, and whin oi saw him comin' along the street, dead broke, oi dropped the bricks down on his head, knowin' he had an accident policy."

Only

19th

from top of list!

Standing 19th among the 348 Legal Reserve Life companies in the United States, the Missouri State Life Insurance Company is less than half as old as some of the companies above it and 13 years younger than the youngest. Insurance in force now over \$600,000,000. Assets over \$62,000,000.

A GREAT COMPANY DAILY
GROWING GREATER

B. C. THURMAN
Manager Des Moines Branch
618 Insurance Exchange
Des Moines, Iowa

MISSOURI STATE LIFE
INSURANCE COMPANY

M. E. SINGLETON, President

HOME OFFICE: SAINT LOUIS

Life Accident Health Group

You Value Promptness

As Bankers value promptness in the meeting of financial obligations, so also do we value promptness in meeting the claims of our policyholders. Our check is "First after the Fire." Because of this promptness, you can well afford to recommend this Company to your customers.

Promptness, here, is habitual.

Fire, Lightning, Tornado and Automobile Insurance

IOWA NATIONAL
FIRE INSURANCE COMPANY
DES MOINES, IOWA

For Bankers and Their Wants



This department of THE NORTHWESTERN BANKER is to assist SUBSCRIBERS in obtaining goods or service hard to find. It is free to subscribers. Use it. ASK US, as we can tell you where to buy anything you need in your bank or for your bank. TELL US, as your "want" will be published under the above heading free of charge. In answering classified advertisements which have key numbers please enclose a two-cent stamp. This is used to forward your letter.



For Sale: Controlling interest in a good state bank in the best dairy section of Minnesota. Good reserve and no bills payable. Residence furnished by the bank. Address No. 2908, The Northwestern Banker—7-8-9.

For Sale Cheap: One set bank fixtures, marble-faced counters, and about 60 feet oak wainscoting with marble baseboards. An ornament to any bank. Address W. Sperry, Hamburg, Iowa—Indef.

Cashier, 12 years banking experience, wishes change. Can handle any work in country bank. Age 32. Married. Protestant. Seven years in present position. Address No. 2920, The Northwestern Banker.—8.

Capable Executive desires to connect with financial institution of high standing, preferably investment banking. Applicant is efficient and experienced and in addition to other qualifications is thoroughly familiar with Iowa special assessment paper in all its details. Position is wanted for October 1, 1926, but if preferred arrangement could be made for an earlier date. Opportunity for a personal interview would be appreciated. Address No. 2921, The Northwestern Banker—8.

Cashier Wanted in very prosperous dairy center of northern Minnesota, to retire present cashier and take over his controlling interest of stock. Only bank in town. Good sound organization. Address No. 2914, The Northwestern Banker—8.

Banking Position Wanted: Over fifteen years executive experience in state and national banks. Can arrange to make connection at once. Have not been connected with any failed institution. Experienced in farm loan and insurance business. Best of references upon request. Address No. 2919, the Northwestern Banker—8.

Position Wanted: As assistant cashier in bank with possibilities for advancement. Prefer Iowa or South Dakota, but will accept any good location. Thirty years of age and single. Protestant. Twelve years' banking experience; last eight years with present employers. Present employer and business associates furnished as references. Address No. 2915, The Northwestern Banker—8.

Position Wanted by young married man with 13 years' banking experience. Best of references. Address No. 2916, The Northwestern Banker—8.

Trust or Real Estate Department Position Wanted: Young man, 27 years old, university graduate. Protestant. Yankee. Qualified as assistant trust or real estate officer. Five years' commercial and investment banking experience, both large and small cities. Present employed in real estate department of Chicago loop bank. Desire to locate in town 10,000 to 100,000. Ready September 1-October 1. Address No. 2917, The Northwestern Banker—8.

Position Wanted by an energetic young man as teller or assistant cashier. University graduate with banking experience. Good references. Address No. 2918, The Northwestern Banker—Indef.

Position Wanted by young married man. Nine years' banking experience, six years as cashier. Now employed, but desire a change. Familiar with farm loans, insurance and investments. Address Guy B. Eno, 209 West Church St., Marshalltown, Iowa—8-9.

Wanted: Nest of 50 safety deposit boxes, medium size. Grandview Savings Bank, Grandview, Iowa—8.

For Sale: First National Bank building and fixtures. Mosler triple timer Manganese safe, practically new. McClintock burglar alarm. Numerous small accessories. W. R. Payne, Receiver, Pleasantville, Iowa.

The Value of a Lapse

With how many men have you ever placed insurance whose need for it later disappeared to such an extent that the wise thing for them to do was to surrender or lapse their policies? Probably none.

Now, how many lapses and surrenders have you had in the business which you have written? If you have had only one, you have had one more than was good for yourself, the policy-holder or the company.

Every lapse represents a backward step. It leaves everyone in a position worse off than if a policy had never been issued. Some agents do not believe this. They think that they are money ahead on the first year's premium. But if they would take the time to figure the money they have lost by making of what might have been an excellent booster for the agent, a dissatisfied ex-policyholder; changing an example of the benefits of insuring into a warning to other prospects that sometimes money paid in premiums is money practically wasted.

A lapse, closely analyzed, is a monetary loss to the agent as well as a loss in all other respects. The sooner agents grasp that fact and cut down the lapses, the sooner their business will increase in size and in profits.—(Conversation)—*The Banner*.

The truth is, that poetry which does not find its way to the heart is scarcely deserving of the name; it may be brilliant and ingenious, but it soon wearies the attention. The feelings and the imagination, when skilfully touched, act reciprocally on each other.—Bryant.



WHERE TO BUY

A Buying Guide for Bankers



Steel and Copper Engraved

STATIONERY, BUSINESS
ANNOUNCEMENTS AND CARDS

For quality work address

The Homestead Company, Des Moines.

FLOWERS AND SERVICE

ALPHA FLORAL COMPANY
Phone Walnut 362

J. S. WILSON FLORAL CO.
Drake 584
DES MOINES

KALAMAZOO

LOOSE-LEAF DEVICES AND
ACCOUNTING SYSTEMS

Sold in Iowa by
J. H. WELCH PRINTING CO.
1166-68-70 Sixth Ave., Des Moines.
Printers, Binders, Mnfg. Stationers.



South Dakota Bank News

**Officers South Dakota Bankers
Association**

President.....Einer Johnson
Volin

Vice President.....Harry M. Griffith
Gettysburg

Secretary.....Geo. A. Starring
Huron

Treasurer.....Geo. C. Fullenweider
Huron



EINER JOHNSON
President

GEO. A. STARRING
Secretary

Reduce Interest Rate

Six banks of Aberdeen, South Dakota, members of the clearing house association, have declared a reduction of one-half of one per cent on the interest rate paid on savings deposits. The new rate is placed at three and one-half per cent.

The banks included in the association are the Aberdeen National Bank, First National Bank, First State Savings Bank, Citizens Trust & Savings Bank, Dakota National Bank, and Brown Brothers State Bank and Trust Company.

Appointed for South Dakota

The comptroller of currency at Washington, D. C., has recently appointed C. W. Hookway of Huron, South Dakota, as federal examiner for all national banks in that state. This appointment will mean that headquarters for the examining department will remain in Huron.

Bank Clearings Increase

Information received from the Aberdeen, South Dakota, clearing house association reveals that bank clearing for the year have continued to maintain a steady gain over the same period last year. During the last week in June, an increase of \$344,213 was shown over the corresponding period last year.

Security National

The statement of condition of the Security National Bank of Sioux Falls, South Dakota, at the close of business June 30, 1926, shows loans and discounts as \$2,153,756.24; bonds of various kinds and cash of \$3,395,512.09, and total resources of \$5,965,328.80. The capital, surplus, and undivided profits of the institution are \$515,721.81, with deposits reaching \$5,459,606.99.

Acquires Bank Stock

M. J. Twiss, formerly cashier of the Community Bank of Hartford, South Dakota, has sold his stock in the institution to J. L. Wood, vice president. Mr. Wood will also assume the duties of cashier and managing officer. The Community Bank was organized about a year ago, and has enjoyed a strong, healthy

growth. With good crop prospects as they are now, the officers of the bank expect to double their deposits by the first of the year.

Elected President

Following the recent death of E. L. Ketchem, president of the Montrose Bank of Montrose, South Dakota, Mrs. L. S. Ketchem has been elected to that position. Lowell L. Eno has been chosen cashier and appointed to fill the vacancy left by Mr. Ketchem on the board of directors.

Organize County Associations

In an effort to establish County Bankers Associations in several South Dakota counties where they do not now exist, Geo. A. Starring, secretary of the State Association, has sent out to banks in these counties a very comprehensive outline as to how to organize, and also impressing upon the bankers the usefulness of such an organization. The following list of "What a County Association Does," Mr. Starring has taken from reports of county secretaries in South Dakota and other states:

1. Social features have developed friendship and mutual understanding—the basis for future cooperation.
2. Studied and fought successfully in the county the proposed "Bank of South Dakota."
3. Joint meetings and picnics with farmers to promote better country-town cooperation.
4. Established a County Clearing House Association.
5. Studying plan for County Credit Association.
6. Made agreement with county commissioners to secure tax lists free, whereas heretofore they cost \$10 for each list.
7. Established county practice of putting all auction sales on cash basis.
8. Through association cooperation, banks of county agreed not to put up bonds for school or township deposits.
9. Posted reward for capture of bank bandits.
10. Promoted interest in better banking methods.

11. Saved money through collective advertising and abolished novelty advertising.

12. Adopted a uniform reduced interest rate on time deposits.

13. Adopted a uniform schedule of service charges.

14. County banks agreed as to holiday closings.

15. Agreed upon one city bank as correspondent and clearing house.

16. Decreased the interest rate on county deposits.

17. Developed a county protective organization against bandits.

18. Did some effective work on bank taxation.

19. Adopted charges on unprofitable accounts.

20. Get this: Matters of especial or more than local interest have been referred to group and state conventions.

Consolidation at Fargo

At a recent meeting of the board of directors of the Northern Trust Company and the Dakota Trust Company of Fargo, North Dakota, it was voted to consolidate the two institutions. The new company will have capital and surplus of \$300,000, and will be known as the Northern and Dakota Trust Company.

Five of the board members of each of the former were chosen on the new board of directors, with Alex Stern as chairman. Other members of the board are: P. W. Clemens, A. W. Fowler, B. G. Tenneson, William Stern, A. W. Cupler, R. S. Lewis, W. B. Hancock, Sam Stern and T. B. Hull.



HARRY M. GRIFFITH
President, Potter County Bank,
Gettysburg, South Dakota
New Vice-President South Dakota
Bankers Association

Consolidation

The Chamberlain State Bank of Chamberlain S. D., is consolidating with the Guaranty State Bank of Pukwana. The consolidated institutions will do business under the name of the former. B. W. Olinger, R. L. Wilson and C. J. Andresen, president, cashier and assistant cashier of the Chamberlain State Bank retain their positions. C. H. Coxe, cashier of the Guaranty State Bank, becomes vice president of the Chamberlain State

Bank. The new institution starts out with entirely new capital.

Peoples State Opens

The Peoples State Bank of DeSmet, South Dakota, has recently opened, in the former American State Bank building, and are enjoying a good business. Theodore H. Meyer is cashier of the new institution and Fred E. Coulson is assistant cashier. Mr. Meyer expects to move his family to DeSmet in the near future.

NEWS AND VIEWS

(Continued from page 16.)

Transact your business in the open. Pay your old debts first. Contract no new ones. Go slow. Go slower. Shut your teeth hard, spit on your hands and go to work."

The coinage of a new, mixed gold and silver dollar as a substitute for the paper dollar and the silver dollar is being considered by treasury officials. The proposed coin would be a little larger and heavier than a silver quarter. The new dollar, however, is not likely to attract great interest unless it will buy more than the old kind.

George M. Reynolds, after spending five months in Europe, states that with the exception of Italy, there has been almost no improvement in financial and economic conditions in Europe in the last three years. He further states, "A trip abroad always leaves me profoundly grateful for my American citizenship. The situation in this country is so far superior to any European country as to almost forbid comparison."

"They're arming about everybody nowadays who has anything to do with carrying money around. We hope this idea is not carried to the extent that the amiable gentlemen who take up the collection at church are equipped with sawed-off shotguns and army rifles. Of course we will know when we go to church that the guns are for the wicked banditti. But when an usher passes a collection plate to us with one hand and toys with a shotgun with the other, we are liable to get nervous and throw in a five-dollar bill instead of our customary quarter."

A New York banker recently found a new way to make money. Not long ago he went into the country on a joy ride with his family. Something happened to his car. He signalled the next car behind to stop and help him out. The driver stopped a moment, handed him a \$50 bill and stepped on the gas. The only solution he could advance was that the man thought he was a prohibition enforcement officer.

The "Silent Partner" has this to say of life insurance: "A life insurance policy is so practical. A man with an insurance policy does not trade it for oil stocks. He would consider it a piece of rank injustice, unforgivable foolishness, but he will go to the bank and draw out his money or he will trade his government bonds for some wildcat scheme, but never, no never, will he trade off his insurance policy.

"Countless numbers of men would be in their graves today if it were not for some active life insurance agent's prod-

Will Your Customers Feed Their Corn?

If so—have you sufficient outlet for
YOUR FEEDER PAPER?

The Live Stock National Bank

Located at the Stock Yards
Sioux City, Iowa

Is especially well equipped to handle
Live Stock Loans

YOUR ACCOUNT IS INVITED

IN CEDAR RAPIDS


— 300 Rooms—250 with Bath

HOTEL MONTROSE

Fireproof

Rates
\$2.00 to \$4.00

DINING ROOMS
and
COFFEE SHOP



EPPLEY HOTELS COMPANY

ding them into getting a physician's examination—finding their physical faults and remedying them.

"After the death of many an individual, thousands of concerns would have gone to the wall had it not been for industrial insurance; and tens of thousands of good women would be running boarding houses with their children in the orphan asylums had it not been for life insurance."

