

NORTHWESTERN BANKER DES MOINES

THIRTY-SECOND YEAR

NUMBER 473

JANUARY, 1927

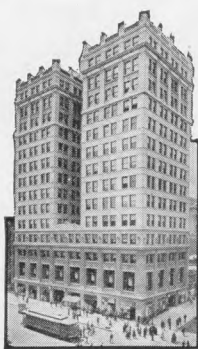
Leading Bankers See Another Year of
Prosperity

“Little Elbert Becomes a Banker”
(Page 15)

THE PHOTO BELOW :

John W. O'Leary, vice president of the Chicago Trust Company, is this year president of the U. S. Chamber of Commerce, and one of the youngest of the prominent men who have been given that honor.





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NORTHWESTERN BANKER

DES MOINES

The Oldest Financial Journal West of the Mississippi

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THIRTY-SECOND YEAR

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NORTHWESTERN BANKER
DES MOINES

MID-CONTINENT BANKER
SAINT LOUIS

UNDERWRITERS REVIEW
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Across the Desk from the Publisher

DURING the Yuletide season we have been thinking about "Peace on Earth and Good Will to Men."

I wonder how much real thought we give to the subject of "Good Will" in our everyday business lives.

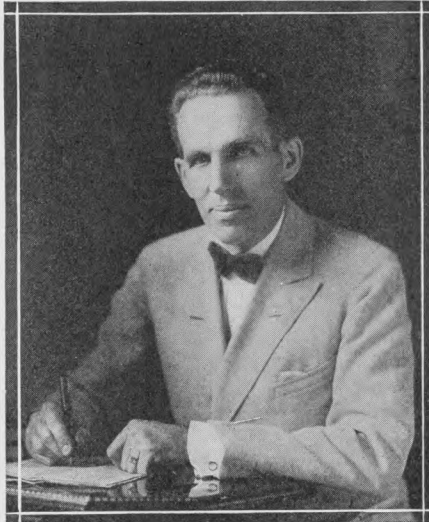
When the Kansas City *Star* was sold a few months ago, the purchasers paid \$10,000,000 for the Good Will of the publication.

Through long years of service to the community in standing for the right things and of upholding courageously policies which they believed were for the best interests of the community, the Kansas City *Star* established itself firmly and sincerely in the minds of its readers. Its subscribers believed in what it said. Its readers looked to it for guidance and help in civic and political matters. This influence of the Kansas City *Star* with its readers was figured by hard-headed business men as being worth \$10,000,000.

What is true of the Kansas City *Star* is also true of your bank. Every day if you are conducting yourself and your institution properly you are building Good Will. People come into your bank because they believe in you, appreciate your service and have confidence in the safety and stability of your organization. All of these things create Good Will. It is only when you do something which runs counter to good banking or good banking practice that you lose the Good Will of your customers.

The reason that the best bank stock frequently sells for more than its book value is because the purchasers believe that there is an element of Good Will in the institution which makes the stock have an enhanced value over and above the actual book value.

Keep adding to the Good Will account of your bank during 1927 and you will be surprised how much your business will increase during the coming year, remembering as one writer has put it that "The biggest and best asset a business can have is



By Clifford DePuy

its Good Will. Good Will never goes out of style, it never changes in face value. It is the indispensable, indestructible interest in industry."

Confidence Building

A MAN once asked a prominent newspaper publisher why it was that they always devoted so much space to athletic events of all kinds. The publisher replied that it was

because people everywhere are interested in reading about the winners. The world is interested in people who succeed, whether it is in athletics or whether it is in business. In athletics it is not the man who comes in last in the hundred-yard dash who gets his name on the front page of the sporting section of the newspapers but it is the man who comes in first.

It seems to us that it is time in the banking business to analyze and examine the methods used by successful bankers, who are forging ahead month by month.

It is true that in business as in athletics there are individual bankers who fall by the wayside, but today in every state throughout the middle and northwest, the percentage of good bankers, of successful bankers, far out-numbers the unsuccessful and inefficient bankers.

What the bankers of this territory need today is to increase the confidence of the people of their communities in their banks.

This idea of building confidence in the minds of the people was expressed most excellently by H. C. Craddick of Minneapolis, in a letter in which he said, "It will require both time and money. Yes—and it will be well worth all it requires of both. Confidence cannot be purchased. It must be deserved and earned. For five years the public has been losing confidence. It cannot be restored in a day, a week, nor a month. It will cost money. Cheap, willy-nilly, purposeless effort will not im-

press, will not succeed. One 'ad' or one 'letter' will be nothing. A building must be built in this undertaking—day after day, week after week, without cessation—the work must go on, go forward."

As we see it, it is time for bankers to do everything they can to strengthen the confidence of the public in their institutions. It is also time for the citizens of our states to realize that the vast majority of banks are being successfully and intelligently managed and are, therefore, deserving of their confidence.

Shall We Guarantee Part of the Deposits?

WE ARE in receipt of a letter from R. M. Moehn, President of the Commercial Savings Bank of Carroll, Iowa, in which he says, "Why could not the bank guarantee 80 per cent of the deposits and let 20 per cent be the amount on which the depositor would run the risk. I believe if the depositors knew that 80 per cent of their deposits were safe that they would be willing to take a chance on the 20 per cent. You will remember that we had to take nearly that much of a loss on Liberty Bonds. They are still considered gilt edged and were repurchased by the same people who sold at a loss of nearly 20 per cent. Every investment carries with it some risk of loss and depreciation and I believe depositors would be willing to take some risk even on a bank deposit."

In our opinion, the principle of the Guaranty of Bank Deposits is either sound or unsound. If it is sound, then we should guarantee all of the deposits, and not just 80 per cent of them. If it is unsound, then we should not guarantee any per cent of the deposits.

THE NORTHWESTERN BANKER has endeavored to go very thoroughly into this subject of Guaranty of Bank Deposits. In its analysis of the situation in Nebraska, 60 per cent of all of the replies from the state banks warned other states not to adopt a Guaranty plan similar to the Nebraska law.

How long would the successful and carefully managed clothing stores, hardware stores, drygoods stores, and every other successful business, remain in business if it had to pay the losses of the other stores in the same line of business? It is neither logical nor economically sound and has been so proven in every state where the Guaranty of Bank Deposits Law has been in effect.

The Business Outlook

IN THIS issue of THE NORTHWESTERN BANKER there are several statements by prominent bankers on the business outlook for 1927. These reports all express a belief that 1927 will be a year of good business. They, of course, call attention to the fact that agriculture must be readjusted on a basis which will permit the farmer to sell his products at a price which will allow him a fair return on his investment. The trouble with the farmer now is that he sells his products in an unprotected market and buys in a protected market.

The country as a whole, however, is in a very satisfactory financial condition. In referring to the outlook for 1927, the Harvard Economic Service says, "Despite the present tendency toward curtailment (which may again prove quite brief) therefore, we look forward to continuation of generally active business during the next half year. It is hardly probable that business will attain higher levels than those of the second half year of 1926. Indeed—so far as one can now see—a rapid tightening of money rates, such as would cause a major decline in either security or commodity markets, is improbable during the whole of next year."

With the general business conditions in the country in as healthy a condition as they are and with ample credit with which to carry on business, there is no reason why we should not look cheerfully and hopefully into the new year.

Choosing Your Customers

EVERY bank has desirable and undesirable accounts and customers. W. W. Woodson, president of the First National Bank of Waco, Texas, emphasizes the point that banks should be so careful in choosing their customers that their bank will have a reputation and an atmosphere which will be of the very best.

"A bank has individuality—has personality—has character," says Mr. Woodson. "Its character is determined largely by the character of its clients," he continues. "Just as a lawyer or a physician is judged by his clients. In other words, the bank, like the individual, is known by the company it keeps."



ARTHUR G. WEDGE

Vice President, Minnesota Bankers Assn., President, First National Bank, Park Rapids, Minn.

Arthur G. Wedge, this year vice president of the Minnesota State Bankers Association, was born in Albert Lea, educated there and started his banking career with a St. Paul bank. He left there to help organize the First State at Detroit, Minn., and was cashier and president of the institution.

He later became vice president of the First National at Bemidji, and associated banks. He went with the First National of Park Rapids in 1920, and is now president of that bank. He has been both treasurer and a member of the executive committee of the state association.

NORTHWESTERN BANKER



THE COVER PHOTO

John W. O'Leary, vice president of the Chicago Trust Company, whose picture appears on this month's cover page, is one of the younger business men of the nation who has attained a commanding position. He is serving this year as president of the United States Chamber of Commerce, and last year served as vice president and a director of that body. He has also served as president of the Chicago Association of Commerce, for two terms.

Mr. O'Leary is a Chicago native, born in 1875, and is a Cornell graduate. He has been vice president of the Chicago Trust since 1919. His list of business connections is very extensive and is as follows:

Director—Chicago Trust Company, Arthur J. O'Leary & Son Co., Illinois Car and Mfg. Co., Advance Rumely Company, Templeton, Kenly & Co., Ltd., Republic Realty Mortgage Corporation, First Englewood State Bank, Belden Manufacturing Co., G. A. Soden & Co. Northwestern Terra Cotta Co. Chicago Crucible Co., and Chicago Railways Company.

Receiver—Michigan Avenue Trust Company.

Treasurer—Republic Realty Mortgage Corporation, National Metal Trades Association, Illinois Manufacturers Mutual Casualty Association, Associated Employers of Illinois, Camp Roosevelt Association, Industrial Club of Chicago. Knollwood Club, Endowment Fund (Agard Deaconess Rest Home).

President and Director—Chamber of Commerce of the United States.

Vice Chairman—National Industrial Conference Board.

Vice Chairman—Citizens' Committee to Enforce the Landis Award (Chicago).

Chairman—Labor Policy Committee, Chicago Association of Commerce.

Member—Senior Council, Chicago Association of Commerce.

Vice President and Trustee—Chicago Sunday Evening Club.

Member—National Guard Commission.

Trustee—Epworth Assembly.

Trustee—Wesley Memorial Hospital.

IN THIS ISSUE

Director—Committee of Fifteen.
 Director—Chicago Crime Commission.
 Director—Infant Welfare Society.
 Board of Managers—Chicago Y. M. C. A.
 Advisory Committee—Military Training Camp Association.
 Director—Friendship Center.
 President—Board of Trustees, Oakland M. E. Church.
 Advisory Committee—Boy Scouts of America.
 Advisory Committee—Chicago Boys' Club.
 Member—American Institute of Electrical Engineers.
 Member—Cornell Society of Engineers.
 Member—Cornell University Association of Chicago.

PIONEER BANKING ARTICLES

The series of articles on early banking days in the middle west by pioneer bankers, is meeting with much approval among NORTHWESTERN BANKER subscribers. More of this series is to be found in this issue on page 18. This magazine is indebted to Secretary George Starring of

A GOOD COMBINATION!

Says Cashier Yates E. Allen, of the First National Bank of Churdan, Iowa: "THE NORTHWESTERN BANKER and the Iowa Bank Directory make a combination that cannot be equalled for several times the money. I wish you continued success!"

the South Dakota Association for a bit of comment in one of his recent Association bulletins in which he says:

THE NORTHWESTERN BANKER has begun a series of articles depicting pioneer banking days in North and South Dakota, Iowa, Nebraska and Minnesota. Any bankers having old-time photos of persons or early-day banks will do the profession a favor by making them available to all through that publication.

A 200% DIVIDEND!

The matter of dividends is of paramount interest to all of us, particularly in the banking profession. Hence it is with deep interest THE NORTHWESTERN BANKER acknowledges receipt of a letter from a subscriber who insists he received at least a 200 per cent dividend last year on his three-dollar NORTHWESTERN BANKER subscription.

J. C. Brothers, cashier of the First National Bank of Grand River, Iowa, is the man and he says: "We want to advise you that we expect one of your last year's editorials in THE NORTHWESTERN BANKER on 'Reducing Interest Rates' will net us between four and six hundred dollars in savings, since it induced us to reduce our interest rates on time deposits to 4 per cent. We like your magazine very much!"

My Work

Let me do my work from day to day
 In field or forest, desk or loom,
 In roaring market-place, or tranquil room.
 Let me but find it in my heart to say,
 When vagrant wishes beckon me astray,
 This is my work, my blessing, not my doom;
 Of all who live I am the one by whom
 This work can best be done in my own way,
 To suit my spirit and to prove my powers;
 Then shall I cheerfully greet the laboring hours
 And cheerful turn when the long shadows fall
 At eventide to play, and love and rest,
 Because I know for me my work is best.
 —Henry Van Dyke.

Plan New \$15,000,000 Home



The proposed new home of the State Bank of Chicago.

FINAL plans for the new \$15,000,000 home of the State Bank of Chicago have been approved and actual construction work has started. The building will require more than a year to build and when completed will be one of the most magnificent of LaSalle street's financial institutions.