The Eastern mental slant as given in an interview with C. W. Barrton, brings forth an interesting version of Iowa's economic position at this time from an Easterner's viewpoint: "Iowa is to the front again. It isn't that Iowa is not rich and prosperous, for she is, and if the East were in trouble and had a measure of Europe's unemployment, or was not accumulating wealth, Iowa would not be agitating. But Iowa sees prosperity in the east from Maine to Florida and doesn't see the problems in water power and land speculation that are to the front in Maine and Florida. Nor does she see the distressing problems before the New England manufacturer. She sees only wealth accumulation and wants more of it. And, will the government please agree to buy all her surplus hogs, corn or anything else she pleases to raise? Iowa votes for socialism in Brookhart. Iowa votes to tear down first within the republican party, and next within the nation if necessary. Not that she may have more schools or better sanitation, but simply that she may have more money for radios, moving pictures, motor cars, bank accounts and land speculation."

Mr. Barron evidently has overlooked the point that through the equalization fee the farmers, and not the government, would pay for the loss on the surplus sold to Europe.

The president of one of the large universities in the middle west, gives his understanding of "Success" as follows: "Success consists in doing better than anyone else that which a man's nature impels him to do. That is, a man must have a passion for the work he is doing such that he could not keep from doing it if circumstances did not compel him. In my judgment, men who have made a success in life have had a passion and purpose compelling them to forget everything else. If a man asks himself, 'What will this bring me,' 'what is there in it or is there something else by which I could gain more money or greater prestige' there is little chance of his making a success."

Some one has asked, "Does a knot in a board spoil our enjoyment of the whole house, does a dent in the Rolls Royce cancel our happiness in its appearance, or a minor fault in a friend grieve us so

much that we lose the joys of his companionship? Is Iowa confirming herself in the habit of thinking that everything under the sun is wrong with her and overlooking the bounteous blessings that she has?" Her political doctors have encouraged it in her so as to be sure of always having a paying patient. But Iowa is not fatally stricken. She has only magnified a bellyache into a malady.

An investigation recently started in Chicago on a system of raising stock certificates, by A. C. Tisdelle, from one share

to forty or fifty shares and then selling them to banks, brought reminiscence of his "Bachelor's Trust," organized in 1902 in which each member deposited \$500 in the treasury and whenever a member married he was banqueted and each time he was entitled to be called "papa" he received \$100 in cash. Tisdelle was one of the first to leave the club when he married in 1905. He also had the title of the "cream banker," having been charged in 1908 with accepting deposits at his private La Salle institution after he knew the bank was insolvent. It seems Tisdelle's dreams have not always been a "pipe."



THE NATIONAL PARK BANK

of NEW YORK

Established 1856

214 BROADWAY

Uptown Offices

PARK AVENUE and 46th STREET

SEVENTH AVENUE and 32nd STREET

DIRECTORS

Charles Scribner	Joseph D. Oliver
Richard Delafield	Lewis Cass Ledyard, Jr.
Francis R. Appleton	David M. Goodrich
Cornelius Vanderbilt	Eugenius H. Outerbridge
Gilbert G. Thorne	Kenneth P. Budd
Thomas F. Vietor	John H. Fulton
John G. Milburn	Frank L. Polk
William Vincent Astor	Benjamin Joy

Banking in all its branches

Commercial and Travelers' Credit issued; Correspondents in all principal Cities in the World. Foreign Exchange bought and sold. Corporate and Personal Trusts; Safekeeping of Securities; Collection of Income. Investment Service for Customers. Safes in our Safe-Deposit Vaults at moderate rental.

Capital, Surplus and Undivided Profits, \$34,000,000





Our country bank business is so handled that every transaction of any importance has the personal attention of an officer known by the correspondent.

THE NORTHERN TRUST COMPANY

Capital, Surplus and Undivided
Profits \$7,500,000

CHICAGO

**BANK CHECKS • LETTERHEADS
STOCK CERTIFICATES AND BONDS
OF QUALITY AND DISTINCTION**

*The Ability of
Our Skilled Craftsmen
is Reflected in
Our Products*

NORTHERN BANK NOTE COMPANY
Founded in 1812 by S. W. Wells
CHICAGO

THE SERVICE CHARGE IN SMALL TOWNS

(Continued from page 14.)

end of the month. Soon they began rebating the month's exchange charge, intimating to us that our balance warranted it. We immediately began building up the balance and they apparently seemed to be charging on more items, but refunding at the end of each month. And so the race was on, and the outcome is that we have doubled our balance with them, while they keep on sending us these "scares." Meanwhile the other account is quite dormant.

Same Rules Govern It

The same economic rules govern the operation of a bank as apply to the manufacturer or the merchant. Its selling price or compensation must be based on the cost of furnishing its service and facilities to its customers.

While the most effective method of imposing the service charge is through the combined common action of all the banks of that community, the rule could be made flexible enough to prevent the loss of any valuable accounts, which are directly related or directly affected by charging certain small accounts. For instance a bank would have to exercise discretion in charging small accounts of individuals where the individual is an officer in some company or corporation, which carries a very profitable account, or where the individual has a satisfactory savings account. Of course, it is to be remembered that the depositors with a balance of more than say one hundred dollars would not be affected at all—just the "Star-boarders." It is also customary to exempt from the charge, all accounts of religious and charitable organizations, as well as estate accounts and in fact all accounts under court supervision. And where no checks are drawn, or possibly with a limit of three checks, against the account during the month, no charge is imposed.

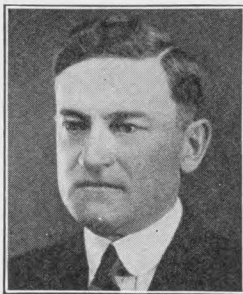
The benefits to be derived are that it will help support the expense of clerical labor, it will save on the supply expense. It will weed out some of the undesirable accounts and help cure the overdraft evil. It will build up the average account and teach thrift and economy. And it will increase the earnings and help pay cash dividends.

In other words, I believe the service charge for the small checking account in the town banks will be an established fact, and that we will not be thought less of for it.

Auto Chatter

Old Speedster's Limousine (going sixty an hour): "Say, neighbor, do you believe in this here transmigration theory?"

Young Speedster's Roadster (going around him at seventy): "Sure do. I think I'm gonna turn turtle in a minute."



Nebraska Bank News

Officers Nebraska Bankers Association

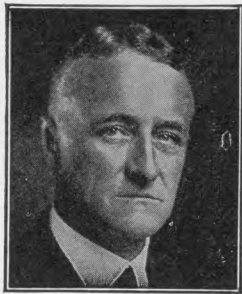
President.....I. R. Alter
Grand Island

Chairman of the Executive Council.....P. L. Hall, Jr.
Greenwood

Secretary.....W. B. Hughes
Omaha

Treasurer.....F. W. Thomas
Omaha

General Counsel.....J. P. Palmer
Omaha



I. R. ALTER
President

WM. B. HUGHES
Secretary

NEBRASKA NEWS NOTES

L. B. Howey, at one time president of the First National Bank of Adams, Nebraska, which at that time was a state bank, died recently at Baltimore.

—\$—

Morris S. Zook has been appointed by the Nebraska State Banking Department as cashier of the Allen State Bank, of Allen, Nebraska. He fills the vacancy caused by the death of V. W. McDonald.

—\$—

The bankers of Knox county, Nebraska, met recently at Wausa, Nebraska, for their annual picnic and convention. Officers elected for the coming year were Frank Hughes, of Bloomfield, president; R. E. Cook, of Wausa, vice president, and W. W. Walton, Center, secretary and treasurer.

—\$—

John Selk, Jr., formerly assistant cashier of the Farmers State Bank of Plymouth, Nebraska, has resigned his position and gone to Omaha.

Elected Cashier

O. C. Hinds, of David City, has recently been elected to the board of directors and made cashier of the First National Bank of Weeping Water, Nebraska. Mr. Hinds has purchased stock in the bank and will assume active management.

Sixty Years Young

The Omaha National Bank of Omaha, Nebraska, celebrated its sixtieth birthday on the second of July. The Omaha National was established in July, 1866, and its first published statement in October of that year showed total resources of \$219,890.99. Today the Omaha National and its affiliated institution, the Omaha Trust Company, have total resources of more than \$52,000,000. When it is considered that the Omaha Trust Company is but seven years old, this is indeed a remarkable record.

The bank has issued a very attractive booklet giving the highlights of its development, and also setting forth its statement for June 30, 1926.

To Erect New Building

Contract has been let for the erection of the new building for the Union State Bank of Omaha, Nebraska. The structure will be located on the northwest corner of Nineteenth and Farnum streets, and will be seven stories high.

The building will be of the stone facade type, one of the very few of its kind in the city. It will cost, when completed, together with the site, \$800,000.

Director Resigns

George W. Woods, a capitalist of Lincoln and Omaha, has resigned from the board of directors of the Omaha National Bank, Omaha.

Fred Hamilton, former president of the Merchants National, and now a vice president of the Omaha National, has been named as director succeeding Mr. Woods.

New Hastings Institution

The First Trust Company, a new institution in Hastings, Nebraska, has recently opened for business in the old Bank of Commerce building. The company has a capital of \$50,000. Officers of the new company are H. E. Stein, president; Walter Divan, vice president, and Ford McWhorter, secretary and treasurer. The First Trust Company will specialize in high-grade securities, farm loans, city loans, trusts, wills, estates, insurance, surety bonds and safety deposit boxes.

Goes to California

Gordon McNary, formerly assistant cashier of the First National Bank of Leigh, Nebraska, severed his connection with that institution to accept a banking position in San Diego, California, with the San Diego Trust & Savings Bank.

Means Much in His Old Age

An endowment policy means much in his old age to the man who has raised a big family but has never been able to save much for himself.—(Endowment Policy)—*Manhattan Life Bulletin*.

THE FARMER AND HIS MORTGAGE

(Continued from page 31.)

in the field 632 persons. The monthly report for December, 1925, shows that there are employed in the twelve Federal land banks 797 persons. This is a total of 1,429. Then there were 4,657 national local farm loan associations. Many of these have paid secretaries absorbing part of the dividends. No one can tell the number who are making money out of tax-free securities as owners or as dealers."

"You are right that there are a host of these profit-taking propagandists," chipped in the man from Omaha. "When Senator Howell of Nebraska in a speech in the Senate in May, 1924, opposed the confirmation of four nominees for the Farm Loan Board, he showed that bond houses had then been paid some \$8,000,000 as commissions for selling Federal land bank bonds and he also criticized paying the fiscal agent a salary of \$25,000 a year and expenses.

"In addition to the employes of the Federal land banks, there are the stockholders, employes and others who make money out of the joint stock land banks. These are authorized to issue tax-free bonds. There were 53 of these banks in active existence at the close of 1925 out of 80 that had been granted charters since the system was created.

"Due to the fact that the securities of these banks are fictitiously called 'instrumentalities of the government' although they are neither assets nor liabilities of the government and that the banks are under government supervision, their representatives have been able to make most any kind of a statement to the public and get away with it temporarily. Assuming that the land banks save farmers 1 per cent a year on \$8,000,000,000 officials of the banks and the board have asserted that they have benefited agriculture \$8,000,000 a year. One congressman in an article published in the American Bankers Association Journal asserted that the land banks are saving American farmers 2½ per cent on \$10,000,000,000 annually or \$250,000,000. Examination of the records for the last 30 years proves the absolute absurdity of these claims."

Farm Capital Needs Dividends

"It is plain to me," said the Boston business man, "that if agriculture is operated on 15 per cent of borrowed capital and 85 per cent of capital which belongs to the farmers, that farm prosperity could not be brought about, if that 15 per cent of capital was loaned by the government at 3 or 4 per cent. What do you think about it?"

"It is clearly evident that it is more important for agriculture to earn a dividend on the 85 per cent of capital owned by farmers than to be able to borrow 15 per cent at an unusually low rate of in-

terest," answered the county agent. "The man who owns and operates a farm that is clear of debt is entitled to consideration as well as the debtor. He ought not to be compelled to pay heavier taxes in order that his competitors may borrow mortgage money on tax-free bonds.

"Among those who have given the most thought to this subject, sentiment now favors legislation to increase the price of farm products. Nearly all of

the farm organizations are now backing some scheme to increase the price of farm products, though they are not able to agree on the details of any one of the several plans.

Larger Farm Incomes Needed

"The Agriculture Year Book for 1924 states on page 207 that the average size of loans made by the Federal land banks from organization to December 31, 1924,

was \$3,065.00. If legislation and subsidies could have reduced the interest rate on those loans one-half of 1 per cent, it would have made an average difference to each farmer of \$15.33 a year. That would not give the farmer and his family much of a boost toward prosperity. If any plan of cooperative marketing or surplus control could be devised to increase the price of corn 10 cents a bushel and the price of wheat 35 cents a bushel and the price of cotton 1 cent a pound, that would increase the annual farm income \$5 an acre. That would add \$800.00 a year to the income from a farm of 160 acres. It would be a net gain of \$800.00 to the farmer who had no debt and a net gain of \$784.67 to the farmer carrying an average mortgage of \$3,065.00 as compared with a saving of \$15.33 through an average reduction of half of 1 per cent on the mortgage interest rates. But the tax-free farm loan system has not reduced the average interest rate half of 1 per cent.

"It is clearly evident that the farmers are started on the right track in trying to increase the price of their products. The next move will be to devise or select the best plan.

"We know that better marketing schemes, diversification of crops and improved methods of production will increase net income and it is possible that

(Continued on page 87)



GRAIN AND LIVE STOCK COLLECTIONS

Given Special Attention

Live Stock National Bank Union Stock Yards—Omaha

R. L. Van Zandt, President
Alvin Johnson, Vice President
E. C. Finlay, Cashier

R. H. Kroeger, Asst. Cashier
L. V. Pulliam, Asst. Cashier
Howard O. Wilson, Asst. Cashier

The Growth of Sixty Years

AT THE close of the first day's business of The Omaha National Bank—July 2, 1866—the deposits aggregated \$12,312.59. NOW—sixty years later—the deposits exceed \$35,000,000 and, with its affiliated institutions, the total resources exceed \$52,000,000.

The Omaha National Bank

WALTER W. HEAD, President



Minnesota Bank News

**Officers Minnesota Bankers
Association**

President.....R. E. Macgregor
Minneapolis

Vice President.....A. G. Wedge
Park Rapids

Treasurer.....A. M. Schaefer
Jordan

Secretary.....F. P. Fellows
St. Paul



R. E. MACGREGOR
President

F. P. FELLOWS
Secretary

Two Banks Open

A. J. Veigel, state banking commissioner for Minnesota, has announced the opening of two banking institutions. The Farmers and Merchants State Bank of Roseau has opened with Olaf Holhahl as president; J. R. Chappel and M. J. Legland, vice presidents, and T. B. Holhahl, cashier.

The Farmers and Merchants State Bank at Hinckley has opened with M. Bullis as president, and J. H. Hogan as cashier.

Savings Deposits Increase

Savings deposits of the three savings banks of Minneapolis, from their report on June 30, 1926, showed a total of \$67,940,559, the largest in the history of the city. This figure represents a gain over the corresponding date of last year of \$4,219,278.

The total deposits for all banks in Minneapolis was given as \$312,157,019, which was a decrease of better than four million dollars from last years' figures.

The deposits of the three trust companies in the city also established a record figure, totaling \$33,564,545, a gain of \$1,668,429 as compared to a year ago.

Silver Anniversary

The Farmers State Bank, of Ormsby, Minnesota, is this year celebrating its silver anniversary. Organized in June, 1901, with deposits of \$568, the institution has showed a steady growth, until in June, 1926, its deposits totaled more than \$102,000.

The bank is making farm loans at 5 per cent and is paying 4 per cent on time deposits and savings accounts.

New Bank at Mahnomen

The first National Bank of Mahnomen, Minnesota, a newly-organized institution, has recently opened its doors for business. O. S. Hanson is president, and Merwyn Hanson, cashier.

Assistant Cashier Resigns

A. N. Gergen, for the past fifteen years connected with the Hastings National Bank of Hastings, Minnesota, and recently as assistant cashier, has resigned

his position. While his future plans have not been announced, it is thought that Mr. Gergen intends to devote all of his time to his real estate affairs, which in the past few years have assumed considerable importance.

The board of directors have chosen Adolph Doffing as Mr. Gergen's successor.

Quits Bank Position

Conrad Euren, for the past four years cashier of the Farmers & Merchants State Bank of Moorhead, Minnesota, has resigned his position, and expects to engage in other lines of business.

Permanently Organized

The Austin National Bank, of Austin, Minnesota, which for the past few months has been operating under the temporary supervision of the Hormel Packing Company, is now permanently organized. In connection with the re-organization there has also been established the Austin National Company, which will conduct a general loan and investment business.

Parke Dougherty, well-known banker, has been chosen as the president of the Austin National Bank and also of the Austin National Company. Jay C. Hormel is chairman of the board of both institutions.

Goes to Minneapolis

J. D. Fleckenstein, cashier of the Austin National Bank, Austin, Minnesota, for the past year, has resigned his position to go with the John W. Black Company, of Minneapolis. The Black Company, which is interested in eighteen banks in Michigan, Wisconsin and Minnesota, have offered Mr. Fleckenstein the general supervision of these several institutions, with special attention to the bond departments. His headquarters will be in Minneapolis.

Returns to Politics

Julius Schmahl has announced his resignation from the presidency of the Cosmopolitan State Bank of St. Paul, Minnesota, in order that he might return to politics. He was recently nominated as the candidate for state treasurer.

In New Quarters

The National Exchange Bank in St. Paul, Minnesota, has moved into its new quarters at 360 Robert Street. D. C. Shepard is president of the bank. From its latest statement, the National Exchange shows deposits of \$3,808,339.61, and total resources of \$4,178,103.28.

Minneapolis Banker Dead

James A. Latta, vice president of the Northwestern National Bank, of Minneapolis, died recently while on an outing trip in New Mexico. His death was due to heart failure.

Mr. Latta, with his family and Lyman E. Wakefield, vice president of the Minneapolis Trust Company, were vacationing together in the Southwest, stopping at the Los Pinos Ranch near Cowles, New Mexico.

Mr. Latta was born in Michigan in 1865. He received his education in that state and also a great deal of his bank-



JAMES A. LATTA

ing and insurance experience. He came to Minneapolis in 1905 as vice president of the Swedish-American National Bank, and when that institution was consolidated with the Northwestern National he continued with the Northwestern in the same capacity.

In addition to his official capacity in the Northwestern National, Mr. Latta was also a director in the Minnesota Loan & Trust Company, and a director of the Northwestern National Life Insurance Company.

He was a member of the Minneapolis Athletic Club, the Minikahda Club and was a thirty-second degree Mason and a Shriner.



We take particular pride in the effective work our Advertising Department is doing for our banker customers.

—As an instance, they have developed two plans for handling non-profitable checking accounts, which have been used very successfully by bankers in various sections.

Possibly you need such service as this,—an inquiry will incur no obligation.

THE STOCK YARDS NATIONAL BANK
AND
THE STOCK YARDS TRUST & SAVINGS BANK
of CHICAGO

5% FARM LOANS 5%

REFINANCE YOUR LOANS NOW
WHILE RATES ARE CHEAP

WE ALSO MAKE CITY LOANS IN DES MOINES
DAVENPORT, CEDAR RAPIDS, IOWA CITY
CLINTON, BURLINGTON

MIDLAND MORTGAGE COMPANY

DES MOINES OFFICE
555 SEVENTH STREET
DES MOINES, IOWA

220 THIRD AVE.
CEDAR RAPIDS, IOWA

CENTRAL IOWA OFFICE
CARROLL
IOWA

F. C. WAPLES, PRESIDENT
CLIFFORD DE PUY, VICE PRESIDENT
R. S. SINCLAIR, VICE PRESIDENT
INGRAM BIXLER, VICE PRESIDENT

R. J. SOENER, SECRETARY TREASURER
RUSSELL D. COLE, ASSISTANT SECY.
R. H. MEMEIER, ASSISTANT SECY.
P. T. WAPLES, MGR. WESTERN OFFICE

Spencer Resigns

W. E. Spencer, president of the First National Bank of St. Charles, Minnesota, has resigned from that institution. F. J. Thul, former vice president of the Farmers & Merchants State Bank at Hutchinson, has taken over the active management of the First National.

While Mr. Spencer has resigned active management, he will retain his stock and remain on the board of directors.

Change at Heron Lake

At a recent meeting of the board of directors of the First National Bank of Heron Lake, Minnesota, W. H. Jarmuth was elected president, to succeed J. W. Benson, deceased. Mr. Jarmuth has been cashier and a director of the institution since 1907. Jno. O. Bondhus was elected cashier.

Opened July 1st

The Otter Tail County State Bank, newly organized institution in Pelican Rapids, Minn., has taken over the entire business of the First National Bank of that city. The Otter Tail County State was opened on July 1st.

An Oklahoma Viewpoint

L. G. Voorhees, president of the Anita Bank, of Anita, Iowa, is also president of the First National Bank of Ardmore, Oklahoma. A friend of his, E. A. Walker, is chairman of the board of the Tradesmen's National Bank of Oklahoma City. Mr. Walker has written several editorials relative to the banking situation in Oklahoma and Kansas, and as conditions in Iowa are somewhat similar, the Northwestern Banker, through the courtesy of Mr. Voorhees, is publishing them herewith. The first one is entitled "Tax Reform," and reads as follows:

"A report made by the Ninth Federal Reserve Bank at Minneapolis, Minn., says that in that district in 1923 interest and taxes took 25 per cent of the gross farm receipts. If an analysis has been made of the amount that farmers pay in taxes in the tenth district or in the state of Oklahoma, we have not seen it, but undoubtedly the taxes are as heavy here as they are in the northwestern states and therefore it is safe to say that not less than 25 per cent of the gross receipts of farmers are paid in one kind of tax or another.

"The general property tax is the main source of revenue in nearly all of the states and we believe that this is true of Oklahoma. This condition is brought about from the fact that taxes are imposed by a vote of the irresponsible and paid by the responsible ones. This being true, rural communities are helpless under this growing burden and statistics that we have seen show this to be true in at least forty-six of the forty-eight states.

"In voting bonds those who pay the

burden of the taxes are always in the minority, and those who do not pay any appreciable amount of taxes in the majority, and since under our form of government the majority controls it is easy to see why the burden of taxes is constantly increasing. The remedy is not easy to suggest, but that something must be done is very evident. The best thought of the bankers and others of this state should be directed to a solution of this problem."

In the second editorial, Mr. Walker takes up the banking situation in Kansas and Oklahoma, saying:

"State Bank Commissioner Bone of Kansas, addressing the Kansas bankers recently, frankly stated that that section of the country, as well as others, was suffering from an overbanked condition: too many small banks were struggling to make a living and consequently are led to the commission of economic excesses. Out of 1,004 banks in Kansas 776 have less than \$300,000 of deposits; 258 less than \$100,000. Kansas has one bank to 1,440 persons, while in New England and eastern states where fewer failures occur the ratio is 1 to 7,300. In the last two years more than 63 per cent of the banks that suspended throughout the country had a capital of \$25,000 or less. Nearly 71 per cent had less than \$50,000 capital.

"What is true of Kansas is, to a very large measure, true in Oklahoma. We believe that one strong, growing bank in a community is better than two weak ones struggling for an existence. Too many banks have been organized with the sole idea of providing jobs and not with the idea of paying stockholders a reasonable return.

"Another thing to be considered is the difficulty that banks have in adjusting themselves to new business conditions. In other lines of business the price of merchandise or service has been advanced while in the case of banks the cost of operation has greatly increased while the interest on loans has been growing less from year to year, and banks, by reason of competition, have been forced to broaden the field of free service to customers. One result of this sharp competition is the offering of 4 per cent by banks on time deposits and investing these deposits in commercial paper paying from 4 to 4½ per cent interest.

"Unless conditions materially change

there is, it seems to us, but one solution for this condition, and that is consolidation or absorption of the smaller banks by the larger ones, and in this way increase the volume of the remaining banks. It seems to us that the present situation will force banks to the proposition of doing a larger volume of business which, of course, can be done without correspondingly increasing the overhead expense that banks have to incur."

A Convention Visitor

One of the interesting members of the Business and Professional Womens Clubs, in national convention in Des Moines last month, was Mrs. Alethea R. Wells, formerly of Waterloo, Iowa, and now a representative of the Central Life Assurance Society of Des Moines at Eugene, Oregon. Through her successful salesmanship she has won a trip to the national convention of the company in Denver, Colorado, and the gold \$100,000 Club emblem.

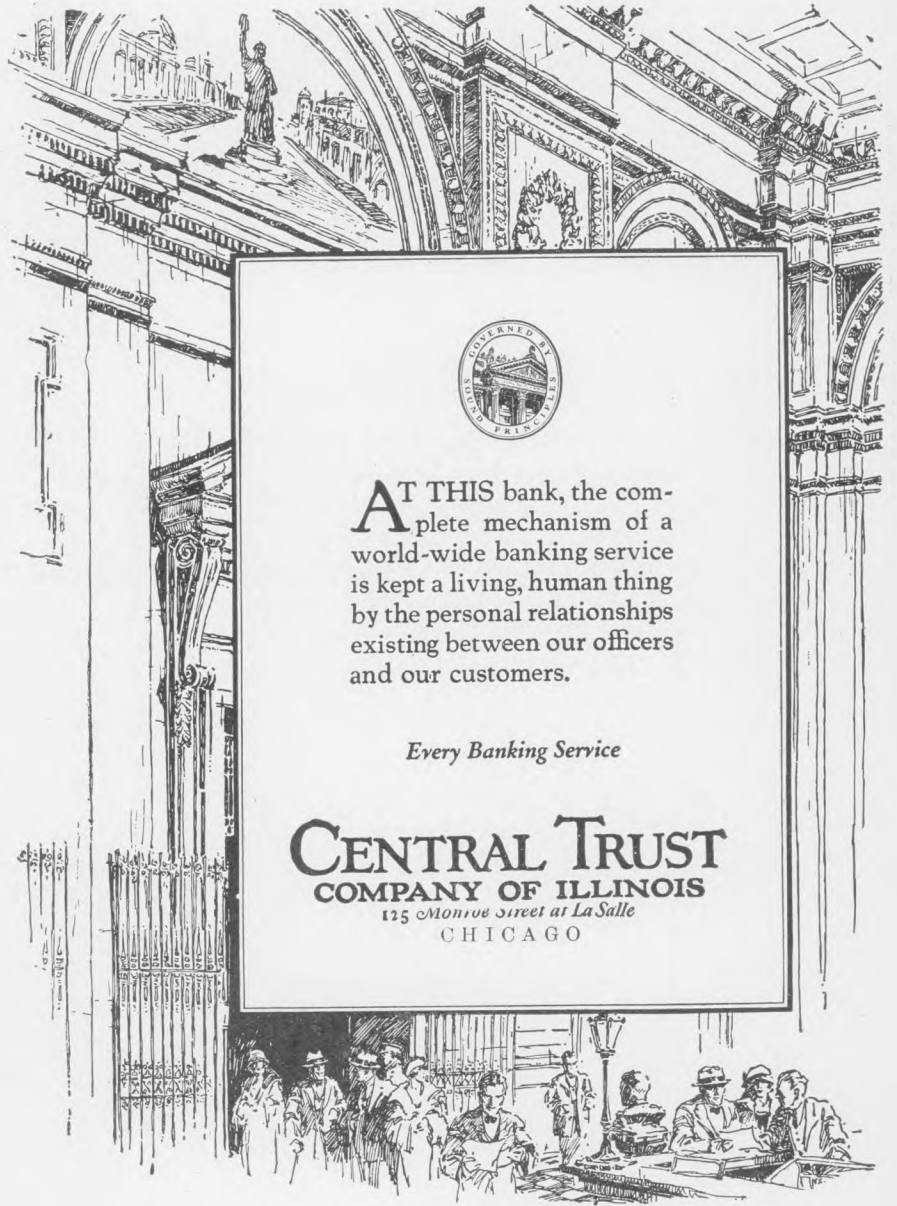
In spite of her club and business interests she finds time to be chiefly interested and helpful to her husband and three sons.


Strong feeling must create poetry.

**MIDLAND
NATIONAL BANK
and
TRUST COMPANY**

Resources \$22,000,000.00

MINNEAPOLIS






AT THIS bank, the complete mechanism of a world-wide banking service is kept a living, human thing by the personal relationships existing between our officers and our customers.