In addition to the bank it will house the Chicago Stock Exchange, and a number of well-known firms already are engaging space for their offices.

Located at the southwest corner of LaSalle and Monroe streets, on a lot 189 by 186 feet, the building will rise 272 feet from sidewalk to parapet. It will have 22 stories above the street level and three basements below. Pier caissons already are under way and specifications are being rapidly completed so that materials can be delivered rapidly.

The conservatism and strength of the bank inspired the design of the building. The architecture is massive in outline and the surface treatment is one of dignified

simplicity with all unnecessary ornamentation omitted. The architects are Graham, Anderson, Probst & White.

The architectural elements are classic in feeling and are taken from the best examples of Greek and Roman architecture with sufficient modification to properly adapt to modern office building requirements. The base of the building is of a monumental character without pilasters or ornamental detail to a height of five stories. The main banking room entrance is in the center of the facade marked by a recessed portico. This portico is composed of free standing Ionic columns forty-one feet high, supporting an entablature above.

The material for the lower stories will be of granite or stone; for the upper stories brick and terra cotta or stone.

Upon entering the main entrance between the Ionic columns, the spectator will find himself in a public lobby with a staircase ascending to the second floor where the banking room is located. Di-

rectly ahead in this room will be found the officers who have constant dealings with the bank's customers. Adjoining are the consulting offices of the executive officers and the director's room.

The main banking room will be notable. The finish treatment will be of foreign marbles, relieved by fine ornamental bronze work. A series of arches will be the principal motive in the design of the room itself, with a lunetted ceiling, and lighted by a ceiling skylight of antique colored glass.

Bank vaults and safety deposit vaults will be of the most modern design, representing the latest and best in bank-vault engineering. The safe deposit vaults, which will be located in the first basement, will be of 25,000-box capacity. There will be two massive doors to these vaults, one rectangular and one circular, both of special material, impenetrable from attack with oxyacetylene torch, drill or explosives. The safe deposit vaults will have ample lobbies, men's and women's waiting rooms, committee and coupon rooms, which in their appointments will be thoroughly modern in every respect.

The Chicago Stock Exchange will be on the second floor to the south of the banking room and will occupy an area approximately fifty-six by one hundred and sixty feet. The board room and private offices will be appropriately treated in a finish of marble and bronze.

The first floor of the building will have offices for brokers and other uses of high character. There will be an L-shaped arcade leading from Monroe street to LaSalle street, fronting which will be additional shops. In the central portion of the ground floor the savings department of the bank will be located, making this department easily accessible to the banking public.

The office building above the bank quarters will consist of eighteen stories. The elevator, corridor and office layouts of these office floors will constitute the last word in high-grade office building planning. There will be fourteen elevators of the most modern type. The corridors will be finished with marble floor and wainscot, and in every respect the high character of the banking quarters will be followed out in the office floors above.

Advertising the Attack

Wife to hubby who had stumbled over a chair in the dark trying to get into bed after a large evening:

"Is that you, Arthur?"

"Yesh, m'dear, if 'taint I'm goin' 'ply for a divorsech."

Leading Bankers See Another Year of U. S. Prosperity

Melvin A. Traylor, president, First National Bank, Chicago:

"Banking, like all other branches of business, has had a prosperous year, Money rates on the whole have been low, but on the other hand the volume of business has been great, and losses have been relatively few. Banking, like other businesses, is best off when the turnover is large, even if the average profit is small.

"The trend of business during this last year has shown the impossibility of forecasting with accuracy the future. Most observers a year ago expected that by the end of the year we should be in a time of marked depression. Fortunately, these predictions did not come true, but it shows how easily even the most expert economist may be misled. Again we are hearing that for one reason or another, largely owing to the situation in the automobile and the building industries, we shall be face to face with a recession next year. This may be so, but as long as credit remains as plentiful as at present, and stocks as low as they are now, there is no reason to anticipate anything resembling a crisis in our affairs—given fair crops and no untoward happenings in the world outside of our own boundaries."

Arthur Reynolds, president, Continental and Commercial National Bank, Chicago:

"The present year about to close has been an exceptionally prosperous one, and I believe that business will continue at a good level through most of 1927. Here and there in some lines there has been a moderate tapering off, but such let ups are small. My banks have a diversified clientele, with about 30,000 accounts. I take a personal interest in these accounts, and naturally get a fair idea of the business trend as a result of their perusal. The statements I am receiving are excellent. While I do not look for any material shrinkage in business during 1927, we could have some falling off and the year could still be called a good one.

"Manufacturing is going ahead at a good rate. The coal industry, of course, is better just now, and the textile trades are taking a turn for the better.

"I am told that the automobile production in 1926 will total 4,500,000 cars. This is remarkable. However, automobile men, while expecting that 1927 will show a smaller production, nevertheless are figuring on a 4,000,000-car year.

"The prosperity of 1926 is largely the result of a big crop. Implement and farm

machinery manufacturers have had a big year. This is true of International Harvester and J. I. Case Threshing Machine Company. Many other concerns catering to agricultural requirements have benefited. What the status of such industries will be in 1927 will depend, of course, upon crop conditions in 1927. However, I expect 1927 to be a good year all around."

Ralph Van Vechten, president, State Bank of Chicago:

"The year 1926 was a record-breaking year, in which, generally speaking, railroad earnings and other corporate earnings in most lines were quite extraordinary.

"In looking ahead, we are prone to expect too much if we compare the new year with the old. On the other hand, there is nothing to justify a pessimistic view.

"Business, therefore, has a good momentum, which will carry it well into 1927.

"There has been a substantial decline in commodity prices since August, 1925, and this is still going on. If the reverse were true and commodity prices were rising, there would be an increased demand for credit, which would operate to put the brakes on business. A further decline in commodity prices, from the standpoint of volume and sales, would be beneficial but might result in narrower margins of profit.

"We are on a sound basis and there is no reason to question a continuation of good business well into the coming year."

Senator A. F. Dawson, president, First National Bank, Davenport: "The year 1926 just drawing to a close will go down in business history as one of unusual prosperity in the business, industry and commerce of the nation at large. Practically every industry in the United States has been prosperous during the year with the single exception of agriculture, which has not yet completely recovered from the severe depression of 1920 and 1921.

"The general business outlook throughout the United States for 1927 is favorable to a continuation of the conditions that has prevailed during the year just passed and the indications are for a volume of business as great as during the past year. Underlying conditions are sound and no factor is visible now that warrants a feeling of pessimism for the future.

"Our midwestern region is entitled to share in the prosperity which other sections of the country are now enjoying

and citizens of every class should be willing to unite and get behind any sound plan that will place the basic industry of agriculture on a stable and profitable basis. I regard this as the most important task to be accomplished in the year just ahead of us.

George Woodruff, president National Bank of Republic, Chicago: "Present indications are that business in 1927 should continue good. We will have easy money, good government, considerable building activity, a good export trade and industrial peace. Apparently we need only good agricultural conditions to make the picture a very satisfactory one."

Fred W. Thomas, vice president, First National Bank, Omaha: "It is interesting to observe that a recent report to the federal reserve board shows that the principal banks in the leading cities have loans secured by stocks and bonds, aggregating \$5,300,000,000. This same report also shows that the same banks actually owned \$5,500,000,000 of bonds and securities. Banks throughout the country now consider it good business prudence to own bonds equal to about one-fourth of the amount of their deposits, same to be regarded as a liquid secondary reserve, thus affording additional safeguards to the depositing public.

"Looking forward, a good crop in 1927 would work wonders toward advancing the substantial progress already made in the readjustment of the middle west. It should be realized that much improvement has been accomplished during the past three years, necessarily at quite a heavy cost. Practically all indices show that we may expect a continued, steady, gradual improvement in what has been termed a certain but cautious prosperity."

Geo. M. Reynolds, chairman, Continental and Commercial National Bank, Chicago: "Building activity, iron and steel plant operation, railroad tonnage, merchandise sales and bank clearings have all been on a high level during the year 1926. In some of these lines new peaks for all time have been established.

"While crops did not yield as abundantly and were not of as good quality as conditions early in the year promised would be the case, the purchasing power of the farmer will be very great in the aggregate.

"Taking the country as a whole, the past year has been so prosperous that the reasonable assumption is that pros-

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The Time Element in Presenting a Check

By the Legal Department

THE requirements of modern business demand quick transmission of funds. The check has become an almost universal method of payment of money in the trade centers. Oftentimes, some delay is had in presenting checks at the proper bank to be honored. When this situation arises, many legal questions come up as to the rights of the holder of the check, and possibly various other parties in whose hands it is passed through. The question of time in presenting a check is especially important. Will a short delay in the presentation of a check result in its being of no value?

An Illustration

This matter will now be discussed and explained through an ordinary business transaction, which is not an unusual occurrence.

A paving contractor, referred to as Mr. Hewitt, completed a certain contract for street work for the Fidelity Building Company in a western city. A final settlement for the work was made between the parties, and on January 11, 1924, the Fidelity Building Company gave Hewitt its check for \$5,840.22, which was the amount agreed upon as to being the balance due.

The settlement was made in Iveyville, in the office of the building company. Hewitt lived in another city. A check was drawn on the First State Bank, a banking institution at that time in the city of Iveyville. Before the check was presented, the First State Bank failed and had closed its doors. By arrangement made by the State Bank Commissioner, with another bank in the city of Iveyville, the depositors of the First State Bank were paid 40 per cent, but Hewitt refused to accept that amount in settlement of the check he held, and brought an action in court to secure the total amount of the check.

The building company immediately tendered to Hewitt 40 per cent of the amount of the check, claiming that he was negligent in presenting his check at the bank. There were sufficient funds in the bank at the time the check was issued, and before the bank closed, to pay this check if it had been presented shortly after issued. The building company further claimed that if Hewitt had handled the check as he should have, it should have, and would have been presented for payment before the First State Bank closed its doors.

On January 11th, the day the check was issued and delivered, was on Friday. According to the evidence presented in court, the check was delivered during

\$98.00, and he, Berry, came to the building company for his pay, and was paid by them. And when final settlement was made, on January 11th, this \$11.02 Berry item was deducted from the amount due Hewitt, leaving a net balance as stated above.

Plaintiff received the check back from the building company when he opened his mail in Ludwig, Monday morning, January 14th. Upon receipt of the check and the explanation, Hewitt, on the same day, deposited the check in the Ludwig National Bank, in Ludwig. The Ludwig bank forwarded it to the Union National Bank in Iveyville, and it was received by the Union National Bank on Tuesday morning, January 15th. The First State Bank failed to open for business on the morning of the 15th, hence the check was not paid.

The evidence presented to the court showed clearly that had the check been presented to the drawee bank at or prior to 4 o'clock p. m., on January 14th, it would have been paid, as the bank was a going concern until it closed at the usual closing hour on that day. If Hewitt had taken the check to Ludwig with him, and deposited it in his bank, on Saturday, the 12th, it would have been, in the usual course of business, presented for payment on Monday, the 14th, and would have been paid.

Where the payee to whom a check is delivered receives it in the same place where the bank on which it is drawn is located, it is his duty to present it to the drawee bank before the closing of banking hours on the next business day.

It is a well-established rule of law that, in the absence of special circumstances, when the person receiving the check, and the bank on which it is drawn, are in the same place, it must be presented for payment the same day, or at least the next business day, after it is received. But where the check is presented on Saturday, the payee has until the closing banking hours on Monday to present it. It is not necessary to present it on the day it is received, except perhaps where the holder knows the bank is in a precarious condition.

The General Rule

The general rule is that a check should be presented within a reasonable time. A reasonable time, of course, depends on the circumstances of each particular case.

The best-established rule is that where the payee receives a check in the place where the drawee bank is located, it is

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Questions of interest to bankers are discussed in this department and any subscriber has the privilege of writing for information and advice on legal subjects. If the inquiry can be definitely answered without the preparation of a brief, the answer will be given by our attorney free of charge.

If, however, the inquiry involves extensive research in a Law Library, and the preparation of a complete brief, The Northwestern Banker will so notify the subscriber and upon his instruction, we will ask our attorney to prepare a brief of the case at a cost to the subscriber of only \$10. The preparation of a brief is entirely optional with the subscriber. In writing for information, kindly enclose a 2-cent stamp for reply and address, "Legal Department," care The Northwestern Banker, 555 Seventh St., Des Moines, Iowa.

banking hours, and should have been presented that day. After Hewitt left the office of the building company, on the day the check was issued and delivered to him, it occurred to him that the check should have been for \$5,851.24, instead of \$5,840.22.

With this in mind, he mailed the check back to the building company, suggesting that what he considered an error be corrected. Hewitt went to his home in Ludwig the night of January 11th, the day the check was issued. But whether he mailed the check in Iveyville or Ludwig, he was not certain. Anyway, the check arrived at the office of the building company on Saturday, January 12th. Upon the receipt of the check by the building company, on the 12th of January, it immediately mailed it back to plaintiff at Ludwig, reminding him of \$11.02, an item which, according to defendant, was gone over in the settlement, and which was deducted by agreement.

How It Originated

The item mentioned had its origin in this way: December 13, 1923, the building company gave Hewitt a check for hauling rock. This included the \$11.02 due one Berry, on the rock hauling. Hewitt did not pay Berry out of the

Little Elbert Becomes a Banker

By Roscoe Macy

POP just looked at me kinda funny when I ast him was he a big man. Then he ast me why I ast him that. So I told him I just wondered, and then pretty soon I told him how Benny Kline said his dad was the biggest man in town, and I just wanted to know if my pop was a big man, too. Then pop said, "Well, if I ain't a bigger man than ole Ad Kline I'll eat my hat."

Finally, after he read his paper a while, pop ast me what I wanted to be when I growed up. So I told him I didn't know. Then pop said, "Do you want to be a banker, Elbert?" so I told him, "Yes, or else a lumber-yard man like Benny Kline's dad."

So after a while I told pop how Benny Kline's dad lets him go down to the lumber yard Satterdays and sometimes after school. Pop just kinda grunted, but after while when I ast him could I go down to the bank with him Satterday he said maybe I could, so on Satterday I went down to the bank with pop.

Why "Pop" Laughed

Finally after we got there pop told me to set down and not get in anybody's way, and if I would watch him I would soon learn how to be a banker. So he kinda laughed. Then pretty soon a woman come in and sat down and pop said, "Take a letter to A. R. Groom," but she didn't act like she was going to do it. So pop went on talking to her but she didn't pay a bit of attention to him, but just went on making funny pictures in a little book. So pretty soon I went over there to see what she was making but she couldn't draw worth a cent, but just made a lot of funny marks on the paper. So finally I said, "Ain't you going to mind my pop?"

So then she said, "Huh?" and just looked at me kinda dumb, so I just looked at her mad as everything. So finally I said to pop, "I'll take the letter to that man if she won't." But instead of being ashamed or anything, she just laughed right out and said, "Oh, is that it?" and pop he laughed too. So I didn't know what to think.

Then pretty soon the woman got up and left, and then a man come in and said, "Well, Bert, how does she stack up this morning?" to pop. So then I thought surely pop would tell on her, about the way she didn't mind him when he ast her to do things like taking letters to people, but pop just said, "Not so good, George. We've got to do something pretty soon to build up our deposits. Running down every day." So I saw how they were talking about something else and I didn't listen any more.

Then I went over to where a woman was



Little Elbert strikes a balance, his first day in the bank.

running a funny kind of a machine, and putting sheets of paper in it and then changing her mind and taking them out again, so I ast her what she was doing and a few other questions. But pretty soon she sucked in a long breath and said I'd better get away from there because something was going to drop if I didn't. So I ast her what was going to drop, but she didn't say anything, so I thought maybe I better get away before it dropped because she didn't seem to know where it was going to drop and it might even drop on me.

Elbert Wants to Help

So then I picked my nose a while, till I saw where a man was wrapping up all kinds of money in little pieces of paper, so I went over there. Finally I ast him

what he was doing, so he showed me how he could wrap up the money in these pieces of paper, and it would show on the outside how much money there was in the paper. So I ast him if I could do it, too, but he wouldn't let me, and he wouldn't give me a nickel, either, so finally I went away from there.

Pretty soon I began to get hungry, and everybody went away except me and pop, and he said he would go to lunch as soon as Mr. Crandall got back. So just then the telephone rang, and pop answered it, and he said "No, I can't just now. I'm here alone," but then he said, "Wait a minute," and he ast me could I stay there and watch things while he stepped into Bates' store next door. So I said yes, and so he told the man all right he would be right over. Then he told me if any-

body came in, to say that he would be back in just a minute, and to tell them where he was if they couldn't wait. So he went.

Pretty soon a fellow came in, and he looked at me kinda funny, setting back there behind the counter, and he ast me where pop was. So I told him. Finally he said he would wait, so I ast him did he want to put in or take out. Then he looked at me kinda funny, and said he thought he would put in maybe. So I told him how pop would be awful glad of that, because he had told somebody named George that they would have to do something about their deposits pretty soon or they wouldn't have any bank left. So this man just looked at me kinda dumb, and he acted awful fidgety. So then he

said he guessed he wouldn't wait for pop after all, and then he went out.

An Easy Job

Finally I noticed how that man that was wrapping up the money had forgotten a lot of it, and I thought I would help him out, and then he would be sorry because he hadn't given me a nickel. So I wrapped up a lot of it, and it was a lot of fun. I didn't even have to count it, because it always showed right on the outside of the roll how much there was. So then I put it all in the vault, the way I had seen him do.

Then in a minute pop came back and Mr. Crandall, too, so pop and me went out to lunch. So pretty soon we came

back, and after while Benny Kline's dad came in to see pop. So they stood there and talked a while. Finally I saw how pop had to look up to him, because he was taller than pop, so I said, "Well, pop, I guess you'll have to eat your hat, all right, because I don't believe you are a bigger man than Mr. Kline, like you said you was, after all." But then pop kinda kicked back at me, when he thought Mr. Kline wouldn't see, so I thought I would talk about it some more after we got home that night. So finally when Mr. Kline went away, pop gave me some money and told me to go to a movie. He said not to come back till after four o'clock, so I didn't get to learn any more about banking that day at all.

Pleads for Hull Amendments

CONGRESSMAN MORTON D. HULL (Republican, Illinois), in addressing a group of bankers, characterized as absurd a recent speech of Congressman Louis T. McFadden (Republican, Pennsylvania), before the New York Board of Trade and Transportation as reported in the daily press. Mr. Hull pointed out that Mr. McFadden switched his position upon the branch-banking features of the McFadden Bill six months ago when he espoused the Senate form of the bill in place of his own original House measure. The recent vote of the American Bankers Association referred to by Mr. McFadden was shown to be inconclusive as only 413 votes were cast for the extension of the territory in which branch-banking might be practiced, against 268 for limiting branch banking to its present boundaries, a small vote representing less than 1½ per cent of the 27,700 banks of the country, especially insignificant as the convention was held in California, a state where there are over 600 branch banks. Mr. Hull recalled that Mr. McFadden signed the Joint Conference Report on this bill in which the attempt was made, in order to extend future branch-banking privileges to the National banks of 28 cities of more than 100,000, to deny branch-banking relief to National banks in 234 cities of 25,000 to 100,000. In concluding, Mr. Hull emphasized the fact that efforts to pass the McFadden Bill with this provision for the extension of branch banking into nonbranch banking states has caused the bill to be loaded like the old-fashioned omnibus bills with many features not pertinent to its original purposes. Mr. Hull's address follows:

"My attention has been called to reports in the daily press of a recent speech by Hon. Louis T. McFadden before the New York Board of Trade and Transportation.

"The statement is made that Mr. Mc-

Fadden is now opposed to the Hull Amendments. This opposition is not a new or recent development. Mr. McFadden accepted the Hull Amendments when they were offered during the 68th Congress and advocated their passage before the House of Representatives. The Senate committee considering the bill at that time also reported favorably upon this modification of the bill. When the McFadden Bill was introduced in the 69th Congress the Hull Amendments had been made an integral part of the bill—and Mr. McFadden sponsored and worked for their enactment, and they were passed by the House.

Bill Was Changed

"Early this year the bill was changed by the Senate subcommittee to remove those restrictions upon the spread of branch banking represented by the Hull Amendments. When the House and Senate forms of the bill reached the Joint Conference Committee, Representative McFadden supported the Senate form of the bill—from which the Hull Amendment restrictions which he had advocated for three years had been eliminated.

"The action of the American Bankers Association 1926 Convention in reversing its 1924 position unanimously favorable to the Hull Amendments, was included in his speech by Mr. McFadden as another reason against their enactment.

"I was present in Los Angeles at the 1926 convention. The less Mr. McFadden says about that action the better.

"The branch-banking question was not on the original official program of the convention. At the close of the Tuesday morning general session of the convention a motion was passed—quickly and without debate—to hold an extra, unprogrammed meeting of the association Tuesday evening. Official notice of this meeting was not given to the newspapers until nearly six o'clock—too late for publi-

cation in any newspapers which would appear before the convening of the meeting. Until some time in the afternoon the association headquarters in the lobby of the Biltmore Hotel would not confirm the fact that the meeting was to be held and made no apparent effort to call the attention of delegates to this meeting about which they could not learn through the official programs or bulletins.

"At this special evening meeting, a resolution was introduced suggesting to Congress restrictions upon branch banking to be substituted for the Hull Amendments—a vote for the resolution was a vote against the Hull Amendments. After a debate lasting from 8:45 p. m. until some time after midnight, a total of 681 votes were cast.

"This vote is well characterized as 'unsatisfactory and inconclusive' by the *Commercial and Financial Chronicle* in its leading editorial, published four days later on October 9th, from which I quote:

"In these circumstances it is unfortunate that the outcome of the controversy should have been so unsatisfactory and inconclusive.

"Nominally those in favor of the McFadden Bill without the Hull Amendments came out victorious. But note the size of the vote—413 in favor to 268 against. Altogether a total of only 681 votes. Yet we are told that in point of attendance this convention was the second largest in the history of the association. The association last year had a membership of 21,493, which has since been increased, we understand, to 23,000. In the circumstances the result can hardly be regarded as any guide to Congress. The same may be said with reference to the endorsement of the rider to the McFadden Bill, which provides for the extension of the charters of the Federal Reserve banks. The vote of a few paltry hundred on a question of such

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NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

Happy New Year! I know of no better way to express my New Year's greeting to you than in the words of Edgar A. Guest, when he said:

"This I would like to be—just a bit finer,
More of a smiler and less of a whiner,
Just a bit quicker to stretch out my hand
Helping another who's struggling to stand,
This is my prayer for the New Year to be,
Lord, make a regular man out of me."

Congressman Dickinson believes that the present administration should either favor the McNary Farm Relief Bill or present new bill which will help to solve the farming situation. Mr. Dickinson puts it this way, "Whenever a government or a party finds that they cannot find a solution for the problems that face our people, then that party or that leadership sooner or later has got to be discredited and new leadership has got to be assumed."

Talk may be cheap but New York bankers made \$10,000,000 in ten days by purchasing the Victor Talking Machine Company for \$115 a share and selling it for \$155 a share. It is understood that "His Master's Voice" now emanates from Wall Street.

The high cost of the city government of Paris is indicated by the fact that the budget for 1927 is 2,394,000,000 francs or seven times the cost of operating the city government before the war. This represents a deficit for the city of Paris of 102,000,000 francs. The city council hopes to eliminate this deficit by increasing the custom duties on articles entering the city, rather than increasing the present high taxes.

If you want to get rich, buy good farm lands in any good agricultural state. This is a buyer's market. Five years from now you can sell out and make enough money to retire for the rest of your life.

Activity in the Iowa farm real estate market in the last thirty days is indicated by the fact that one farm of 160 acres was sold for \$194 an acre, another farm of 130 acres sold for \$225 per acre, and this transaction was all on a cash basis. Another farm sold for \$160 an acre, and another one for \$250 an acre.

The General Motors Corporation and

the U. S. Steel Corporation, which have been fairly (?) successful as money-makers and also in declaring stock dividends, have both been pushed off the map by the Union Fabric Company of Derby, Conn., which has declared a 3,900 per cent stock dividend. The company was established in 1887 with a capital stock of \$9,000 and this is now being increased to \$360,000. The company manufactures covered corset steels and radio parts.

Bank robbers in Buffalo, Kansas, decided that they would not disturb the community by blowing open the safe of the Buffalo State Bank within the city limits, so they took the safe and placed it on a truck and then drove out of town and had a "safe opening" far from the angry mob.

The U. S. Government reduced its public debt approximately \$1,179,000,000 in 1926. The government obligations at the beginning of this year were slightly over \$19,000,000,000, with \$200,000,000 in cash on hand. Taxpayers are interested to know that the annual interest paid out by the government has been reduced about \$75,000,000.

Dr. C. H. Crennan, noted economist of the Continental & Commercial Banks, in *The Trend of Business* says: "Good business is in prospect for the first half of 1927. And this opinion can be stated with a feeling of assurance. It is based on current statistics. Business may be good throughout 1927. But the first half of the year is a foreseeable period, whereas a prediction as to what is likely to happen during the entire year would be more of a guess than a statistical forecast.

"Money rates will be easy. And ample credit and easy money sustain business. They do not contract activity.

"The opinion that something like the usual seasonal variation in money at an easy level may be expected—this is one of the main reasons for expecting business activity, good business, during the first half of 1927.

"The story of money is the story of business. In this we have faith."