Every Banking Service

**CENTRAL TRUST
COMPANY OF ILLINOIS**
125 Monroe Street at La Salle
CHICAGO




**BURGLAR
ALARM**

OUR
BURGLAR ALARM SYSTEMS
COVER THE COUNTRY.

O-B MCCLINTOCK COMPANY
MINNEAPOLIS, - - MINN.

REAL SERVICE

To serve our clients to their entire satisfaction is our constant aim and ambition.



Stanley-Henderson Company

Farm Mortgage Bankers

207-214 Higley Bldg.

Cedar Rapids, Iowa

IN MIAMI

The South Florida Mortgage Company of Miami, is at your service to assist you or your customers in every possible way.

This Company renders the following services:

1. Makes mortgage loans on residential property.
2. Makes appraisements for loaning or investment on property in southeast Florida.
3. Buys and sells real estate on a brokerage basis and handles rentals, property management and insurance.

We are at your service in this rapidly growing city which has a building program placing it in seventh place among the cities of the United States.

Write us today

South Florida Mortgage Company

Capital \$100,000.00

J. V. Carpenter, President

O. M. Fowler, Vice President

S. Grover Morrow, Vice President

Harry A. Brattin, Secretary

150 S. East First St.

Miami, Florida

Resolutions and Rubles

Russian paper rubles are a substitute for money. Resolutions are too often a substitute for action.

A group of men meet, for the purpose of solving some serious problem. There is a statement of conditions, an appeal for action, discussion.

Someone says, "I wish to present a resolution." He reads a carefully prepared and beautifully worded statement of fact (already known to everyone present.) He follows the facts with a ringing declaration of principles and a carefully thought out and clearly presented plan of procedure to bring about the desired results.

Some member of the committee or of the board of directors or the convention (as the case may be) proposes the adoption of the resolutions as read and a pledge of support to the principles embodied in them.

The motion is seconded from all parts of the room and carried unanimously amid tumultuous applause. The chairman expresses the belief that a great advance has been made in the promotion of the cause. A motion to adjourn is in order. It is quickly passed.

Each member present departs for his home with a feeling that he has done a good day's work, and that at last the country has been saved.

With very few, if any, exceptions, they all depend on the resolutions to accomplish the results. At the next meeting, they solemnly reiterate the original resolutions or pass others—and feel they have made progress, especially if they can get some newspaper to print the resolutions.

Congress has not yet passed an act making resolutions legal tender for the payment of salaries and rent and postage and other expenses. Otherwise these resolutions have as much value as Russian rubles.

When in CHICAGO

Enjoy your stay—at the new

MORRISON HOTEL

Tallest in the World
46 Stories High

Closest in the city to offices, theatres,
stores and railroad stations

1944 Outside Rooms

Each with bath, running
ice water and servidor

Lowest Rates

Write or wire for reservations



North Dakota Bank News

**Officers North Dakota Bankers
Association**

President.....H. T. Graves

Vice President and Chairman Execu-
tive Council.....George H. Leick
Hebron

Treasurer.....J. E. Davis
Goodrich

Secretary.....W. C. Macfadden
Fargo



H. T. GRAVES
President

W. C. MACFADDEN
Secretary

NORTH DAKOTA NOTES

The Security State Bank of Edmore has renewed its term of corporate existence to June 3, 1951.

The Bank of Oberon has increased its capital stock from \$10,000 to \$15,000. This bank has also renewed its corporate existence to June 8, 1931.

The First International Bank of Esmond has renewed its corporate existence to June 30, 1929.

The Sykeston State Bank has renewed its corporate existence to June 28, 1931.

The Stockmens State Bank of Medora has been given permission to increase its number of directors from three to five.

The Grand Forks Building & Loan Association has renewed its corporate existence to December 15, 1946.

The Flasher State Bank was given permission to increase its capital stock from \$15,000 to \$20,000.

The Farmers State Bank of Baker has decreased its number of directors from five to three.

The Mutual Building & Loan Association of Minot was given permission to change its corporate name to the "Minot Building & Loan Association," also to decrease its number of directors from eleven to seven.

Myrtle Gilberg has been appointed assistant cashier of the Farmers Bank of Starkweather.

Marvin R. Monson has been appointed teller and bookkeeper of the La Moure State Bank, succeeding Evert D. Zeidler.

The Citizens State Bank of Selfridge was taken over by the Selfridge State Bank on June 12, 1926.

P. A. Paulson, former teller of the Security State Bank of Niagara, has been

appointed cashier of said bank, succeeding Chas. M. English, who is president. Mr. Paulson succeeds Chas. H. Bobb as director.

The Rock Lake State Bank has reduced its number of directors from five to three.

Becomes Cashier

At a recent meeting of the board of directors of the Wahpeton State Bank, of Wahpeton, North Dakota, Math Kraker was appointed as the new cashier.

Banks Merge

Consolidation of the Security State Bank of Orr with the Bank of McCanna, North Dakota, has recently been announced by the banking department. The combined institution will operate at McCanna under the name of the Bank of McCanna.

Living Up to Your Bank's Advertising

By **O. HOWARD WOLFE**
Cashier, Philadelphia-Girard National Bank

Before the Financial Advertisers Association at Philadelphia

TWO of the best known axioms of advertising are that it must be continuous, and the effects of continuous advertising are cumulative. When we speak of effective advertising, we ordinarily have in mind the kind of advertising that sells goods, or, in the case of banks, increases the business or circle of friends of your institution. I have in mind another result of advertising, also cumulative in its effect, which is not often referred to; that is the beneficent influence of advertising upon the *quality* of the service the bank has to render.

Service Should Surpass

Some months ago, we used an advertisement reading something like this: "Advertised service is dependable service. Statements made in bank advertisements should be as accurate as the figures of its statement of condition." As bankers you all know that every well managed in-

stitution prides itself in having among its assets many items which are worth more than the figure at which they are carried on its books and published in its advertisements. It should be the same with service. Not only should it be at least as good as it is advertised, but always ought to be, and usually is, a little bit better. At this point, I suppose a psychologist could take up the subject and explain to you how this condition happens. I know from experience that after one has advertised a particular advantage or feature of the service the bank has to offer, almost sub-consciously he is interested in seeing that that service not only fully meets the claims the bank has publicly made for it, but if possible is improved upon. Although this condition, as I have stated, results almost automatically, it cannot be depended upon to do so. If it were otherwise, there would be no need for such an address as this. The point I want to emphasize is that the retroactive effect, so to speak, of advertising upon your service should not be left to chance. I do not mean to suggest that we should first advertise a specific advantage in doing business with out institution and then try to "produce the goods." What I mean is that it should be the duty of someone in every bank to see to it that advertised service is dependable service.

Advertising Is Specialized

This brings me to the next thought I have in mind, which is that it is essential that someone in your bank, preferably an officer, should train himself to know what and how to advertise. I need not try to persuade this audience that advertising is a specialized subject, requiring as much professional skill as any other phase of business. I have often heard bankers express the opinion that in order to do effective advertising it is necessary to employ either an advertising agency or a specialist. It is saying nothing against the usefulness of either to remind you that the basic principles of sound and effective advertising can be learned by the average banker just as he is expected to train himself in the rudiments of commercial law. Given, then, the bank which has such an officer on its staff, and which advertises consistently and regularly, I believe that we can easily prove, other things being equal, that such a bank is a better bank than the one which does no advertising.

There is another advantage in having an officer of the bank understand and supervise its advertising campaigns. Such an officer is in position to check the results of advertising much more intelligently than the mere salesman type of advertiser. I confess I have little interest in reports we sometimes read of the results of bank advertising campaigns, as indicated by the number of new accounts obtained, or the total increase in deposits. Do you realize that

more than 50 per cent, numerically speaking, of all the active depositors in the United States carry checking accounts that are a distinct loss to their institutions? You do know that there are many schemes being sold to unthinking bankers through which hundreds of new depositors are secured carrying balances as low as \$5.00, and that these methods are paid for on the basis of numbers. You can see, therefore, the necessity for a coordination between advertising and analysis of the kind of business which advertising produces, before one is able to place a proper valuation upon any particular scheme or method of advertising.

In conclusion, I would like to suggest to this organization two subjects for consideration at this or some future convention, which I think ought to be both studied and discussed by banks in general, and certainly by bank advertising men and women. The first is the unfortunate prevalence of bank advertising which merely advertises "service" in a vague, indefinite way without being specific as to the kind of service referred to. This type of advertising is as common as the old "tombstone" style of bank advertising was twenty years ago. The second thought, and which I think is a more important one, is the question of the development of business-building

advertising. I see no particular advantage to the banking profession in advertising which merely pulls accounts from one good bank and puts them in another. Emphasis should be placed upon the kind of advertising which pulls money out of bureau drawers and the family sock. Trust companies in particular have developed this kind of advertising, and the commercial banks, I regret to say, are lagging far behind. Finally, the obligation should rest upon every bank man and woman who is in charge of advertising to see to it that regardless of apparent results, advertising must produce profitable business before it is approved as efficient and effective.

Smith's Bank Advertisements are Timely and Interesting

IT was not always so, for Smith is the Cashier of a busy and prosperous Bank. His time is valuable. Too often, under the pressure of the Bank's affairs, he just "got up something" for his town newspaper or repeated the same copy that appeared last week.

But today, there is a noticeable change for the better. Smith says his advertisements are read, and they are accomplishing their purpose. People are beginning to think of his Bank FIRST when they need a Bank Service.

What brought about the change?

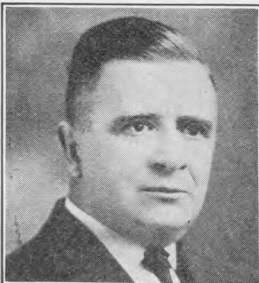
As a new correspondent of the DROVERS BANK, he receives each month a carefully prepared advertising program. He looks over the material it contains—newspaper copy, lobby signs and new business letters. Within ten minutes he has his schedule all prepared. And his advertising is alive, timely and interesting. Thus he gets his message before all of the people in his community several times each month.

DROVERS ADVERTISING SERVICE is supplied free of charge to DROVERS' correspondents. We have on hand a few copies of recent issues which we will be glad to send to interested Bankers upon request.

DROVERS
NATIONAL BANK
TRUST & SAVINGS BANK

Union Stock Yards, Chicago





IOWA SECTION


**Officers Iowa Bankers
Association**

President.....A. C. Smith
Clinton

Vice President.....John Sieh
Spencer

Treasurer.....F. A. Schuetz
Lawler

Secretary.....Frank Warner
Des Moines



A. C. SMITH
President

FRANK WARNER
Secretary

Becomes Vice President

George Buckley, well-known publisher and a native of Washington, Iowa, has recently been elected as vice president of the National City Bank, of New York City. Mr. Buckley, who is forty-six years of age, has been on the upward climb ever since he left the University of Chicago many years ago. He first managed the Bell Telephone Company offices in Chicago, was at one time connected with an advertising agency, was for a number of years chief executive in several publishing firms, more recently the Chicago Herald and Examiner. Washington and the state of Iowa extend congratulations.

Unusual Advertising

In an endeavor to place before its friends and customers, in a clear and easily-understood manner, its latest published statement, the Farmers Savings Bank, of Swea City, Iowa, recently took a full-page advertisement in the Swea City Herald. R. A. Hagland, cashier of the bank, is responsible for this novel advertising "stunt."

Each separate item under resources and liabilities is carefully explained and analyzed. A number of back statements are shown, which portray the manner in which the bank is eliminating all possible questionable items, and the up-to-date statement shows an absolutely clean slate. After reading this advertisement, there should be no excuse for any depositor of the bank to ask a single question.

Visits in Davenport

Theodore F. Green, of Providence, R. I., president of the Morris Plan Banks of America, was a recent visitor in Davenport, Iowa. While there he was the guest of Herman L. Zeuch, president of the Davenport Morris Plan Bank.

Mr. Green was on his way east from Denver, where he had been attending a meeting of the American Bar Association. He says that since the organization of the first Morris Plan Bank in 1910, the entire organization has made more than 3,845,000 loans, exceeding a total of \$800,000,000, an average of \$208 per loan.

Change Organization

The Newton Improvement Company is the new successor to H. B. Allfree, Inc., in the abstract and loan business. S. J. Pooley, of Grinnell, Iowa, has been made manager with F. P. Ross as president. Mr. Ross is one of the vice presidents of the Jasper County Savings Bank.

Mr. Allfree has entered the employ of the Maytag Company.

Toy Institutions Elect

The Toy institutions in Sioux City, Iowa, recently held their annual elections with very few changes in their former personnel. James F. Toy was re-elected as president of the Toy National Bank, the Farmers Loan & Trust Company, and the Iowa Joint Stock Land Bank. All of the officers were re-elected with the exception of Ira A. Moore, who recently became vice president of the Minnehaha National of Sioux Falls, S. D.

Reorganization Progressing

The reorganization of the Farmers & Merchants State Bank of Columbus Junction, Iowa, is progressing rapidly. The necessary allotment of shares will soon be placed, giving the institution a capital of \$30,000 and a surplus of \$10,000.

Makes Large Loan

The National Agricultural Credits Corporation, organized several months ago to finance last years corn crop, has made total loans in Iowa of \$750,000. Corn upon which these loans were made is now largely marketed, and the loans being repaid. It is felt that with the general improvement in banking, the need for the Credits Corporation will not exist another year.

Two New Banks

Pocahontas, Iowa, has had the good fortune to have two banks open there on the same day. The Commercial State Bank has for its officers C. A. Garlock as president; Tom Shimon, Jr., vice president, and Charles E. Watts, cashier. The Pocahontas State Bank is officered by E. H. Rich, president; Bernard Bohlke, vice president, and F. J. Lorge, cashier.

Make Good Showing

The Jefferson State Bank and the Iowa State, both opening at Jefferson, Iowa, during the first week in March, this year, have showed substantial gains since their establishment. The growth of the Jefferson State indicates that it will probably have deposits reaching close to a half million dollars by the first of next year.

The Iowa State has also made great gains, and its deposits will compare favorably with the Jefferson State in another six months.

Goes with Chicago Bank

Ray M. Faber, who for several years was connected with the First National Bank at Le Mars, Iowa, has accepted a position with the National Bank of the Republic, Chicago.

Visits Northwood

Geo. C. Young, assistant cashier of the First National Bank of Los Angeles, California, was a recent visitor in Northwood, Iowa, his home town. Mr. Young left Northwood with his family thirty-seven years ago.

Auditor Resigns

W. B. Hannan, for the past ten years auditor with the First National Bank of Marshalltown, Iowa, has resigned his position to go with the Iowa state banking department as a bank examiner. Mr. Hannan will continue to live in Marshalltown, calling that city his headquarters.

New Bank at Vinton

The Iowa Savings Bank, of Vinton, Iowa, has recently opened for business in that city, taking over all the assets of the old Peoples Savings Bank. The depositors of the Peoples Savings will receive their accounts in full.

First Iowa State Trust & Savings

The First Iowa State Trust & Savings Bank of Burlington, Iowa, in its recent statement published June 30, 1926, gives loans and discounts as \$6,704,076.02, United States bonds \$425,035.02, cash and due from banks \$1,269,699.89, and total resources of \$11,161,490.48.

The bank is capitalized at \$600,000, and shows deposits of \$9,679,190.29.

Grinnell State Bank

The Grinnell State Bank, of Grinnell, Iowa, which will not be a year old until the 22d of October, this year, shows at the last call total resources of \$759,715.16, and deposits of \$674,262.99. The deposits of the institution have made a steady gain since its organization, and should be near the million mark by the first of January.

Iowa National Bank

The Iowa National Bank and the Des Moines Savings Bank & Trust Company,

A Steady Growth Indicates Satisfactory Service

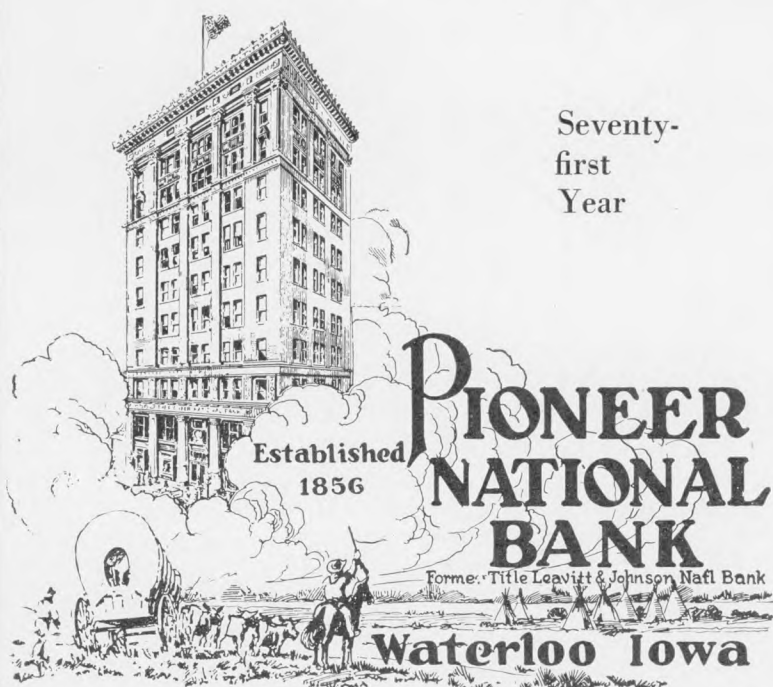


DEPOSITS

Five-year average 1915 to 1920	__\$2,085,000.00
Five-year average 1920 to 1925	2,850,000.00
Year 1925 average	4,008,000.00
June 30, 1926, statement	4,633,000.00

Capital	__\$200,000.00
Surplus	100,000.00
Profits	126,000.00

“An Honor Roll Bank”



Seventy-
first
Year

both of Des Moines, show in their recent statement combined resources of \$25,925,078.89. The institutions show combined deposits of \$22,962,663.68.

On Auto Trip

W. L. Robison, president of the Citizens National Bank of Hampton, Iowa, and his sons, Franklin and William, have left for a six weeks' auto trip to the Western Coast. They have gone out through South Dakota and Montana and expect to return the southern route via the Grand Canyon.

Chosen Assistant Cashier

Robert H. Clelland has been elected assistant cashier of the Pocahontas State Bank which has opened recently at Pocahontas, Iowa. Mr. Clelland comes to Pocahontas from Fort Dodge, where he has for the past six years been connected with the First National Bank.

Resigns at Manson

W. T. Ries has resigned as cashier and director of the Calhoun County State Bank at Manson, Iowa. C. I. Jackson has been elected the new cashier and E. C. Stevenson has been placed on the board of directors. Carl R. Bale was elected assistant cashier.

Goes to California

F. A. Ayers, who has been cashier of the Beaver Valley Savings Bank of Parkersburg, Iowa, has resigned his position and has left for California. Mr. Ayers expects to engage in business there.

Cashier at Parkersburg

H. R. Sapp is the newly elected cashier of the Beaver Valley Savings Bank at Parkersburg, Iowa. Mr. Sapp has had considerable banking experience in Iowa. He was for eight years cashier of a bank at Bradford, Iowa, and more recently has been connected with the bank at Stout, Iowa.

Elected President

G. C. Jaskinsky of Panora, Iowa, has been elected president and a member of the board of directors of the Jamaica Savings Bank at Jamaica. He succeeds his brother, the late S. Jaskinsky.

Elected Cashier

At a recent meeting of the board of directors of the newly organized Union Savings Bank of Grand Mound, Iowa, Nelson Hall, of Olin, was elected cashier. The new cashier plans on moving his family to Grand Mound in the near future.

Vigilantes Organized

The organization of a body of twenty-four armed vigilantes has recently been completed in Union county, Iowa. The men have been sworn in as regular dep-

uties and will be under the supervision of county sheriff Frank Collings.

Each member will be armed with a riot gun and the purchase of a number of rifles is also contemplated. Each member is under bond but will act without compensation.

Vigilantes Are Active

As evidence of the wonderful work which the several county vigilance committees are accomplishing throughout the state, Frank Warner, secretary of the Iowa Bankers Association, has handed to the Editor of the Northwestern Banker the two letters below. While the following activities are not in connection with bank robberies, they portray well the alertness of the men interested in this work, and their readiness to answer any call, the execution of which might make their communities a better place in which to live.

The first letter is written by A. M. Sheimo, president of the Farmers State Bank of Lake Mills, Iowa. In addressing Mr. Warner, he says:

"I presume that you have noticed something about the work of the Winnebago county vigilantes, in connection with the rounding up of four desperate chicken thieves who have been operating in northern Iowa and southern Minnesota.

"The three Wilson brothers of near Britt Iowa, and Harry Densel are now in jail in Albert Lea, excepting Chester Wilson, who is in jail at Forest City, and has plead guilty to assault and battery with intent to commit murder.

"Two of them were captured in Lake Mills by the city marshall assisted by three of the vigilantes, and an all-night chase by members from Forest City, Thompson, and Buffalo Center, resulted in capturing the other two near Britt early Sunday morning.

"The members from here who assisted were G. T. Twee, Floyd Nash, I. A. Nelson and Archie Nelson and M. O. Godtland."

The following letter is from F. C. Aue, secretary of the Sioux County Bankers Association, and described an incident which occurred recently in his territory:

"Knowing that you are always desirous to know news items in regard to the apprehension and capture of crooks I wish to inform you that our Sioux county chief of the vigilantes Mr. Chas. Brocke, last evening after being advised that a Mr. H. Hacket, of Sioux Falls, South Dakota, driving in car No. 1-4259 S. D., was wanted on a charge of forgery, Mr. Brocke, while on a drive south of Sioux Center got sight of this South Dakota car and single handed captured the desired Hacket.

"He immediately took the prisoner to Sioux Center, Iowa, and there kept him for more than three hours awaiting arrival of the sheriff of Sioux Falls. The

sheriff, together with his deputy and jailer, arrived and Mr. Hacket was identified at once and placed immediately in charge of the three South Dakota officials and taken back to South Dakota. The Sioux Falls sheriff took no chances and 'cuffed' the prisoner at once."

Sends Out Bulletin

President A. C. Smith, of the Iowa Bankers Association, has sent out a bulletin to all of the banks of the state in regard to the convention of the American Bankers Association, to be held at Los Angeles on October 3d to the 7th, inclusive. The famous Falltonic Special will make its annual sojourn to that conven-

tion. For many years the Iowa people have gone with that train to the A. B. A. conventions. The bulletin tells of two steel compartment cars that will be set out at Des Moines for the Iowa people desiring to come to Des Moines to get aboard the train. However, they can get on this special anywhere along the Northwestern or Burlington main lines, over which this special will travel. Those for whom reservations have been made on these special cars to attend the A. B. A. convention at Los Angeles include Mr. and Mrs. Homer A. Miller, president, Iowa National Bank, Des Moines; Mr. and Mrs. L. A. Andrew, state superintendent of banks, Ottumwa; Mr. and Mrs. A. C.

LET us show you how valuable a strong, progressive Des Moines connection can be to your bank.



BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
Capital \$1,000,000.00 Surplus \$200,000.00



*Assets
Over Six Million Dollars*

Statement of Condition

JUNE 30, 1926

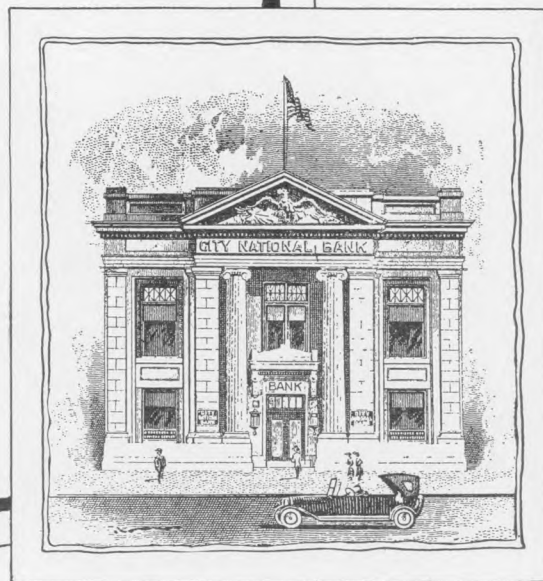
RESOURCES

Time and Demand Loans . . .	\$5,271,255.22
U. S. Bonds	343,519.70
Stock in Federal Reserve Bank	19,500.00
Real Estate and Fixtures . . .	86,201.95
Cash and Due from Banks and U. S.	1,236,286.07
	\$6,956,762.94

LIABILITIES

Capital	\$ 300,000.00
Surplus	350,000.00
Undivided Profits	113,103.31
Reserve for Taxes and Interest	90,000.00
Circulation	300,000.00
Deposits	5,803,659.63
	\$6,956,762.94

Established
1870



The
City National Bank
CLINTON IOWA

DIRECTORS AND OFFICERS

- ALFRED G. SMITH,
Chairman
ALFRED C. SMITH,
President
G. L. CURTIS,
Vice President
President, Curtis
Companies, Inc.
G. W. DULANY, JR.,
President, Eclipse
Lumber Co.
President, Climax
Engineering Co.
H. W. SEAMAN,
Inland Waterways Advisory
Committee
M. J. GABRIEL,
President Gabriel
Lumber & Fuel Co.
J. PETERSON,
J. O. SHAFF,
Farmer and Live Stock
Dealer
B. M. JACOBSEN,
E. J. CURTIS,
Vice President Curtis
Bros. & Co.
C. A. ARMSTRONG,
Pres. C. F. Curtis
Company, Inc.
W. R. SMITH,
General Manager
Clinton Corn Syrup
Refining Co.
A. P. BRYANT,
Manager of Operations
Clinton Corn Syrup
Refining Co.
F. H. VAN ALLEN,
V. P. and Sec'y.
J. D. Van Allen & Son
Inc.
H. S. TOWLE,
V. P. and Treas.
Towle & Hypes Co.
O. P. PETTY, Cashier
- J. H. NISSEN,
Assistant Cashier
H. G. KRAMER,
Assistant Cashier

Smith, president, Iowa Bankers Association, Clinton; Mr. and Mrs. T. R. Watts, president, Citizens Bank, Grand Junction; Mr. and Mrs. C. J. Wohlenberg, president, Holstein Savings Bank, Holstein; Mr. and Mrs. J. H. McCord, president, Citizens National Bank, Spencer; Mr. and Mrs. Ray Nyemaster, vice president, American Commercial & Savings Bank, Davenport; Mr. and Mrs. Frank B. Yetter, vice president, Iowa National Bank, Davenport; Mr. A. J. Moe, assistant cashier, Security Trust & Savings Bank, Fort Dodge; Mr. and Mrs. J. H. Sharp, manager, Des Moines Clearing House, Des Moines; Mr. and Mrs. Geo. Schaller, president, Citizens First National Bank, Storm Lake.

Change at Williamson

The Farmers Savings Bank at William-son, Iowa, has recently changed cashiers. C. A. Knudson, who has been cashier, is going to Ames with the College Savings Bank. He is succeeded in the Farmers Savings by Earl J. Woolever, who comes from Minneapolis.

Resigns at Rock Rapids

Charles Shade, president of the First National Bank of Rock Rapids, Iowa, has resigned his position in order to give his undivided attention to his other business interests. His office in the bank has been taken by J. P. Buscher, who has had many years of banking experience. Rufus Rhode becomes the new cashier of the institution.

Monticello State Bank

The Monticello State Bank, of Monticello, Iowa, headed by Henry M. Carpenter, president, shows in its latest statement total assets of \$3,156,826.78, and total deposits of \$2,722,658.27. A comparison of deposit figures covering the past several years shows a steady increase.

American Savings Bank

The American Savings Bank of Maquoketa, Iowa, was organized in December thirty-one years ago. The institution now has a capital of \$100,000 and a surplus of \$100,000, and is an "Honor Roll" bank. Its statement June 30th shows loans and discounts of \$1,036,445.20, bonds and cash and due from banks, \$261,236.01, and total resources of \$1,514,267.74.

The deposits of the bank are listed at \$1,309,420.31.

A Keen Loss

Friends of Mrs. Mark C. Barr, daughter of Mr. and Mrs. J. L. Edwards, of Burlington, Iowa, were deeply grieved to learn of her recent death in a hospital at that city. Mrs. Barr was born and raised in Burlington, and was a favorite with everyone with whom she came in contact. She was prominent in all the social and

civic activities of her home town and her death is a loss keenly felt by the entire community.