Representative Morton D. Hull has divided the McFadden Bill into three parts so that each one may be voted upon separately during the present session of Congress. Bill No. 1 provides for renewal of the Federal Reserve System charter; Bill No. 2 grants to National banks all the

forms of relief contained in the McFadden Bill except those referring to branch banking Bill No. 3 contains the provisions of the McFadden Bill in regard to branch banking as passed by the House of Representatives, embodying the Hull amendments.

A. J. Barak, agent for the National Fire Insurance Company of Pittsburgh, at Petersburg, Neb., calls our attention to a large advertisement which is being used in the local paper in his community entitled "How Old is your Oldest Doctor Bill?" The advertisement, while unsigned, is no doubt sponsored by the Medical profession as it emphasizes the point that the average individual pays the grocer, the butcher, the baker, and the candlestick maker first, and the doctor last. Any community, if it is to thrive and prosper, must have a high credit rating among its individual citizens. Deadbeats are parasites upon any community.

W. C. D'Arcy, president of the D'Arcy Advertising Agency at St. Louis, believes firmly in the installment plan buying. In a recent address on this subject he said: "The so-called 'installment evil' may exist for a few people who make fools of themselves by buying more than they can pay for, but that should not cause the system to be condemned.

"During one year in the United States, there is sold \$6,750,000,000 worth of goods on time payments and from 10 to 40 per cent of this amount is paid down in cash. The rest of the debt is liquidated within one year, or eighteen months at the longest.

"Why is not this form of selling just as sound, from a credit standpoint, as any of the loans a banker makes? To anyone who asks, do you believe in installment plan selling? I reply: Do you believe in the United States? Do you believe in Liberty Bonds? Do you believe in land mortgages? The principle is the same."

Charles B. Mills, president of the Midland National Bank and Trust Company, Minneapolis, sent me the following story of which he says he is not the author, but which he heartily endorses:

"When I used to tote nourishment to the swine, I noticed something you also have noticed if you are hog wise—the tendency of every pig is to get its feet into the trough. Keep that buttermilk and kitchen refuse clean as we would, the very minute it got into the trough some porker who didn't stop to think or care where his hoofs had been last, rammed them into the food of all the rest.

"The rest said, 'Well, it's dirty now as it can get, so we'll all try that, and fight it out.' So they did.

"Ever see people do the same thing?"

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When North Dakota Banking Hours Were from Sunrise to Midnight

By *F. W. Cathro*

Bottineau, North Dakota

MEMORY runs back a quarter of a century to a time when we are reminded by the then officers of the First National Bank of St. Paul who are still in active management of that institution of our standing order for the shipment of currency in the amount of \$10,000 daily to our little \$10,000 bank in Bottineau, and that we frequently wired for an additional shipment of \$5,000 in currency. Mail schedules in those days required three days for transit items to and from St. Paul. In other words, three times the capital of the bank was continuously tied up in transit. Grain buyers usually paid in currency. One of our customers started each morning with at least \$2,000 in currency in his wallet and often replenished it during the day. He paid his butter and egg purchases and household expenses from the same wallet and it was never discoverable whether or how he separated the different classes of expenditure. He rarely issued checks in the purchase of grain.

No Banking Hours

That was the time when Bottineau was the terminus of the railroad and the banking area extended for forty miles in most directions. Banking hours were not known. Farmers came in twenty, thirty or forty miles with their ox or horse teams and had their shopping, trading and banking to do at night so they could get an early start for home in the morning, and it was rarely the bank closed before eleven o'clock or midnight. Books were balanced the next day, if time could be found for it, but frequently ran two days or more before balancing. Bottineau was then the third largest primary wheat market in the country, yielding in volume to Edgeley, South Dakota, and Cando, North Dakota, only.

My sole assistant, who was paying and receiving teller, bookkeeper, janitor and messenger, one day allowed the cash to run low. We had a special shipment of \$5,000 due to reach Rugby that night, which would not reach Bottineau until the following evening. In order to have cash for the next days' business, it became necessary for my assistant to go to Rugby, forty miles distant as the crow flies, which was the usual route then—the road is fifty-two miles by section line—and being fortified with the necessary orders he obtained the \$5,000 package of currency from the postmaster at six o'clock the following morning. Tying the package to the handlebars of his bicycle, he pedaled for Bottineau, arriving there about 10 o'clock. Never after that was the currency allowed to run low.

For thirty years this bank remained officered by the same persons in the same relative positions—the same president, the same vice president, the same cashier, and the same assistant cashier, which is thought to be a record in North Dakota for continuous bank service of the four principal officers of a bank. Mr. Neville, the assistant cashier, is now with the Northwestern Trust Company of Grand Forks.

While our bank building was under construction we opened the bank for business in the rear of a general store, belonging to the president of the bank. An elderly lady from the Turtle Mountains shortly thereafter made a deposit of some three or four hundred dollars. Some four or five months thereafter she came in and withdrew her total deposit, which was laid out for her in currency. She looked at the money and shoved it back and said she didn't want to take the money out; all she wanted to know was whether she could get it. The deposit remained for several years thereafter, and upon her death was paid to her heirs.

Left Wife in Charge

During an absence, before I had an assistant, I left my wife in charge. A stranger came in and tried to borrow a small amount from her, which loan she refused to make. She didn't like his looks. Next day he robbed a bank in Dunseith, about twenty miles east of us, and was shot on the street in Dunseith by the citizens of that town before he was able to make his getaway. He had apparently concluded that our bank did not look attractive enough to rob and he passed us up in favor of Dunseith. Nevertheless my wife's hunch was justified. As I recall it now, the bandit's body was brought back to Bottineau and buried there in the potter's field.

My main activity up to 1893 had been in the educational field, having served in many different capacities in that line in Dakota Territory and in the state of North Dakota for nine years. I had written most of the bills that had been enacted into the educational laws of the state and had prepared courses of study, teachers' institute manuals, a complete system of blank forms for all departments, including all administrative departments of the educational work, and in a general way had organized a uniform system of education throughout the

new state. It had just shortly before been admitted to statehood. A change of administration let me out of the position I was then holding, that of deputy superintendent of public instruction, and I was asked by my home neighbors to return to my home at Bottineau and to take on the organization of a new bank in which I was to hold the position of cashier. My intention had been to enter law and I was on the point of applying for admittance to the bar when the opportunity occurred, as it seemed to me, to enter upon a paying job at once in place of having to go through several years of a starving period before I could hope to become established in the practice of law. Hence my reason for accepting the cashiership of the bank in 1893. My salary was fixed at \$100 a month and that seemed adequate.

My father, who was a stockholder in my bank and being well along in years, used the bank as his loafing place. He remarked to me, "You seem to do a lot of things around here that you never get any pay for." Service in those days was lived—not talked.

Consequent on the panic of 1893, two bank failures in Minneapolis and Grand Forks wiped out more than our entire capital. The directors of the bank were able to borrow on their personal responsibility and temporarily withstood the loss so that the bank was allowed to continue to operate. Thereafter the losses were made good through the earnings of the bank and a considerable surplus created and the capital increased, finally converting from a state bank into a national bank of double the minimum capital required by law.

Organized County Association

We cleared checks daily with the other bank in town, paying or receiving the difference in currency. Suspicion of our competitor precluded any other course. This seemed wasteful and in the course of time I undertook, and carried through to a successful conclusion, the organization of the Bottineau County Bankers Association, which was the first bankers association in North Dakota, antedating by several years the North Dakota Bankers Association, and it continued to be the only bankers association in North Dakota for several years. Through the medium of the county association the banks established exchange charges and other fees and made arrangements for clearance of checks between members that released considerable currency for other use or to build up reserves in the Twin Cities or elsewhere, and these re-

serves all brought an interest income. "Get acquainted with your competitor; he may not be a bad fellow," was the base on which was built up the original Bottineau County Bankers Association. Suspicion was dispelled, bankers found they had a community of interests, and a spirit of helpfulness prevailed.

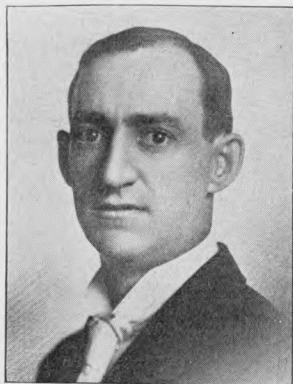
During the panic of 1907 a bank in a neighboring town had a shrinkage of reserve, so much so that the officers of the bank seriously considered closing. A meeting of the members of the Bottineau County Bankers Association was held at a hunting camp remote from any town, so that curiosity and suspicion among customers would not be aroused. The situation was canvassed and each bank in the county loaned \$500, which was turned over to the writer, a trustee, who was then president of the Association, for the purpose of bolstering up the bank with the depleted reserve. In the fall the money was repaid with interest to the contributing banks, and today that bank

is one of the sound and solid banks of the county. The little \$500 from each bank saved the situation and probably saved other banks, too, because it never became known that even one bank was in an embarrassing situation.

In 1903 the writer had twenty prominent bankers in the state unite with him in a call for a convention at which was organized the North Dakota Bankers Association. There had previously been a territorial association, known as the Dakota Bankers Association, organized in 1885, which is claimed to have been the first state or territorial bankers' association in existence in the United States, but this association, after several annual sessions, had gone out of existence about the time of admission to statehood. That is to say, North Dakota, or Dakota Territory, was the originator of State Bankers Associations.

The banking field was free and open to any group of persons who could assem-

ble the required capital, and formerly it was not necessary that the capital be paid in in cash—it might be paid in in bills receivable. There was no power vested in any officer, board or tribunal to refuse a charter. Revenues from collateral lines of business, such as commission on real estate loans and sales, insurance, furnishing funds for the purchase of grain, etc., were satisfactory and made the operation of a bank profitable and attractive. There were no cream checks. The income from lines that were not strictly banking would cover the officers' salaries, and the strictly banking transactions would produce the dividends for the stockholders. Now, most of these side line activities are prohibited to national banks and have caused to be available to state banks. The tendency is to limit the activity of banks to strictly commercial banking lines, and to refuse the issuance of charters where adequate banking facilities are available to the community.



J. F. COAD

President, Packers National Bank, Omaha
A veteran among Nebraska bankers.
The photo from which this cut was made,
was taken some fifteen years ago.

MY FIRST experience was with the Merchants National Bank of Omaha, in 1891, where I went to work, during my vacation, as a messenger boy at \$12.50 per month. This was what was paid by the Omaha banks at that time for messenger boys. Those who continued to work in permanent positions were then given \$15.00 per month.

In those days we had no electric cars or fast conveyances and it was necessary for the messenger boys to cover a good deal of ground during the day. I remember my route was about seven or eight miles north and south and about two miles east and west. Most of this territory had to be made every day.

I remained with the Merchants, during my vacation time, for a couple of years and in 1893 started as a messenger boy in this bank. There were three of us here then, Mr. Moriarty, cashier; Mr.

Chas. Dunham, assistant cashier, and myself as messenger. The deposits in our bank at that time were less than \$100,000.00.

South Omaha Was "Tough"

At that time South Omaha was considered pretty tough. As messenger, it was necessary for me to go up to Omaha two or three times a week and bring down currency and silver. I never had a companion to go with me to help carry this or to guard me. At times I would carry \$10,000.00 or \$15,000.00 in currency. The messengers from the other banks did the same thing. They had just built the trolley line between the two cities but it was necessary for us to walk two blocks, after getting off the car, with this money. No one ever paid any attention to us for in those days we very seldom heard of holdup men or bank robbers.

The salaries paid in those days were not very high, the cashiers of the bank received from \$125.00 to \$150.00 per month, the assistant cashiers from \$75.00 to \$100.00 and the bookkeepers from \$50.00 to \$60.00. Each of us were able to save a little out of our salaries, owing to the small cost of living.

In 1897 I was appointed bank examiner

for the state of Nebraska. The late Dr. P. L. Hall, of Lincoln, was secretary of the banking board. This was just after the panic and the banks at that time were all feeling blue. During the four years we were in office there were about six banks taken over by the banking department. Our aim was to help all the banks and get their cooperation to improve and when we went out of office there were very few banks on the sick list. One noticeable feature regarding the banks of Omaha is that we never had a failure of a national bank.

I was elected assistant cashier here in 1901, cashier in 1910, vice president in 1911 and president in 1914.

Thinking this might interest you, I am sending you a menu card of a dinner which was given by the banks of Omaha and South Omaha in September, 1907, with photographs of the officers of the banks at that time. For some reason or other the South Omaha National did not turn in any of the faces of their officers.

Out of this group of bankers the following are still in banks here in Omaha: C. T. Kountze, Fred Davis, T. L. Davis, First National Bank; Fred Hamilton, B. H. Meile, Omaha National Bank; John

PIONEER DAYS IN OMAHA BANKING

King, James Owen, Stock Yards National Bank; Frank Boyd, Omaha National Bank; Milton Barlow, United State National; J. F. Coad, Jr., Packers National Bank.