Jasper County Savings Bank

The Jasper County Savings Bank, Newton, Iowa, was established in 1869, and is the oldest bank in Jasper county. The bank is capitalized at \$100,000, and has listed surplus and undivided profits of more than \$71,000. Deposits of the Jasper County Savings, from its last published statement, are listed at \$2,624,444.55, with total resources of \$2,796,249.36.

"Come to Iowa"

We hear about bankers having as a side line farming, dairying, insurance, real estate, and possibly dogs and rabbits, but it is seldom that one appears that is musically inclined. But there is such a banker.

The new Iowa song, "Come to Iowa," of which O. M. Oleson, vice president of the First National Bank of Fort Dodge is the composer, is receiving a very favorable reception. It has been especially popular with farm bureau gatherings, county meetings, fairs, etc., and undoubtedly will be used extensively on school programs in Iowa.

The composer of "Come to Iowa" will be remembered as the one who wrote the music to "In Flanders Fields" which has been used by male choruses throughout the country.

The words of "Come to Iowa" are as follows:

Come to Iowa in the central West,
Where the land is supreme and the homes
are best,
Here the farmer is king in his realm on the
hill,
Faithfully striving the soil to till.

Chorus—

In this grand old State,
In this good old State,
Let us all give our best.

Work in Iowa where the corn grows tall,
Where the ripening fields turn to gold in the
fall.
Here the flocks and the herds over green pas-
tures stray,
From the dawn 'til the close of the day.

Live in Iowa, in this favored land,
Where the schools and the churches are ever
at hand.
Here the boys and the girls are wholesomely
raised,
And the glory of God is praised.

It is not possible to give the music here,
but we are sure that if Northwestern
Banker readers will write to Mr. Oleson
he will be glad to cooperate with them.

Holds Annual Picnic

The annual picnic of the officials and employes of the Council Bluffs Savings Bank, Council Bluffs, Iowa, was held recently on the Carl Spetman farm near Dumfries. More than fifty persons sat down to the picnic dinner and took part in the games afterward.

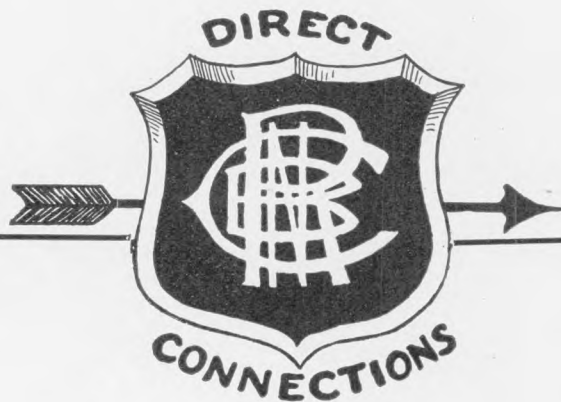


A Pioneer Among Iowa's Financial Institutions and Growing in Service with the Years

IOWA  **LOAN
& TRUST COMPANY**

BANK
Member Federal Reserve System

DES MOINES, IOWA



The Personal Element

A bank's character and usefulness—its standing in the community and state—is nothing more than a reflection of the individual character and efficiency of its officers and directors. In a field where service means so much, the personal element is outstanding.

The Cedar Rapids National places at your disposal a trained organization, men of experience, men with a thorough knowledge of banking in its many forms. The personnel of the Cedar Rapids National is familiar with conditions in Cedar Rapids and Cedar Rapids territory.

And above all, these men are working to get results for YOU. It is your satisfaction that counts with us—always.

"This Bank Was Not Built in a Day"

The Cedar Rapids National Bank

OFFICERS

Ralph Van Vechten
Chairman of the Board

Glenn M. Averill
President

Geo. F. Miller
Vice President

Van Vechten Shaffer
Vice President

Chas. C. Kuning
Cashier

Peter Bailey
Assistant Cashier

Geo. W. Swab
Assistant Cashier

Marvin R. Selden
Assistant Cashier

Bertha M. Wolf
Assistant Cashier

About Iowa Bankers

L. A. Andrew, state superintendent of Banks, attended the national convention of superintendents of banks in Columbus, Ohio.

The state banking board held its regular meeting in Des Moines recently. All were present, including L. A. Andrew, superintendent and chairman; C. J. Wohlenberg, Holstein; Ray Nyemaster, Davenport; E. W. Miller, Waterloo; John H. Hogan, Des Moines.

C. C. Wohlenberg, vice president of Holstein Savings Bank and Mrs. Wohlenberg are spending their vacation in Chicago and the East.

The fourth annual state shoot of the Iowa Vigilantes will be held in the month of September this year. Previous to this time it has been held in October. As usual, the meet will be held at Fort Des Moines. It is anticipated that definite dates can be announced soon.

The county bankers' associations are holding many meetings these days. They are composed of picnics to which the vigilantes are invited. Rifle and pistol matches, games, followed by "big eats" are the order of the day. J. R. Quinlan, state chief of the vigilantes, is busy trying to attend them all.

On August 1st Fayette County Bankers Association and Clayton County Bankers Association held a joint meeting at Elkaeder. On July 28th Clayton County Bankers Association held a business meeting which was addressed by C. C. Jacobsen, deputy superintendent of banks, and Frank Warner, secretary of the Iowa Bankers Association.

John Sieh, vice president of Iowa Bankers Association, spoke before the Ida County Bankers Association at Holstein on July 29th.

To Have New Building

The Washington Loan & Trust Company of Washington, Iowa, is to have a new business home. Contracts have already been let for the remodeling of the old city hall, which the company purchased some time ago. The structure will be made completely modern, and when finished will give ample space for the rapidly increasing business of the Washington Loan & Trust.

Sells Bank Stock

O. F. Fryer, who for twenty-one years has been connected with the Iowa State Savings Bank at Fairfield, Iowa, has sold his stock in that institution to Frank Ricksher. He has sold his stock in the Iowa Loan & Trust Co. to C. W. Riggs and has retired from the presidency of both institutions. Mr. Fryer has not announced his future plans, except to say that he expects to take a long vacation.

It is of little traits that the greatest human character is composed.—Winter.

Many Changes Taking Place

A teller of an eastern Iowa bank recently received a cash deposit of considerable size, and which bore evidence of having been out of circulation for a number of years. A partial list of the National bank bills in the assortment is listed below, which will give an idea of the time of issue.

Commercial National Bank, Chicago, Ill., J. H. Eckels, Pres., N. R. Losch, Cashier.

Cedar Rapids National Bank, Ralph Van Vechten, Pres., Kent C. Fermen, Cashier.

Hamilton National Bank, Chicago, Ill., Chas. B. Pike, Pres., Henry Meyer, Cashier.

National City Bank, New York, N. Y., Jas. Stillman, Pres., Wm. Kilborn, Cashier.

Merchants National Bank, Council Bluffs, Iowa, C. E. Price, Pres., C. Koningmacher, Cashier.

First National Bank, Lyons, Iowa, D. J. Batchelder, Pres., Wm. Holmes, Cashier.

Citizens National Bank, Des Moines, Iowa, J. G. Rounds, Pres., Geo. Cooper, Ass't Cashier.

City National Bank, Clinton, Iowa, A. L. Stone, Pres., A. G. Smith, Cashier.

Iowa National Bank, Davenport, Iowa, A. P. Doe, Pres., J. E. Burmeister, Ass't Cashier.

First National Bank, Dewitt, Iowa, J. H. Price, Pres., E. W. Price, Cashier

First National Bank, Dubuque, Iowa, W. M. Hetherington, Pres., H. F. Koester, Cashier.

Merchants National Bank, Clinton, Iowa, L. Lamb, Pres., C. D. May, Cashier.

First National Bank, Belle Plaine, Iowa, C. A. Sweet, Cashier, G. R. Sheare, Pres.

First National Bank, Marengo, Iowa, J. O. Braush, Pres., Frank Kook, Cashier.

First National Bank, Fairfield, Iowa, Rollin J. Wilson, Pres., Frank Light, Cashier.

First National Bank, Tipton, Iowa, J. H. Coutts, Pres., W. J. Moore, Cashier.

Red Oak National Bank, Red Oak, Iowa, B. B. Clark, Pres., Paul Clark, Cashier.

First National Bank, Dewitt, Iowa, W. H. Talbot, Pres., A. M. Price, Cashier.

First National Bank, Toledo, Iowa, J. E. Struber, Vice Pres., W. A. Dexter, Cashier.

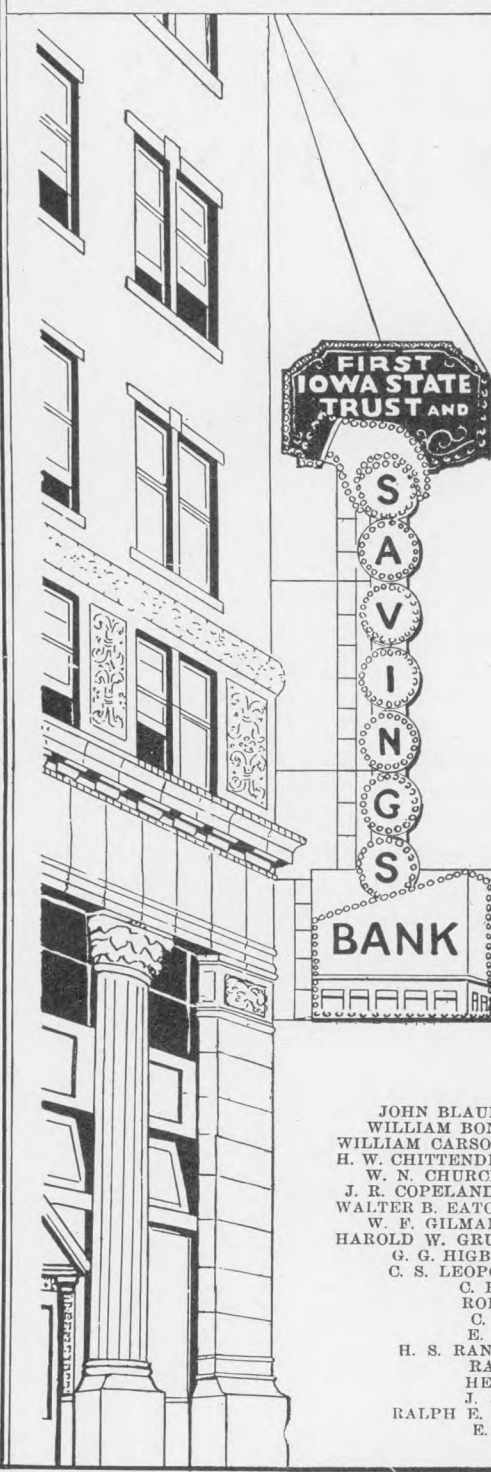
Waterloo National Bank, Waterloo, Iowa, J. D. Easton, Pres., R. M. Knox, Ass't Cashier.

First National Bank, Wyoming, Iowa, Park Chamberlain, Pres., A. A. Vaughn, Cashier.

First National Bank, Woodbine, Iowa, Geo. A. March, Vice Pres., Geo. W. Coe, Cashier.

Every man admires a clever person, especially himself.

CAPITAL AND SURPLUS OVER \$1,000,000.00



Established 1874

“Getting results is the work of efficient management”

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 C. T. SIMMONS, Vice President
 R. L. BUNCE, Vice President
 L. M. WILSON, Cashier
 ELMER RAUENBUEHLER, Assistant Cashier
 L. T. PANTHER, Assistant Cashier
 F. J. NORTON, Assistant Cashier
 RAY HUMPHREY, Manager Bond Department
 T. H. WILSON, Auditor

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TRUST & SAVINGS BANK

MEMBER FEDERAL RESERVE SYSTEM BURLINGTON IA.

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**MERCHANTS
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"None Better"

"None better" is the way the president of a correspondent bank writes about the Merchants National's service.

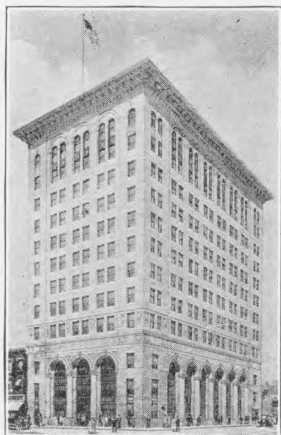
He says: "We have always believed The Merchants National of Cedar Rapids would give us satisfactory service, along with that safety which comes only through a progressive yet well-managed institution.

"A connection extending over more than twenty years has but strengthened that belief. There may be other banks as good, BUT none better for the country bank that will carry with its correspondent a balance worth while."

Resources \$15,000,000

James E. Hamilton President

P. C. Frick
 Vice President
 E. E. Pinney
 Vice President
 Edwin H. Furrow
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 Roy C. Folsom
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Mark J. Myers
 Vice Pres. & Cash.
 S. E. Coquillette
 Vice President
 E. B. Zbanek
 Vice President
 L. W. Broulik
 Assistant Cashier
 Fred W. Smith
 Assistant Cashier

Associated Management of Farms

ONE of the scholarly addresses at the Iowa convention was that on "Associated Management of Farms," by Dr. C. L. Holmes, chief, agricultural economics section of Iowa State College at Ames. Speaking on this broad subject he said, in part:

We are now ready to discuss the main theme of the paper, namely, that of associated management of farms. By this I mean the control of some 20 to 30 farm units of ordinary size, amounting to from three to six thousand acres, under the general organization and direction of a skilled manager. While it is true that the farm as ordinarily organized cannot compete for unusual managerial ability with other industries, experience has shown that when farms are combined in a system as just described, the returns from their management are more than sufficient to pay the costs of the expert management which is needed, and while this sort of organization could not, of course, command the services of a Henry Ford or Charles Schwab, yet they can and do offer opportunities for men of unusual ability in farm organization and management, with a comfortable margin of profit for the owners of the land.

Experience seems to have shown that the best relation between these expert managers and the men who work under them is that of tenancy. If we place each individual farm unit in the hands of a man who is himself a good workman and give him a limited amount of responsibility for that farm and for the power, equipment and additional labor employed upon it, while making him in general responsible to the expert general manager for the program of farming to be carried out and for the general scheme of operation, we will have a situation in which the interests of the expert manager, the landowner, and the actual tiller of the soil are all identical.