The Merchants National Bank consolidated with the Omaha National and two of its officers are with the Omaha National. The Union Stock Yards National and South Omaha National consolidated

in 1912 under the name of the Stock Yards National Bank.

The Nebraska National was purchased by the First National about two years ago.

Pioneer Banking Days in Iowa

ONE of the pioneer bankers of Iowa, known throughout the state, is Mr. Emmons Johnson, chairman of the board of the Leavitt & Johnson National Bank of Waterloo, Iowa. Mr. Johnson is now 92 years of age and his son, E. L. Johnson, has this to say regarding his father's career:

"I recently found on his table, articles of partnership under which the banking firm of Johnson & Leavitt was founded at Waverly, Iowa, in 1864. It provided each partner should contribute \$4,000 to the capital; Emmons Johnson should devote his entire time to the business and should receive \$900 a year as full compensation; all gains and losses should be shared equally. In May, 1868, Mr. Johnson bought out Mr. Leavitt, but the name of Johnson & Leavitt was to continue to be the title of the bank and it was so continued until Mr. Johnson sold out the business in 1870.

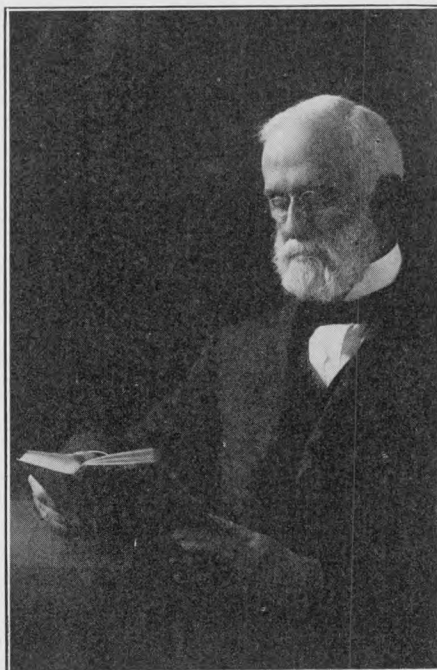
"In 1870 Mr. Johnson came to Waterloo and the Waterloo firm became Leavitt, Johnson & Lusch. The business had been established in Waterloo by Mr. Leavitt in 1856 and in 1870 he was looked on as a veteran banker and an old pioneer settler. Emmons Johnson sold the Waverly bank to the Rosenbaum Brothers, who afterwards became so prominent in the grain trade in Chicago. At that time they were in the clothing and grain business in Waverly and were Mr. Johnson's best customers.

Guaranteed Assets

"In selling, Mr. Johnson guaranteed all the assets of the bank and was to take up in ninety days any unpaid or unacceptable paper. He was asked to take up but one note of \$87.

"Attached to the contract of sale is a balance sheet on which Mr. Johnson bought out Mr. Leavitt in May, 1868. It shows:

Certificates of deposit.....	\$21,000
Deposits on open account from individuals	55,000
Capital and profits.....	21,000
"On the asset side it shows:	
Government bonds in the safe.....	\$ 4,950
Cash in the safe.....	23,800
Cash on deposit in New York and Chicago	8,800
Government bonds deposited in New York and Chicago	20,150
Bills receivable	18,500
Overdrafts	20,500



EMMONS JOHNSON

Office furniture.....	1,900
Real estate.....	4,600

"The matter of overdrafts was following an old custom, still prevalent in some parts of Europe, of advancing credits by way of overdraft instead of notes.

"The real estate covered the office and five other parcels, but was discounted 11 or 12 per cent in the sale, which looks as though real estate had been an undesirable bank asset even then.

Large Cash Balances

"With the small deposit the question arose why such large cash balances and \$25,000 in government bonds should be carried, which makes the total cash and government bonds \$57,500 as against the deposit of about \$77,000. Mr. Johnson said, 'Well, that was the way I liked to run it and always did. I had government bonds in New York and Chicago because they were more available there, either to sell or borrow on. They were practically cash in hand, just as now. I seldom made a loan for more than ninety days.' It required a good deal of self-restraint to run the bank this way when the lending rate was 1½ per cent a month.

"Waverly was the end of the railroad and grain was brought in there during the season for many miles north, east and

west—often a two-day haul for the farmer with a load of wheat. Cars were hard to get and it was Mr. Johnson's custom to wire to Dubuque in the afternoon what cars of grain were going forward that night and to order currency against them. The bank at Dubuque had the bills of lading the next morning and the Waverly bank had the currency to pay out again the next day. Of course, this was only during the more active periods. Grain buying and shipping was an active and alluring business for everybody. The bankers charged one-fourth of 1 cent a bushel for "figuring the wheat tickets" and paying out the cash.

"Perhaps I might add that the banks at Waverly had vicissitudes and changes of ownership. The Johnson & Leavitt Bank became the First National Bank. The original bookkeeper, Mr. Burr, was cashier for many years. Later Mr. Johnson bought the controlling interest in the First National Bank of Waverly, which he still holds and the bank is still run with an excess of cash, liquid paper and marketable bonds."

Our Funny Ancestors

A gentleman opened doors for ladies.

And at dances wore gloves lest he soil his partner's gown.

And in drawing rooms juggled top hat, cane, gloves, bread and butter, cup of tea and conversation.

And in the evening asked her father's permission to sit in the parlor with daughter.

And at dinner parties abstained from smoking until the ladies had left the table.

That was back in the age, when in dancing, the feet were employed.

Thank You, Mr. McPherrin!

From Grant McPherrin, veteran president of the Central State Bank, of Des Moines, comes this word of commendation which is deeply appreciated by the NORTHWESTERN BANKER staff: "Allow me to congratulate you upon the November issue of your magazine. It is a credit not only to you, but to the city of Des Moines and the bankers of Iowa."

A Layman's View of the Bank Guaranty Question

By James W. McCutcheon

Editor "Mount Vernon Hawkeye-Herald"
Mount Vernon, Iowa

I HAD thought perhaps it would be a good thing to give some facts and figures pertaining to the many bank failures in this state before beginning on the main topic, Bank Guarantee Laws.

One who reads the newspapers these days might be led to believe that all of the banks in the state were on the verge of closing. However, this is far from the truth. The fact is that most of the so-called shaky banks have been closed and a number of those closing recently have been solvent. The closure was forced in many cases to protect the depositors with faith in the banks who did not withdraw their deposits. Psychology seems to have been the trouble in most of the recent cases. People's nerves suddenly broke under the long strain of continuous failures and they lost confidence in all bankers.

To offset this loss of confidence following two failures in their town, the officers of the Security National Bank at Milford, finding their deposits dwindling, called a mass meeting of depositors. The officers spoke to them at length, maintaining that the bank was solvent, but that it would have to close before long unless withdrawals ceased. Pledges were produced and signed by a number of the depositors, which provided that 25 per cent of the deposits be left in the bank for six months and 75 per cent for eighteen months.

A Novel Plan

This plan attracted attention in northwest Iowa, where there has been so many failures. Two weeks ago 19 banks in Palo Alto and Kossuth counties closed on the same day. Mass meetings were held in the towns and in rural school-houses. An organized canvass, similar to the ones that put the Liberty Loan drives over the top during the war were carried on for signers to the waivers. In Algona the business houses closed and everyone worked to secure signers. When 80 per cent of the depositors had signed the plan it was legal, and many of the banks were reopened at once, with a relief to the depositors as well as to the bankers.

As long as there have been no failures in this immediate vicinity, it might be well to picture just what a failure means to a community. Imagine, if you please, that suddenly you could not draw on your bank balance, and what is more you could never have a portion of it. People's lives are changed. Many who would have weathered the financial crisis are ruined. Loans must be paid at once. The receiver starts many law-

The article on this page is from an address recently made by Mr. McCutcheon, editor of the Mount Vernon, Iowa, "Hawkeye-Herald," before the Rotary Club of Mount Vernon and Lisbon. It is an interesting view of proposed guaranty measures, by an editor who is also a director of a bank—Editor's Note.

suits. At Tama there were filed within a few weeks of the failure, fifty suits and the receiver says he is only nicely started. Aside from that the morale of the community is shattered and business is exceedingly poor. And then often there is a bitter feeling against officers of the bank, and you know what this means, especially in a comparatively small community. In some cases a town is left without banking facilities. Take Estherville, a town of 5,000 people, which formerly had four banks and now has none. However, one is in the process of organization and will be opened soon. The sheriff of Tama county says he is glad that he was defeated in reelection as he had had a sample of the work for the next year or two in serving papers on the unfortunate. Already families have lost their farms and others have judgments that will hold them down for years.

With that as an introduction I will take up very briefly the guarantee law in each one of the eight states that passed one.

Oklahoma was the first state to try such a law. Hers was passed in 1907 as a kickback from the panic of 1907. It provided for an assessment of two-fifths of 1 per cent of average daily deposits with authority vested in a banking board to levy special assessments. When first passed some of the state banks changed over to national banks. But as the advantage of advertising that they were a member of the guaranty fund became apparent, they changed back to the state bank system.

On March 1, 1920 there was a balance of \$75,000 in the fund which would be wiped out by one failure. During November 1921 the Bank of Okmulgee failed with \$1,700,000 in deposits. By this time the guaranty fund was over-

drawn \$3,000,000 and the warrants with their 6 per cent interest took two-thirds of the annual assessment. This bank had been consolidated earlier in the year. Other bankers had protested this at the time, but the superintendent of banking made no effort to acquaint himself with the facts or to stop the consolidation. The bank had loaned beyond the legal limit to individuals and on poor security. The law was repealed on March 31, 1923, with ten million in unpaid obligations.

Kansas Tried It

Kansas was the next state, adopting an optional law in 1908. Assessments were one-twentieth of 1 per cent with four additional, making a total of one-fourth of 1 per cent if the balance was below \$500,000.

It was wrecked by the failure of the American State Bank at Wichita with \$4,600,000 deposits. The cashier had ruined this bank and robbed it of \$1,650,000 besides making loans on unsecured oil notes. It is well to keep this case as well as the failure of the bank that wrecked the Oklahoma law, in mind. One bank also wrecked the Washington law.

One hundred failures during the past five years left the fund with liabilities of four million while \$300,000 is the maximum assessment. As the law was optional the banks have withdrawn.

Texas took up the law in 1910. It had the customary one-fourth of 1 per cent assessment, but one-fourth of this was deposited with the state treasurer and the balance was left on deposit with the member bank. When the fund reached \$2,000,000 no assessments were to be made except in the case of new banks. When the fund approached that balance it was increased to \$5,000,000. The fund saved losses to depositors of \$10,000,000 up until 1924. Since that time the strong state banks have been withdrawing and the system is placing a heavy burden on the weak state banks that they cannot carry, according to a letter from Banking Commissioner Charles Austin.

Nebraska was next, but I have left a discussion of her law until the last, as it is the nearest to a success of any law.

South Dakota climbed on the guarantee bank wagon in 1915 and jumped off after a disastrous ride following the many failures in 1921, '22, '23 and '24. Everything was fine and there had only been three failures until 1921. January 1, 1926 the account was overdrawn \$43,000,000 with \$2,000 daily interest charges on the balance.

Mississippi also tried the law in 1915.

Her assessment was the customary one-fourth of 1 per cent of deposits. The latest figures I could obtain were that it was overdrawn \$1,840,766 and that it would take seven years to pay out if there were no more failures which is unlikely.

North Dakota tried the law, but with her nonpartisan league experiences and lax supervision of banks on March 14, 1925, the account was overdrawn \$86,000,000. You can draw your own conclusions as to its success.

Washington was the last state to embark on a guaranty fund experience. It happened that there were three bank failures in Seattle while the legislature was in session in 1917. It had to do something so it passed a law and pulled its teeth, making it optional. The assessment was one-half of 1 per cent and it was administered by a board with the governor as an ex officio member.

The Scandinavian-American Bank of Seattle failed with 15 million in deposits. The president of this bank had speculated in Alaskan real estate. The bank had been interested in the Alaskan-Yukon exposition held a few years ago. It had also made large loans to ship building companies. The failure of a bank by the same name in Tacoma, although the two were not connected financially, caused a run on the Seattle banks with the disastrous results mentioned.

Eight per cent of their deposits was paid depositors before the banks withdrew from the system as membership was voluntary. The law is still on the statute books.

The Nebraska Law

Now we take up the Nebraska law for more specific consideration. It was passed in 1909 with William Jennings Bryan as one of its main supporters. The law was held up in the courts until 1911 to test its constitutionality. Under the original law the fund was not collected but kept on deposit with the member banks as a liability and carried as a deposit on their balance sheets. All banks were closed when in trouble as there was no commission to take them over. In 1923 the law was changed and the guaranty fund commission created. It administers the fund and provides for supervision of banks. There are seven members, the governor appointing an active executive of a state bank in each one of the seven banking groups. They hold office for three years.