From the point of view of making the foregoing arrangement most effective, the lease by which the tenant holds his farm is of primary importance. This should not be a cash lease because under that form of rental the interests of the landowner and the tenant are made diverse rather than identical. We want some sort of lease which will make the returns to both parties contingent upon the effective work, not only of the general manager, but of the tenant himself. In other words, we want some form of share tenancy. The form of share tenancy which has proved most satisfactory under these conditions, is the so-called 50-50 stock-share lease. This form of lease was introduced into Iowa some years ago, presumably from the dairy regions of southern Wisconsin. It attracted but little attention at first, although a great

many landowners who lived near their land, and wished to devote a considerable amount of personal attention to its farming, found it an ideal arrangement. Likewise a good many young tenants lacking capital to carry on an adequate livestock type of farming found it to their advantage. Since the depression following the war, because of the bankruptcy of so many cash renting tenants, this type of lease has received added attention. It has worked admirably where circumstances were such as to throw the two parties into rather close relationship, particularly if these two parties were of such disposition as to enable them to work in harmony. It has proved anything but satisfactory for the so-called absentee landlord. It adapts itself with particular effectiveness to the needs of a system which I am advocating. With an expert manager devoting all of his attention to the affairs of from 20 to 30 farms, working in close cooperation with the tenant, such a lease as this works admirably.

Perhaps you are more or less familiar with the general scheme. Under it the landlord furnishes not only the farm, as is done in crop-share renting, but furnishes 50 per cent of the investment in the livestock on the farm, the tenant furnishing the other 50 per cent. Instead of receiving a set proportion of the crops raised, he receives a set proportion, usually one-half, of all the farm receipts, including those from the sale of livestock, as well as of crops and the accruals in the form of unsold products. It can readily be seen how such an arrangement as this encourages constructive livestock farming, whereas the old-fashioned crop lease discourages it, because the landlord takes away from the farm as rent practically half of the feed crops grown. It seems to embody all of the advantages both to landlord and tenant of the crop-share renting with none of its disadvantages. It is the form to which practically all of the collective management establishments with which I am familiar are turning.

Another element of great importance in the associated management scheme is the advantage to be derived from collective buying and selling. In the case of livestock farming an important influence on profits is the degree of skill with which stock cattle and hogs, as well as feeds are purchased. If this can be done for all the farms by the expert manager himself, who should be a skilled buyer, there can be a wide margin of advantage secured over what would be true if each individual farmer, with his lack of experience and bargaining power, does the buying for himself. I personally know one alert young business man in Pocahontas county who is handling something like 25 farms whose buying activity takes him into a number of states from which

**Our Growth
From
One One-Hundredth
Of a Million
In 1917
To Over
Two And a Quarter
Million
In 1926**

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Foshay Building
Minneapolis

New York Chicago St. Paul Portland, Ore.



“The important part of any banking business is the individual service rendered”

CHAS. SHULER, President
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WM. H. GEHRMANN, Vice Pres.
LOUIS G. BEIN, Cashier
HERMAN STAAK, Asst. Cashier

Iowa National Bank
Davenport, Iowa

Prized above all else—Good Will

Good will is hard to win, and harder still to keep.

It may take years to build up, yet it can vanish overnight for almost no reason at all.

That is why we here at the Security State Bank prize Good Will above all else, and have worked faithfully and sincerely to render the kind of service that merits public approval.

This policy is bringing new friends daily.

*You, too, will like banking
the "Security State" way*

SECURITY STATE BANK

KEOKUK "Where Banking Is a Pleasure" IOWA

The spirit of friendliness which prevails throughout the First National organization is the same now as it was sixty-three years ago, when the bank was established. Today we are better equipped than ever before to give Iowa banks our friendly—an efficient—cooperation.

*We Will Consider It a
Genuine Pleasure to
Serve You*

FIRST
NATIONAL
BANK
IN THE UNITED STATES



OFFICERS
A.F. DAWSON, President
JOE R. LANE, V. President
IRVIN J. GREEN, Cashier
C.F. SCHMIDT, Asst. Cashier
P.A. TORNQVIST, Asst. Cashier

FIRST NATIONAL BANK

DAVENPORT, IOWA

he picks up stock hogs and feeder cattle to be let out to his tenants on these farms for feeding. I know of another high-class manager who left a lucrative advertising business to take control of some 3,300 acres in a county to the south of us who has market contacts in all of the leading livestock markets which enable him both to buy and sell at a wide advantage over the ordinary farmer. Approximately half of this 3,300 acres is in corn each year, and in addition to that, fully 40 per cent of the corn which is fed is purchased. From this fact one can get an idea of the volume of feeding operations on this consolidated farm and of the advantage which this man's buying power gives to the establishment.

Finally, the advantage to be obtained from this system of management through what the Englishman calls "high farming" is of tremendous importance. I have already stressed this in terms of better soil management, better crop production, better livestock raising, and better general business methods.

To sum up the essentials of this system of associated management of farms, they are, first, adequately supervised tenancy; second, a well worked out stock-share lease; third, collective buying and selling, and fourth, a type of farming of more than average efficiency. These things constitute the source of the margin of profit which will support the cost of such management and leave a comfortable margin of return for the owners of the farm property involved.

Safety Regulations for Garages

Dr. Don M. Griswold, state health commissioner, calls attention to the damage to health and life from automobile exhaust gas and the fumes from the evaporation of gasoline. He proposes the following regulations for automobile garages, repair shops, service stations and filling stations:

"1. Automobile garages or repair shops holding more than five cars and all public service stations and filling stations for automobiles should be registered with the local health department.

"2. In addition to doors and to window-ventilation in summer, automobile garages, repair shops, service stations and filling stations should have permanently operative ventilation at least equivalent to that given by an opening or openings at ceiling level free to the outside air, but protected from down draughts, with cross-section of two-tenths per cent of the floor space available for cars, together with an opening or openings for inlet near floor level of corresponding effectiveness, both arranged to give possible dilution of exhaust gases as generated. This is to be taken as a minimum, special conditions requiring greater permanent ventilation.

"3. Automobile garages, repair shops,

service stations and filling stations should be kept reasonably clean and free from dust by means of flushing out and moist sweeping or vacuum cleaning.

"4. Automobile garages, repair shops, service stations and filling stations should keep conspicuously posted a copy of these regulations, with following statements in large type:

"Automobile exhaust gas is dangerous. Motors should not run longer than thirty seconds unless the car is in motion or the exhaust is directly connected to the outside air. Liquid sold as motor fuel, except ordinary gasoline, should be used only as motor fuel, and not for cleaning or other purposes. The fumes from the evaporation of even ordinary gasoline may be injurious."

THE FARMER AND HIS MORTGAGE

(Continued from page 70)

some of the proposed legislative experiments may be beneficial."

"Wait a minute before you go. I am a western farmer returning from the stockyards market," interrupted a tall man who had been listening in during the discussion.

"I am one of the six million American farmers who have not borrowed on mortgage from either the Federal or joint stock land banks, but I have helped pay expenses for those who have borrowed. I am paying heavier taxes because wealthy financiers invest in tax-exempt securities.

Six Million Outsiders

"There are 6,448,373 farms in the United States according to the last 1920 census. The Farm Loan Board report for 1925 shows that 463,510 tax-free farm loans have been made by the Federal and Joint stock banks. That leaves almost six million of us outsiders to pay heavier taxes on account of the tax-free bonds.

"The treasury department at Washington shows that at the end of May there were nearly \$18,000,000,000 of tax-free bonds outstanding. Most of these were public bonds, but farm bonds were included. There will be no limit to the volume of tax-free securities if city mortgages are made tax-free. There are several bills before Congress now to create home loan banks patterned after the farm loan banks, but to loan on city property. New York has within the last two months created state housing corporations authorized to issue tax-free securities. There is no good reason for refusing to create tax-free city banks if farm loan banks are to be tax-free.

"When the truth is all known about tax-free bonds, every farmer and other taxpayer will realize that tax exemption of one form of property increases taxes on incomes and on other property. The first step to farm prosperity should be legislation to make all future issues of bonds subject to federal income taxes."

*When You Have
Items
for Davenport*

the American Commercial and Savings Bank will handle them as you want them handled. Broad facilities and years of successful operation give our service to banks and bankers the helpful quality that you desire.

**AMERICAN
COMMERCIAL &
SAVINGS BANK**
of
DAVENPORT, IOWA



FOR more than thirty years the CENTRAL STATE BANK has occupied a leading place in the business and financial affairs of Des Moines and Iowa.

SIMON CASADY
Chairman of the Board

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President

THE OLD RELIABLE
CENTRAL STATE BANK
OF DES MOINES

Banking, Trusts and Investments
Safe Deposit Vaults

Member Federal Reserve System

TOTAL RESOURCES OVER NINE MILLION

Sunbury Falls Community Chest

Drive-weary business men of Sunbury, Pennsylvania, were given a treat this year by the local chamber of commerce. Instead of the time-worn device of raising money by "team work" and "personal solicitation" for the community chest, a mail campaign was inaugurated. The results show that the business men were appreciative of this consideration.

All the old dodges were eliminated. The luncheons with their traditional speeches advocating the obvious and hoping for the best, the "pep-songs" that didn't instill pep, the weary hours spent walking from

office to office, often meeting with positive rudeness as an answer to the request that every citizen do his duty, the committee reports, and other annoying details, all were done away with.

Instead of this method of raising money, the Sunbury chamber of commerce printed a two-page folder. The type used in it was large and readable. The opening paragraph stated that "it was not the intention to ask you to serve as a team worker for the community chest campaign" and that the mail campaign had been adopted to avoid annoying business men. There followed then the budgets

of the various participating organizations and a final suggestion that the success of the method depended on the liberality of the recipient who was asked only to contribute—not to serve as a solicitor.

On the coupon in the folder was written the amount that the business man had given last year.

This campaign was carried on at a saving of 75 per cent of the cost of last year's campaign and the amount raised was \$2,000 more than ever before. The salary of the professional director usually hired from outside, the cost of the extra clerical help needed, a large bill for print-



PEARSON HOTEL

On the near North Side
CHICAGO

THE pleasure of your Chicago visit will be heightened if The Pearson is selected as your stopping place. It is located just outside of the business, theatrical and shopping district, yet within pleasant walking distance; its moderate rates, unexcelled equipment and service, notably good and reasonably priced food, all make it a perfect base for opera, concert, theatre and shopping expeditions. A 300-car fire-proof garage is close by.

SEND TODAY FOR
ILLUSTRATED FOLDER

The Pearson is a block east of the intersection of Pearson Street and North Michigan Boulevard. Rates for one person are from \$3.50 to \$5.00 a day; for two \$5.00 to \$7.00; two-room suites \$10.00 to \$14.00. Every room and suite with private bath.

At your service—
in Eastern Iowa
and
Western Illinois

PEOPLES
TRUST &
SAVINGS
BANK

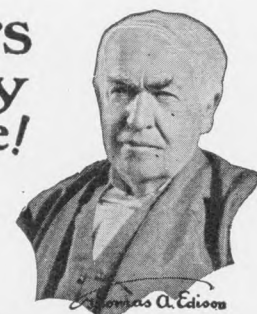
Peoples Trust & Savings Bank

CLINTON, IOWA.

Remember it this way—"PEOPLES TRUST"

Millions of letters
are mailed a day
ahead via the Ediphone!
Dispatch is business!

THOS. HARRIS, Distributor
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Edison's New Dictating Machine

KEEP YOUR OFFICERS

in closer touch with your savings and checking accounts by the use of our expert mailing service. Our specialty: Duplicating Letters, Addressing, Matching, Folding and Mailing.

DES MOINES DUPLICATING CO.
917-919 WEST GRAND AVE.

DES MOINES, IOWA

ing and the cost of luncheons were all saved. This left more money to be used for the chest purposes.

It was possible by this means of raising the money to eliminate all the unpleasantness caused by the perfectly legitimate excuses of business men such as: "Some folks are always asked and expected to do the job," "I must earn a living," "Percentage of expense is too great," etc.

The success of the campaign will prompt other cities to try the method and it is probable that it will meet with equal approval. The Sunbury chamber of commerce will undoubtedly be glad to furnish anyone interested with information about their experiment.—From *Nation's Business*.

Then Europe Might Love Us Again

Recent attacks upon the American debt policy may or may not be the result of a tacit understanding among the debtor nations.

These assaults, however, have assumed the appearance of a concerted drive, in which Great Britain, France, Belgium, Italy and even Germany are all involved.

Having brought about a very great reduction in the sums to be repaid, these powers are not yet satisfied. They now want an even greater reduction and, if possible, outright cancellation.

To that end a drum-fire of abuse, denunciation and vilification is being laid down upon America and Americans.

The nation that plunged itself \$26,000,000,000 into debt because of an old world war is without a European friend.

Debt reduction is the policy of Winston Churchill, chancellor of the exchequer, and of a growing group of British politicians.

France hopes, in the end, for cancellation.

Germany hopes repudiation may come and is ready, in turn, to demand freedom from future reparation payments.

America, and America only, would be left to pay the war bill.

Should the cancellation drive succeed, then Europe's fondest hope, that of saddling the cost of Europe's own war upon America, would be achieved.

Nations with great armaments could have even greater ones.

While American taxpayers paid old world war bills, more wars could be plotted.

Doubtless when these wars were over some way could be found to persuade America to settle these bills also.

If we will yield to pressure, threat, intimidation and coercion, then Europe may love us again.

If we will tear up old world obligations to the tune of \$12,000,000,000, Americans might possibly again be popular in Europe.—*Philadelphia Public Ledger*.

1876

1926

Ask Your Banker Friends

what they think about the Consolidated National Bank of Dubuque.

Iowa bankers recognize this institution in the Dubuque territory.

For 49 years the Consolidated has been serving Iowa banks and bankers. Your account here will receive the most careful attention at all times.