Some of the adjectives used to denounce the law in letters written by Nebraska bankers against the law in answer to a questionnaire sent out by THE NORTHWESTERN BANKER, are dishonest, unsound, unfair, uneconomical, unjust and without merit.

Some facts of the Nebraska situation, answers to the questionnaire, and reasons for and against the law have been com-

piled from the letters printed in THE NORTHWESTERN BANKER and will be given.

Nebraska has a total of 893 banks with \$284,000,000 in deposits.

Since the law went into effect in 1911, there have been 154 bank failures, the vast majority since 1920.

The Guaranty Fund has liquidated and taken the losses of 117 of the failing banks and is now operating 37 banks.

Nebraska bankers have paid out of their pockets, through the Guaranty Fund a total of \$14,000,000 since 1911. A total of about \$14,000,000 has also been realized through liquidation of failed banks.

The average loss per bank to the Fund has been about \$130,000.

The main reasons against the law are:

1. Good bankers are punished by the acts of poor ones.
2. Promotes poor banking.
3. Economic unsoundness.
4. Continual assessments.

5. Places same rate of insurance on the good banker as on the poor one.

6. Depositors depend on the law rather than on the character of the men operating the bank.

7. The law created a boom in banking that caused more banks than were necessary to be organized and they were often run by incompetent men.

8. The law has increased the deposits of a bank drawing 4 per cent to such an extent that it is hard to invest the money safely and make money for the bank and loaning at 8 per cent on open notes is apt to cause bad loans.

9. It is an attempt to create integrity by legislative act.

The main reasons for the law are:

1. It stabilizes business.
 2. Prevents runs.
 3. Pays depositors in full.
 4. Holds public confidence.
 5. Bankers can spend their time look-
- (Continued on page 24)

Foreman Banks Will Increase Capital

THE board of directors of the Foreman Banks, Chicago, at their December meeting, decided to recommend to the stockholders that the capital stock of the Foreman National Bank, which carries with it ownership in the Foreman Trust and Savings Bank and the Foreman Securities Company, be increased from 40,000 shares to 50,000 shares, the additional 10,000 shares to be offered to the present stockholders at \$400 per share. The present dividend rate of \$16 a share will be continued.

The \$4,000,000 derived from the sale of 10,000 additional shares will be divided in the following manner: \$2,500,000 to the Foreman National Bank, which will give it a capital of \$5,000,000, a surplus of \$5,000,000, and undivided profits of over \$1,000,000; \$1,000,000 to the Foreman Trust and Savings Bank, which will give it a capital of \$2,000,000, a surplus of \$1,000,000, and the remaining \$500,000 to the Foreman Securities Company.

The plan will be submitted to the stockholders at their annual meeting on January 11, 1927, and, if adopted, immediately thereafter rights for the new stock will be issued, calling for payment not later than January 27, 1927.

Profit to Stockholders

Inasmuch as the present market value of the Foreman National Bank stock is \$500 per share, the issuance of these rights constitutes a bonus.

It is interesting to note the development and progress of the Foreman Banks. It was founded in 1862 by Gerhard Foreman, one of our early pioneers, and in-

corporated as a state bank in 1897 under the name of Foreman Bros. Banking Company, with deposits of less than a million dollars. At that time the bank had only three officers, Edwin G. Foreman, president; Oscar G. Foreman, vice president, and George N. Neise, cashier. Its progress and growth was right in pace with that of the city, and on July 1, 1923, a further step forward was made by changing Foreman Bros. Banking Company to the Foreman National Bank and the Foreman Trust and Savings Bank.

On December 24, 1924, the Foreman National Bank increased its capital stock from 30,000 shares to 40,000—the additional 10,000 shares being sold to the public at \$400 per share. This was a decided change in policy as the stock had previously been held very closely. In disposing of the additional 10,000 shares, over 800 new stockholders were added, and the money secured from the sale of the stock was used in increasing the capital and surplus.

\$100,000,000 Resources

Since that time the bank has continued its growth and its resources at the present time exceed \$100,000,000.

The directors are Oscar G. Foreman, Carl Nyquist, Albert D. Lasker, William C. Cummings, Delos W. Cooke, Edwin G. Foreman, Jr., John Hertz, George N. Neise, Charles A. McCulloch, Emil G. Seip, Joseph W. Cremin, Gerhard Foreman, John R. Thompson, Jr., Samuel Phillipson, Alfred K. Foreman, L. B. Patterson, Oscar G. Mayer and Harold E. Foreman.



COMPLETENESS

IN selecting your Chicago correspondent, we cordially invite you to investigate those complete facilities of the Union Trust Company which have enabled it to serve many correspondents for ten, twenty, and even thirty years or longer.

With a balanced organization of correspondent banks and private wires carefully built up over a long period of years, we welcome the opportunity to serve our correspondents in matters that require accurate credit information, intelligent collection handling, and rapid turnover of funds in transit.

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Chairman of the Board

HARRY A. WHEELER
President

CRAIG B. HAZLEWOOD
Vice-President

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SAFETY · SPIRIT · EXPERIENCE · CALIBER · CONVENIENCE · COMPLETENESS · PRESTIGE

A LAYMAN'S VIEW OF THE BANK GUARANTY LAW

(Continued from page 22)

ing after investments rather than convincing depositors that his bank is safe.

Suggested Changes

A number of good suggestions were made for changes in the Nebraska law; they follow:

The law should be taken out of politics. The bankers should elect those who administer the fund as they have to make good the losses they ought to have control of the liquidation of failed banks.

A charter for a new bank should not be granted unless there is a real need for this bank in its own community.

More stringent loans are needed regulating loans to individuals and in the examination of banks.

Depositors who receive the benefit under the law should share in the expense.

The rate of interest should be reduced to make up for the expense of the guaranty fund to the banks.

The fund should only cover 85 per cent of the losses as the moral backing of the community in which a bank closed would be behind the receiver rather than against him as it is now in many cases.

Kirk Griggs, secretary of the department of Trade and Commerce, which in-

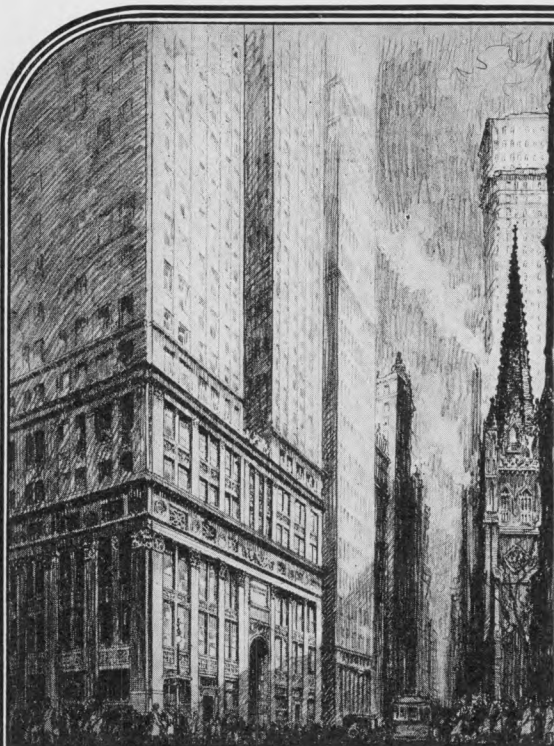
cludes the bureau of banking, says that bankers who violate banking laws should be fined heavily and the fines be used to build up a guaranty fund. Under strict supervision he believes that this plan would work. In case it did not he suggests state taxation to make up the losses not covered by the fines.

Another suggestion, that may make for the correct guaranty law, there should be more strict banking laws and more strict enforcement of them than there is. There were only 10 per cent as many failures of national banks in Nebraska as state ones. It is the same story in nearly every state. The state banks must be administered as strictly as the national banks are. High-grade examiners, who know their business should be hired and their appointment should be kept out of politics. However, they should be responsible to some one, so their authority will not get away from them.

As for state taxation to pay losses, that is taking the government too far into private business. It also would be special interest legislation. The latest plan of passing the burden on to the depositors also is not right. The same banker who has bitterly opposed the guaranty that places the burden on them because they have to suffer for the acts of poor bankers, and many of the other reasons mentioned earlier in this talk, favors a law that shifts the burden to the depositor.

There is absolutely no consistency whatever to their stand. If they were sincere in their objections of the principle of the Nebraska guaranty law, they would not favor a law that placed the burden on the depositor but did not change the principles of the law other than that. The audacious proposal has been made by W. E. G. Saunders of Emmetsburg that such a law should be mandatory. Passing the buck to the depositors if successfully passed in the legislature would amount to a reduction in the interest rate. With the competition of first mortgage real estate, bonds, government securities municipals and preferred stock in good reliable companies the banks would undoubtedly lose heavily in deposits.

What is really needed is better banking laws and better bankers. The cause of the failures could be largely eliminated in this manner. Then with a system in which the bankers had full control as to liquidation of closed banks, appointment of examiners and supervision of the banks and control of banks admitted to the guaranty fund, the failures would be reduced to such an extent that the banks might not object to the small burden feeling that they were more than repaid by the advantages that would accrue to them under such a guaranty law. The correct guaranty law is coming and should be written in the not far distant future.



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Renders Important Decision

THE recent reversal of Judge Kepler's decision in the matter of the penny banking system in Mason City, Iowa, by Justice Faville of the Iowa supreme court, has not only opened the way for the resumption of the system in the Mason City schools, but will affect scores of other systems throughout the state, some of which have been in operation for many years. In 1925 there were nearly 50,000 pupils enrolled in the savings system in 21 towns and cities in the state, the boys and girls systematically saving their money and depositing it under the supervision of their teachers. The total deposits of school children in Iowa was in the neighborhood of 375,453, which amount brought an annual interest of \$12,671.

A total of 265 schools are now using the system in the state and not until the system was inaugurated in Mason City in 1923 was the plan questioned and the matter brought before a district court.

Plaintiff's Contention

The plaintiff, the Security National Bank, contended the school board in placing the system in operation, had exceeded its statutory authority and that the First National Bank which was made the depository, had violated the unfair competition regulations. Judge Clark granted temporary injunction while the final case was decided before Judge Kepler, whose decision has not been reversed by Justice Faville who said, "We think it can not be denied under the record, that the instruction in thrift, as outlined and taught by the system adopted by the board of directors in this case comes properly and legally within the contemplation of a course of study. The teaching of economy, self-denial and saving is by a definite and well-defined system or plan. It is, we think, clearly within the power of the board of directors of a school corporation to determine whether or not such a course of study shall be prescribed for the public schools of the corporation and whether it shall be maintained or not.

"The general assembly designated by legislature enactment that certain specified subjects shall be taught in the public schools, and has left the matter of determining and prescribing the courses of study as to all other matters within the power and discretion of the board of directors. Unless there be something in connection with the subject matter of this prescribed course that transcends and exceeds the power vested in the board of directors, the courts have no authority to interfere by injunction and restrain the action of the board.

There is no contract whatever between the school district and the appellant

bank. The contract is between the school district and Thrift, Inc., who owned the copyrighted system. In carrying out the system the use of some one or more banks is required. The school district did not contract with the bank, and by the terms of the resolution inaugurating the system in the public schools, Thrift, Inc., was required to secure some bank to act as depository without expense to the schools or to the pupils. The record shows that Thrift, Inc., endeavored to secure the appellee and other banks in Mason City as depositories and that they refused to act as such.

"The school corporation had nothing whatever to do with this contract. It was not a party to it in any way. All its resolution required was that Thrift, Inc.,

should provide that a bank should act as a depository and that the supplies for the carrying out of the system should be furnished without expense to the pupils or the school corporation.

"We are of the opinion that the feature of the system which required money to be deposited in an actual bank or banks where interest accumulated on it, such bank or banks to be selected by Thrift, Inc., did not render the resolution of the board of directors in inaugurating the system of instruction an act beyond the legislative power conferred upon it and hence one which the courts could enjoin.

Not Compulsory

"As we understand the record, the pupils are not compelled to take part in



1927—

To bankers of the Middle West we extend our sincere wishes for a most pleasant and profitable year, and it is our hope that we may be privileged to serve in ways that will accomplish most for those who entrust us with their business.

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



A Specialized Service

for Banks and Bankers
which is the result of more
than sixty years of experi-
ence is offered by

**THE FIRST
NATIONAL
BANK OF
CHICAGO**

and

**THE FIRST
TRUST and
SAVINGS
BANK**

Complete facilities are pro-
vided for active and inac-
tive accounts, collections,
bills of lading, investments
and foreign exchange
transactions

FRANK O. WETMORE, Chairman
MELVIN A. TRAYLOR, President

*Combined Resources
Exceed \$450,000,000*

the system of thrift as taught. They are encouraged to do so. If they have no savings they have no use for a bank. If they want to 'save on their own account' without regard to the school or the Thrift system, and put their savings in a bank of their own choosing, there is nothing to prevent them from so doing.

"We are not called upon to pass upon the advisability or propriety of the inauguration of such a system in the public schools. We confine our ruling to the sole question, to wit: was the act of the board wholly illegal? We hold that it was not.

The penny banking system has the backing of the American Banker's Asso-

ciation and the deputy manager of the Association's savings bank division has brought out that during the year which closed June 30, 1925, the number of reporting school savings systems has increased from 683, which embraced 742 districts, to 760, embracing 1,557 districts.

The number of schools having savings system increased 11.9 per cent; the enrollment of pupils in district having school savings increased 24.3 per cent; pupil participation increased 28.3 per cent; deposits 506 per cent, and bank balance 516.8 per cent.

Money is a social agency in its deepest sense and happy is the youth who comes to an early understanding of that fact.

Predicts New Record on Travel Abroad

THE winter of 1926-1927 will establish new high marks for steamship pleasure cruises, the number of passengers books and the amount of money to be spent by these anxious to see the world and to obtain short respites from the wintry blasts that most of the U. S. A. is heir to, according to figures just compiled by statisticians of the American Express Company.

Frederick P. Small, president of the American Express Company, has just issued a statement showing that fifty-seven cruises by palatial ocean liners are scheduled to leave on tours ranging from eighteen days to four months during the coming winter under the auspices of steamship and tourist companies. Six of these steamships will make world voyages, twenty-four will sail for the Mediterranean, twenty-four others will visit the West Indies and three will go to South America and South Africa.

"This is a veritable armada of pleasure ships, equal in tonnage to some of the navies of the world," declared Mr. Small, in speaking of the elaborate plans that have been worked out during the last six months to take care of the tourists who have thus far booked. At the present rate there will be 24,100 bookings for the fifty-seven pleasure jaunts. These figures, the American Express Company's official believes, may be greatly augmented during the next few months. A conservative estimate made by experts of the American Express Company shows that approximately \$25,000,000 will be spent by tourists for accommodations. This sum is exclusive of such personal items as tips, laundry, mineral water, wines or personal expenditures of the head of the family in providing "just what is needed" for traveling.

Accountants compiling figures of the various cruises submitted their approxi-

mate totals to Mr. Small, covering all expenditures of the 24,100 globe trotters aboard the fifty-seven steamships and the grand total shows that \$75,000,000 will change hands this winter. "Looking back to 1919," said Mr. Small, "one appreciates the tremendous strides made in the winter pleasure cruising end of the steamship business. The American Express Company in conjunction with Thomas Cook and Sons seven years ago undertook a hazardous adventure for that time, in sending the Cunarder "Caronia" to the Mediterranean on the first large cruise of its kind after the war. It was a decided success, nevertheless, and since that momentous occasion the winter cruise business has been almost fabulous, with this season exceeding all previous records.

"I am sanguine enough to predict that next year will show a still more decided increase.

"Save-to-Travel organizations have played a large part in diverting travel to the winter months," declared the official of the American Express Company. "The average man or woman before the inauguration of the winter cruises looked upon ocean trips as being confined to the months of July, August and September. An ocean trip meant to them a brief visit to Europe. Today people are no longer content with short vacations. They plan for months for the winter ocean trips and look forward to the dreary days of December, January, February and March with pleasure, for, under the present scheme, most of the steamship companies and tourist agencies try to arrange the itinerary of their respective steamships so that the traveller will be able to dodge, if not all, most of the frigid weather of the new world and arrive back in the United States weeks after the ground hog fails to see its shadow."

TWO NOTABLE SAFEGUARDS FOR **GUARANTEED MORTGAGE COMPANY** **GOLD BONDS**

**Every Mortgage Is Guaranteed by
a \$52,000,000.00 Company**

The United States Fidelity and Guaranty Company Guarantees to Pay,

- A. Any and all such interest, within thirty (30) days after receiving notice of default.
- B. Any and all such principal, within six (6) months after receiving notice of default; and, in the interim, interest at the rate named in said mortgage or mortgages so in default, as the same shall accrue.

UNITED STATES FIDELITY AND GUARANTY Co.

Condensed Statement
October 31, 1926

ASSETS

Cash and Investments (Market Value).....	\$39,578,957.77
Baltimore, New York and Philadelphia Buildings.....	2,916,308.61
Agents' Balances.....	9,135,752.53
Due from Subscriptions, Bureaus, and under Re-insurance Treaties.....	706,442.04
Interest due and accrued.....	369,706.31
Miscellaneous.....	127,171.85
	\$52,834,339.11

LIABILITIES

Cash Capital	\$6,000,000.00
Surplus	8,985,315.29
Funds held under Re-insurance Treaties.....	935,776.69
Contingent Reserve.....	500,000.00
Premium Reserves.....	16,426,360.41
Claim and Miscellaneous Reserves.....	19,986,886.72
	\$52,834,339.11

**Every Title Is Insured by a
\$30,000,000.00 Company**

The New York Title and Mortgage Company with capital funds in excess of \$30,000,000 insures the titles of all properties securing these bonds, thus affording our investors additional safety through this title protection. The financial statement of the New York Title and Mortgage Company indicates the strength of that institution.

NEW YORK TITLE AND MORTGAGE COMPANY

Condensed Balance Sheet
September 30, 1926

ASSETS

Cash.....	\$2,902,605.08
Bonds and Mortgages.....	20,861,525.10
Investments.....	13,910,895.52
Accounts Receivable.....	443,412.67
Net Interest due and accrued.....	202,460.26
	\$38,320,898.63

LIABILITIES

Capital	\$12,000,000.00
Surplus	14,000,000.00
Undivided Profits	5,392,503.24
Premiums and Fees Prepaid.....	1,874,264.04
Reserves.....	1,534,060.62
Dividends Payable.....	595,000.00
Mortgages sold, not delivered.....	1,984,597.90
Agency Accounts.....	679,934.20
Current Accounts.....	260,538.63
	\$38,320,898.63

Investment Bankers, Banks and Bond Dealers are invited to correspond with us regarding a profitable affiliation for the distribution of these bonds.

WHITE-PRICE-COMPANY

BAKER BUILDING

MINNEAPOLIS

Uniformity of Banking Laws

ABSOLUTE uniformity of banking laws in all the states would be impossible to secure, and unwise if secured; for one of the elements of strength in state banking laws is their peculiar adaptability to the special business needs and conditions prevailing in the various states. Nevertheless it is generally agreed that there should be a high degree of uniformity as regards the fundamental principles of banking, bank organization, regulation and supervision. Gratifying progress has been made along this line, especially during the past two years, it is shown in a survey of the trend of bank legislation made by the State Bank Division of the American Bankers Association.

The adoption of new banking codes

By M. E. Holderness
Chairman Public Relations Committee
American Bankers Association

during 1925 by the states of Oregon, Idaho, and Wyoming is a notable achievement within a single legislative year. Several other states contemplate a complete revision of their banking laws at an early date. Montana, Texas and South Carolina have appointed banking code commissioners to study banking laws with a view of drafting new codes.

In modernizing their banking laws, Oregon, Idaho and Wyoming drew upon the best banking experience in the country, and these codes represent the combined judgment of as many bankers and

others interested in the subject as it was possible to secure.

I have attempted to summarize in the following only the broad general tendencies of recently enacted bank legislation.

Fourteen Trends

A survey of new bank legislation enacted in the several states reflects a very definite trend in legislation toward:

Increasing the minimum capital requirements of banks to \$25,000, thereby increasing their efficiency;

Increasing the discretionary power of bank commissioners as to granting or denying charters for new banks, and authorizing their making reasonable rules and regulations governing bank management;

Creation of banking boards to act in an advisory capacity with the state bank commissioner;

Increasing the compensation of the bank commissioner and lengthening his term of office to four, five or six years, with power to appoint necessary deputies and examiners;

Empowering bank commissioners to take complete charge of and to liquidate insolvent banks as distinguished from liquidation through the courts;

Limiting or prohibiting an officer or director of a bank borrowing from his bank, unless his collateral is approved by a majority of the Board of Directors;

Legislation providing for closer supervision and regulation of building and loan associations;

Legalizing "finance companies", "credit unions," etc., and placing them under the supervision and regulation of the department of banking;

Legalizing and regulating "departmental banking;"

Legislation providing for merger, conversion or consolidation of banking institutions;

More equitable taxation of bank stock;

Broadening the field for investment of funds of savings banks and trust companies;

Legislation providing for reducing mandatory bank calls to three, and reducing the number of examinations required by law annually to one examination; more frequent calls and examinations optional with bank commissioner;

Making issuance of worthless checks a misdemeanor with specific penalties.

Guaranty of Deposits

Interesting sidelights on so-called State Guaranty of Deposit laws were revealed by the survey. Many bankers confessed their earnest advocacy of the plan fifteen or twenty years ago, but that they had repented in sack cloth and ashes, after the scheme had been put in the crucible

ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA



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

Offers an unexcelled line of policy contracts.

Our Juvenile policies, written on children as young as one day old, go in full benefit automatically at age five without re-examination.

Our special low rate policies to business and professional men are fast sellers.

We write women on equal basis with men.

Special agency openings are now available. Write William Koch, Vice President and Field Manager.

Royal Union Life Insurance Company

Des Moines, Iowa

A. C. TUCKER, President

of experience and tried out by the fires of adversity and found wanting. The plan was conceived in the troublous times of the nineties, born during the panicky era of 1907, and wrongly christened at the start, "State Guaranty Plan," whereas it is not a guaranty but an insurance plan without the element of selective risk, and entirely dependent upon the sufficiency of the premiums paid. Experience has shown the premiums not sufficient, and the insured unable to afford higher premiums. Nevertheless, the plan proved so alluring to the uninitiated—so easy, so simple, so promising, that it reminds one of the allurements of the mirage of glistening waters and green trees which fascinates the tired and thirsty traveler in the desert, only to prove disappointing in the end.

The consensus of opinion from all sections of the country is to the effect that the question of state guaranty of deposits is passing into eclipse so far as the extension of the idea is concerned, for, notwithstanding the fact that state guarantee laws were recommended last year by the governors of two states and were introduced in several other states, all such proposals were defeated. In general, the tendency regarding state guarantee laws appears distinctly retrogressive—several states looking toward the repeal of this legislation.

During the past twenty years, eight states enacted guaranty laws, beginning with Oklahoma in 1907 and followed by Kansas in 1909, Texas in 1910, Nebraska in 1911, Mississippi in 1914, South Dakota in 1915, and North Dakota and Washington in 1917.

Oklahoma rescinded her guaranty law three years ago, leaving a large unpaid deficit. Last year South Dakota repealed its state guaranty law and has referred the repeal to the people for ratification at the next general election. Texas has modified her law, on account of state banks changing into national banks to escape the burden, so that they may choose between the guaranty system or a bond security plan.

The Kansas State Guaranty law was rendered virtually innocuous by a decision of the Supreme Court on April 12th this year, wherein it held that the banks could not be held for assessment beyond the bonds deposited with the state. In other words, the decision means that a bank may withdraw from the guaranty fund any time it desires and escape payment of any assessments beyond forfeiting the amount of bonds deposited with the state. It is reported that most of the banks plan to forfeit their bonds and withdraw from the guaranty fund, which means that the state will have a little more than \$1,000,000 with which to pay more than \$3,000,000 of outstanding guaranty certificates.

Undoubtedly, the fundamental weak-

ness of the guaranty of deposits plan is that it is an attempt to create integrity and financial ability by legislative fiat—it tends to penalize prudent banking and to encourage reckless practices by reducing in the public mind, all bankers, honest and dishonest, efficient and inefficient, to one common level.

Preventing Failures

Bank failures are public calamities, and all agree that banks must be made safe by some feasible means, based on sound principles.

Banking experience throughout the years has taught the lesson that the best safeguards of sound banking are: banking intelligence, plus unyielding integrity, supplemented by careful supervision. Supervision that prevents bank failures

is far more valuable to both depositors and stockholders than any plan of guarantee of liquidation after failure. The one is preventive in its nature, the other a post mortem process.

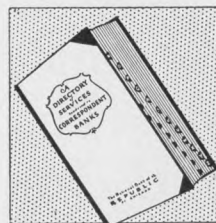
As a preventive of bad banking and as an antidote for the guarantee panacea of the politician, I earnestly commend for your consideration and adoption, the Clearing House System of Examination.

The clearing house associations in operation in several hundred cities towns and counties today constitute the chief line of defense against bad banking practice—they are the chief factors in bringing about reforms in banking laws, improvement in banking methods and promotion of sound banking practices. The work of the clearing house association is today a great constructive force in American



The Opening of the New York Office

of a representative of The National Bank of the Republic of Chicago is another link in the "Republic's" chain of service. The new office is located at No. 1 Wall Street, and we cordially invite you to make it your headquarters while in New York City.