J. K. Deming, President
Geo. W. Myers, Vice President
Jas. M. Burch, Vice President
Herman Eschen, Secretary
Jos. W. Meyer, Cashier

Consolidated National Bank

UNITED STATES DEPOSITORY

DUBUQUE, IOWA

SOUND BONDS FOR BANK INVESTMENT



The First National Company of Iowa

Hanford MacNider, President

MASON CITY

Security Building
Cedar Rapids

Valley National Bank Building
Des Moines

Preventing Farm Slumps

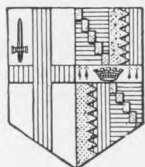
(Little Talks on Tiling, No. 20)

ANALYSIS of official records over a period of 36 years shows that the general farm income drops in those years having either abnormally heavy or light rainfall. This is because either an excess or a shortage of rain reduces crop yields. But the experience of thousands of farmers shows that they get consistently large yields from tile-drained lands, whether the season is wet or dry. Thus the owners of tile-drained lands do not suffer these periodic slumps in their income which work such hardship on the owners of untilled land.

**Tile Drainage Insures Large Yields
And So Prevents Farm Income Slumps**

Mason City Brick and Tile Company

312 Denison Bldg. Mason City, Iowa



A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. Together with its affiliations it operates 2,250 branches in Great Britain and Northern Ireland, and has agents and correspondents in all parts of the world. The Bank has offices in the Atlantic Liners *Aquitania*, *Berengaria* and *Mauretania*, and a foreign branch office at 196 Piccadilly, London, specially equipped for the use and convenience of visitors in London.

MIDLAND BANK

LIMITED

HEAD OFFICE: 5 THREADNEEDLE STREET, LONDON, E.C. 2

Affiliated Banks: Belfast Banking Co. Ltd., Northern Ireland; The Clydesdale Bank Ltd., and North of Scotland Bank Ltd., Scotland

THE STATE CENTRAL SAVINGS BANK KEOKUK, IOWA

Capital	\$ 200,000.00
Surplus and Undivided Profits	329,574.16
Deposits	2,803,196.77

WILLIAM LOGAN, President
 L. J. MONTGOMERY, Vice President
 C. J. BODE, Cashier
 ASAPH BUCK, Vice President
 ALVIN KRAFT, Assistant Cashier
 L. J. WOLF, Assistant Cashier

:: ACCOUNTS OF BANKS AND BANKERS INVITED ::

Political Freedom in Europe

The Filipinos are not the only people unfitted for self government. In Europe there are several nationalities in the same plight, conspicuously the Russians and the Italians. Now the French people are showing many signs of the instability which unfits a people for political freedom. One "government" after another has failed in France, where national finances go from bad to worse. It is a curious thing that Germany, the loser of the war, is recovering more rapidly from its shock than the nation at which its hatred was most venomously hurled.

No people is fit for self-government among whom personal honor and honesty does not prevail. In France there is every evidence that her political control would repudiate her obligations to the United States, and fasten upon the taxpayers of America the entire cost of her war of defense. This has been shown so conclusively and so many times in the past year that regret is being expressed in America that we ever entered the war.

This is not all. Germany is meeting her obligations to the nations she assaulted—not willingly, it may be—but actually, nevertheless. Because of this the feeling toward her in this country is rapidly becoming friendlier than it is for France, whose political leaders and newspapers are abusing us in spite of what we did for her in saving her from Germany's clutches. And this while tourists spend money like water in France!—From *Chicago Journal of Commerce*.

This Wicked Old World

Young Mr. Hillyer Hawthorne Straton, having reached his majority, seeks a pulpit. He is a son of Rev. John Roach Straton, of the Baptist Church, and has passed a church inquisition as to his fitness for the ministry. If what he said to newspaper men is correctly reported he has the belief often held by the pulpit, and expressed it as follows:

"I believe the world is going plumb to hell. It's bad, always has been bad and is going to get worse, but up to the present, it's no worse than it has been, and, in a number of points, it is better."

We are glad to see that saving last clause. This is a wicked world, to be sure, but we do not believe it is hell-bent, as the young man says. The bad in men is over-advertised. The good in them often goes unnoticed. In all the newspapers the wickedness of men is heralded as it is found out. Their virtues go unnoticed, as a rule, or are in small type with scant headlines.

This is sound proof of prevailing goodness. It is the unusual and the shocking, the sensational and the immoral get publication. When righteousness becomes the exception and evil the rule the newspapers will feature virtue instead of vice. There

is wickedness in Chicago, but of our 3,000,000 people perhaps 2,900,000 pursue the daily course of their lives without serious offense. The well-known "average citizen" is a decent sort of chap, and all over the country men are better, very much better, than they have been in former periods. And the world is not "going plumb to hell." It may not be headed directly for heaven, but every day in every way it grows better and better.

OPERATING COSTS AND INCOME

(Continued from page 54)

age float in the account. This can be done by entering on the analysis sheet, from the customer's deposit slip, all items deposited on out of town banks and banks in the same city with the depositor. These items can then be placed in columns on the analysis sheet; first column representing all one day items, second column two day items, third column three day items, etc. Your correspondent banks can furnish you with a transit sheet showing what points can be cleared in one day, what points in two days, etc. At the end of the month the columns of this sheet may be added, each column multiplied by the number of days the items are in transit and the total of these products divided by the number of days in the month, the result will be the average daily float. Daily floats then may be deducted from the average balance as shown in our Chart 3, the result will give the net available balance. Then must be deducted the percentage of the reserve required by the bank in order to obtain the sum available for loaning. The sum available for loaning may then be considered worth 6 per cent to the bank, although at the present interest rates a percentage of 5 or 5½ would be more conservative. Considering the balance at the given rate will show the gross value of the account. From this, one can deduct the carrying cost shown in Chart 3. The total of these handling costs may then be deducted from the gross value of the account to determine the net value. You may not be surprised to see the result in rating as it is in our illustration. When this is the case, it is only fair to call in the depositor and arrange a service charge that will take care of the cost to the bank. This is only fair to the bank's stockholders as well as to the other paying customers.

To conclude, it needs no prophet nor a keen student of affairs to comment on the fact that we in the middle west have just been passing through one of the greatest crises in banking history and that a turn must come. It needs no great prophet to foresee that that turn must come for the better, but I am willing here to risk what little reputation I may have as a student of economic history and business statistics when I make the pre-

diction to you gentlemen that we are not going to have back those good old days of ten and twenty years ago when a bank can count on a large margin of profit between interest paid and interest received, and when it can pay comfortable salaries and large dividends to its officers and stockholders. It must find new ways of serving its community, new methods of charging for that service.

Three Presidents

The Omaha National Bank, of Omaha, Nebraska, on July 2d celebrated its sixtieth birthday. It opened for business July 2, 1866, in a small frame building

on Douglas Street, with Ezra Millard as its first president and an original capital of \$50,000. Its first quarterly report in 1866 showed deposits of \$120,000, while its statement for June 30, 1926, showed over \$36,000,000, more than three hundred times the amount shown on its first statement sixty years ago.

During its sixty years the bank has had but two presidents besides the founder—Senator Joseph H. Millard and the present incumbent, Walter W. Head.

Wilbur M. Johnson, vice president and actuary of the Royal Union Life, is the father of twin sons, born last month.



OVER 100 YEARS OF COMMERCIAL BANKING

A New York Bank with a World-wide Background

After one hundred and fourteen years of banking in New York, with offices from the Battery to the Bronx,—growing and developing to keep thoroughly abreast of modern banking standards—Chatham Phenix knows New York and New York banking methods.

And after serving thousands of correspondent banks all over the country for many years, it knows what correspondents want in the way of service—and knows how to give it to them.

MAIN OFFICE

149 Broadway, Corner Liberty Street
New York City

RESOURCES OVER A QUARTER BILLION DOLLARS

A Dinner for Shaw

Some time ago, when Bernard Shaw was invited to attend a dinner given in honor of Ramsay MacDonald, he answered sharply that there was no sense in arranging a dinner for the purpose of telling Mr. MacDonald what he already knew—that he was a competent man in his line. Now, however, at his seventieth birthday, Bernard Shaw has attended a dinner which was arranged for the purpose of telling him that he is a competent man in his line. And the toastmaster was Ramsay MacDonald.

To Convene in Philadelphia

The National Association of Mutual Savings Banks, an organization composed of more than 600 financial institutions

throughout the country, will this year hold its convention in Philadelphia, October 18th to 22d.

Not only will the representative savings bankers of this country meet at this time, but also savings bank representatives from fifteen foreign countries. The program will follow along general lines, and it is anticipated that more than 1,000 bankers and their families will be present.

Missing Something

One of Sir Thomas Lipton's favorite stories concerns an old Scotchman, who went to a horse race for the first time and was induced to stake a sixpence in the third race on a forty-to-one shot. By some miracle this horse won, and when

the bookmaker handed the old man his winnings he could hardly believe his eyes.

"Dae ye mean to tell me I get all this for ma sixpence?" he exclaimed.

"You do," replied the bookmaker.

"Ma conscience," muttered the Scotchman. "Tell me, mon, how long has this thing been goin' on?"—Boston Transcript.

Two great and principal passions are evidently appointed by the Diety to rule the life of man; namely, the love of God, and the fear of sin, and of its companion—Death.—Ruskin.

Character is a fact, and that is much in a world of pretense and concession.—Alcott.

"ROLL OF HONOR" BANKS

It is an honor to be listed among the Honor Roll Banks. It indicates that the bank has Surplus and Undivided Profits equal to or greater than its capital.

Such distinction is accorded to the banks listed on this page. By careful management and sound banking they have achieved this enviable position.




These banks will be especially glad to handle any collections, special credit reports or other business in their communities which you may entrust to them.



Correspondence is invited.

IOWA

Town	Bank	Capital	Surplus and Profits	Town	Bank	Capital	Surplus and Profits
Davenport	Union Sav. Bk. & Tr. Co.	\$1,250,000	\$1,250,000	Monticello	Monticello State	\$ 200,000	\$ 225,000
Ft. Madison	Lee County Sav.	50,000	56,000	Soldier	Soldier Val. Sav.	20,000	28,991
Lake Mills	Farmers State	25,000	38,000	Wallingford	Farmers Sav.	15,000	35,000
Little Rock	First National	25,000	26,000	Waterloo	Pioneer National	200,000	210,000



The
FIRST NATIONAL BANK, Waterloo, Iowa

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Secretary Waterloo Fruit & Commission Co.

A. M. PLACE
Vice President

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THE First National Bank of Waterloo is equipped to give you the highest degree of SERVICE, and do it promptly and efficiently at all times. Fifty-eight years of steady conservative growth enables this bank to extend such service.

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Chartered 1865

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IN THE DIRECTORS ROOM



A Clairvoyant

Judge (to convicted burglar): "Have you anything to say before sentence is passed?"

Burglar: "The only thing I'm kicking about is bein' identified by a man that kept his head under the bedclothes the whole time!"—"Selected" by *The Dry Goods Economist*.

Leading Local Product

Little Boy (sight-seeing in Washington): "Hey, poppa, when are we goin' to see the red tape, huh, poppa?"—*Chaparral*.

A Ruined Holiday

Mistress: "Did you enjoy your day at the seaside, Mary?"

Mary: "No, I didn't, mum, all the picture 'ouses was full, so we 'ad ter wander around the beach and watch the ships all day!"—*The Passing Show* (London).

To Weld the Happy Pair

Leading the bridal procession were the vested choir boys of the Church of the Advent, and one of their number as they came in singing an old bridal hymn, carried aloft before all a gleaming crucible.—*Cincinnati paper*.

Time to Cool Off

"I'm a father," cried young Jones as he burst into the office.

"So's your old man," replied the boss. "Get to work."—*Jack-o'-Lantern*.

Here We Tear 'Em Up

The streets of Albany which have been decorated the last few days with hundreds of flags in recognition of the State Christian Endeavor convention which closed here last night are being taken down today to be used at the next annual convention.—*Albany (Ore.) paper*.

**Attention Sir Oliver Lodge
RESIDENTS FLEE FIRE
IN CALVARY CEMETERY.**

—Scarehead in a San Francisco paper. The auto driven by the dead man, who was father to the lad injured, was completely demolished.—*California paper*. It is said the dead man emerged from under cover and shot at the officers.—*Virginia paper*.

Not Balmly Enough

St. Peter: "Where's the fellow who arrived yesterday?"

Gabriel: "Oh, he checked out. Didn't like the place. He's from California."—*Allston Recorder*.

Farmer: "That there hog is champion o' six counties."

City Visitor: "Oh, yes. Er—what's his sport?"

True Humility

"So you are going into your father's business now you've graduated? I suppose you'll havy a pretty soft time there."

"No, indeed. I'm going to start right in at the bottom as one of the vice presidents."—*Life*.

The Quarry

I gaze across the street so wide,
I start, I dart, I squirm, I glide,
I take my chances, oh, so slim—
I trust to eye and nerve and limb;
I scoot to right, I gallop through,
I'm here and there, I'm lost to view.

My life, I know, hangs in the toss—
Another plunge—I am across!
Oh, give me pity, if you can
I'm just

a poor
pe-des-tri-an.
—T. R. in the *Boston Transcript*.

Isn't It The Truth?



Cold Facts

The North Pole, if placed alongside the Woolworth Building, would probably melt.

In time of famine, the Eskimos have been known to eat leather, fish bones, and each other—almost anything, in fact, except Eskimo pie.

Steam heat is practically unknown in the ice igloos of the Arctic.

When its nighttime in Greenland, it's six months over here.—Wayne G. Haisley in *Judge*.

Her Mistake

The Browns were calling on their new neighbors, the Smiths, for the first time and had brought little Alice with them. At a lull in the conversation the child turned to her mother and said:

"Mother, you were wrong. Mr. Smith has them on."

"Has what on, my dear?" asked Mrs. Smith.

"His pants," answered the child. "Mother said that you wore them."

Heap Big Injun Wanted

(Heading in Fort Worth Record)
Working in Teller's Cage Becoming Job for Real He-Blooded Red Men.

Complimentary

Observing a young lady standing alone, the young man stepped up to her and said, "Pardon me. You look like Helen Black."

"Yes," she replied, "I know I do, but I'd look far worse in white."—*Calgary Herald*.

June and December

A Portland broker who had married a wife a good deal younger than himself said to her morbidly one night:

"Darling, what would you do if I should die and leave you?"

The young wife squeezed the old fellows hand.

"Leave me—er—how much?" she murmured.

Cousin (to Bobby after tea party): What's the matter, Bobby? You look to mournful.

Bobby—That's it. I am more n' full.—*Northern Daily Telegraph*.

In any true estimate of a bank, as in any true estimate of a man, the largest single factor is

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