116 Features

If you are not personally acquainted with the length and breadth of "Republic" Service, you will be particularly interested in our new booklet—just off the press. It covers 116 outstanding features of our specialized service to correspondents—everything from our loan policy on down to the act of making a hotel reservation for you in Chicago, New York or Paris. Merely write for a copy of "A Directory of Services Rendered to Correspondents."

The National Bank of the REPUBLIC OF CHICAGO

JOHN A. LYNCH, Chairman of the Board
DAVID R. FORGAN, Vice-Chairman GEORGE WOODRUFF, Vice-Chairman
H. E. OTTE, President

© NBR 1926-13

Throughout the Year

The officers and employes of this institution, as in years gone by, recognize a dual obligation of profit and of service—to 3500 stockholders and 210,000 customers in all parts of the United States

The CONTINENTAL and COMMERCIAL BANKS CHICAGO

RESOURCES HALF A BILLION—AND MORE

banking, and its value is no longer a matter of opinion for the results speak most eloquently for themselves.

It is becoming more and more evident that the extension of clearing house work, including clearing house examinations, is a great forward step in the solution of the problem of protecting bank deposits. The plan has been in operation twenty years and thoroughly tested. The records show that no depositor has ever lost a dollar in a bank under the supervision of the clearing house examiner system.

It has proven itself the best possible safeguard so far developed for keeping banks in prime condition, and for giving the public the best available assurance that the banker's published statement is reasonably correct. The work of the clearing house examiner is continuous, not periodical, qualitative instead of quantitative and admirably supplements and coordinates the work of national and state examiners. A former comptroller of the currency has characterized the clearing house examiner system as "infinitely superior to either state or Federal examinations," and this is no reflection on either state or Federal examinations as plan and procedure is quite different. The plan is simple, economical, effective, and equally applicable to cities and country districts. May I bespeak your active interest in its further extension? The Clearing House Section of the American Bankers Association on request will gladly furnish full information and data and stands ready to assist in its installation.

Declare Extra Dividend

At the regular monthly meeting of the Directors of the Drovers National Bank of Chicago, held December 8, 1926, an extra dividend of 2 per cent was declared payable to stockholders of record December 31st, in addition to the regular dividend of 2½ per cent.

The Directors of the Drovers Trust & Savings Bank declared the regular dividend of 3 per cent and an extra dividend of 4 per cent payable to stockholders of record December 31st. In addition the Directors of the Drovers Trust & Savings Bank recommended an increase in capital stock from \$250,000 to \$350,000, the increase of \$100,000 to be distributed to the stockholders as a 40 per cent stock dividend, this distribution to be made to stockholders of record January 11th.

Where Sausages Grow

Little Louis of Chicago was greatly impressed by her first motor ride through the country where vegetables, milk and eggs originate, she was told. Passing a marsh full of cattails, she exclaimed: "Oh, look, daddy, that's the place where the sausages grow."

What It Means to Be A. B. A. President

NO BANKER can pass through the experience of being president of the American Bankers Association without having very definite sentiments as to the meaning of that office. Ordinarily, I dare say, those who are privileged to look forward to holding it are imbued as they approach it chiefly with a sense of the high honor they are about to attain. But once they are actively at work the chief sensation pertains to the amount of real work and real service they are called upon to render—a realization, indeed, that lends an added weight and larger importance to the honor of holding the office.

Americans are inclined to under-rate achievement unless it is spectacular, and sometimes, perhaps, less than due recognition of the real value of the association's services in the nation's life results from the fact that it does not, and should not, operate along spectacular lines. But after one serves a term as its president, travels the hundreds of miles through many parts of the country necessary to permit him to address a great diversity of state bankers' associations, civic bodies, business organizations, educational institutions, and other units in our varied social life, and witnesses the universal respect in which the profession and the organization he represents are held, he knows that there must be some sound

*By Thomas B. McAdams
President 1921*

reason for the obvious prestige now enjoyed by organized banking.

The reason is clearly found in the power of organization represented by the American Bankers' Association. This organization means the preparedness of one of the great businesses of the country to do that which is right as occasion demands. The nation knows that as long as the bankers are organized as they are in the American Bankers' Association there can be no real tampering with the fundamentals of our currency and banking systems, despite all the talk that has arisen from time to time threatening a radical disruption of these basic economic factors. Without an organization such as the American Bankers' Association the country might well feel a sense of insecurity at its lack of preparedness in case of need—at a lack of a concrete body of public opinion ready to lead the defense against any serious efforts to spread unsound financial policies in this country.

I might go on at length and tell how the association is continually unspectacularly working on the side of better agriculture, sound business and banking. I

could give many additional phases of what it means to be president of the association—of the thousands of friendships it brings, of the opportunities to watch the workings of the manifold activities of the association and lend helpful advice and supervision from time to time as required; of the participation in earnest conference on subjects that frequently make no great noise in the public forums but nevertheless are fraught with significant possibilities for good or ill. I might dwell on all of these, for they all go to give the office its real significance, but the outstanding impression that I retain from any incumbency of it is the responsibility that rests on those who occupy it to maintain the solidarity, vitality and prestige of an organization whose potentialities for serving the public welfare are so great and are of such definite value to the nation.

Unfair Competition

Hesitating in front of a suspicious-looking stretch of mud the autoist was approached by a small boy.

"You can drive in if you want to mister," said the young business man. "Farmer Jones is waiting to haul you out for five dollars, but if you'll give me a dollar I'll show you a good way around."

BUSINESS AND FINANCIAL COMMENT

By the FIRST WISCONSIN NATIONAL BANK, of Milwaukee, Wisconsin, with editorial assistance of the FIRST WISCONSIN TRUST COMPANY, of Milwaukee, Wisconsin.

NOVEMBER 15, 1926.

Summary—Prosperity: About 110 per cent as normal. Iron and steel and various goods production increase. Automobile production lower than September.

Manufactures—Chain store sales show increase over October 1925. Department store and mail order sales decrease. Car production at peak for the year.

Prices—Retailer's index shows slight decline for October. Grain, livestock, cotton and other goods, hides, and non-ferrous metals lower. Coal and coal-mining higher.

Money—Seasonally low. Night easing at end of month.

Stocks—Declining trend.

Bonds—Firm. Price trend upward.

Business—The business statistics of October present a somewhat irregular picture. The volume of commerce during the month was heavier than in September or October last year, but also somewhat the result of a "carry-over" from the active month of October last year. The volume of production and sales for the whole month of October last year were unusually high, owing to the fact that the month and sales are running at about 75 per cent of capacity against over 80 per cent last month. In the automobile industry, production and sales have not been any so exceptional. Reports from the north and central west indicate some slackness in unseasonable movement. It seems clear, on the whole, that between the middle of September and the last of October last business expansion received a slight check.

The business is in a normal state. The present situation in the south seems at least more than average. The country is in a normal state.

Do You Receive This Bulletin?

BUSINESS and Financial Comment, our monthly publication, giving a resume of business, both local and national, is sent regularly to a large mailing list which includes the names of individuals and firms located in all parts of the country.

From the favorable comments of well-known business men who have ample opportunity to compare it with other similar bulletins, it would seem that the Comment, with its vivid and faithful portrayal of the general trend of business, has come to be recognized as one of the best economic bulletins published.

If you care to have your name placed on our mailing list to receive future issues of Business and Financial Comment, please send your request to our Commercial Service Department.

FIRST WISCONSIN NATIONAL BANK MILWAUKEE

Capital and Surplus Ten Million Dollars



Personal Paragraphs



The Measure of a Bond House

Investment and financial advice is the essence of what a bond house sells.

* * *

It is just as important that such advice be intelligent as it is that it be sincere if the ends of sound investing are to be attained.

* * *

The bond house that is well-managed grows and prospers in direct proportion to its performance with respect to the advisory function. This is "The Measure of a Bond House."

First Illinois Company

BONDS FOR INVESTMENT

CHICAGO MILWAUKEE
ST. LOUIS AURORA
DAVENPORT
Union Savings Bank Bldg.

M. E. Tate, vice president and cashier of the Security State Bank of Keokuk, Iowa, and chairman of the Committee on Public Education of the Iowa Bankers Association, announces a series of talks prepared to assist in an educational movement for the purpose of reflecting the larger prosperity of each community and the state as a whole in the benefits of banking and sound finance. The talks are available for high schools, grammar schools, civic clubs, etc., and it is expected many members of the Association will take advantage of securing the papers in order to help present banking as it should be presented to the different classes.

The Fergus Falls National Bank of Fergus Falls, Minnesota, is to be complimented on its splendid advertising of its good statement in local newspapers. The statement is not only attractive in layout, but the figures are attractive in showing loans and discounts of \$756,560, deposits of \$1,999,805, and "quick assets" of \$2,288,546.

F. H. Sisson, vice president of the Guaranty Trust Company, New York, attending the second midcontinent fiduciary conference of the American Bankers Association in Omaha recently, said, "Prosperity is not foolproof. It needs sound financing and sound management to maintain it. The American people have the highest purchasing power in their history. Even the farmer will make more in 1926 than in 1925, judging by this year's crop estimates."

John G. Lonsdale, president of the National Bank of Commerce, St. Louis, has been reelected a class A director of the St. Louis Federal Reserve Bank.

"Herb" Joesting, renowned All-American full back, has taken a part-time position in the savings department of a Minneapolis bank.

David R. Forgan, vice chairman of the National Bank of the Republic, told members of the Milwaukee Bond Club recently that the only way America can collect the debts owed her by her former allies is to loan those nations the money with which to repay us. "I don't believe any debts, public or private, should be cancelled," Mr. Forgan asserted. "Our present civilization rests on the sanctity of contracts, particularly money contracts, and cancellation is too closely akin to repudiation."

Mr. Forgan stated that to effect repayment the United States must assume the attitude toward the allies of a creditor dealing with his best customers and that our procedure must be to help them back on their feet so they will be in position to pay.

Charles Nagel, of St. Louis, former secretary of Commerce and Labor in the Cabinet of President Taft, has accepted chairmanship of the "Business Men's Commission on Agriculture," which committee will make an intensive study of the agricultural situation in this country with a view to formulating a "national program for cooperation of all economic groups in protecting the permanent national interest in a sound and prosperous agriculture."

J. Scofield Rowe, president of the Metropolitan Casualty Insurance Company, in a bulletin recently issued by the Forgery Prevention Bureau, sponsored by the company, states that the new trend in forgery methods is indicated by a decrease in the percentage of losses due to check alterations, and an increase in signature and indorsement forgeries. The use of mechanical protective devices, according to Mr. Rowe, has brought the drop in check alterations, while the proper care by check users to prevent their signatures and checks from falling into the hands of criminals should reduce the forgeries of names.

George Woodruff, vice chairman of the National Bank of the Republic, Chicago, recently addressed the Milwaukee Bond Club and discussed the future of the bond market, the foreign situation and the problems confronting bankers as result of the downward trend of interest rates.

Fred L. Gray, president of the Fred L. Gray Insurance Company of Minneapolis, died recently at the age of sixty. Mr. Gray had been ill for seven months, following a trip around the world. He was known as an expert on casualty insurance, and was at one time president of the National Association of Insurance Agents.

Congressman Otis Wingo, senior member of the House Banking and Currency Committee, recently declared before the annual meeting of the Cook County Real Estate Board in Chicago, that the renewal of the Federal Reserve charter was only a "stalking horse" provision at-

tached to the McFadden Bill to distract attention from its branch-banking features, referring to the vote against the Hull amendments by branch-bank managers at the American Bankers Association convention in Los Angeles as a "parade of the wooden soldiers." Mr. Wingo pointed out efforts to confuse the McFadden Bill, introduced and passed in the House, including the Hull amendments, which would stop the spread of branch banking into nonbranch-bank states, with the bill as amended into a branch-bank measure of opposite effect in the Senate.

Aubrey Kenneth Ormsby Cochrane of the Union Trust Company, with Mrs. Cochrane, visited Merrie Old England during the holidays. We are sure Mr. Cochrane added much to the merriment there—as he does to group meetings and conventions on this side of the water.

The Live Stock National Bank of South Omaha recently received the following letter from Vienna, relative to their calendar: "May I again apply to you for the same favor which you were good enough to grant me every year, viz., to favor me with two copies of your good wall calendars for the coming year? Same has been of inestimable value, not only to me and my staff, but in some degree also to your famous establishment, as the calendar, being conspicuously placed in our office, generally attracts the notice of traveling Americans calling on us. Your calendar has become quite indispensable and we have got so fond of and used to same that its absence would be a real loss for us."

The letter is signed by F. Kellner, manager of the White Star Line.

William R. Dawes, vice president of the Central Trust Company of Illinois, and president of the Chicago Association of Commerce, recently spoke before the Minneapolis Civic and Commerce Association on "Inland Waterways and the Middle West." Mr. Dawes has been an ardent exponent of the development of inland waterways for many years.

Dwight W. Morrow, partner of J. P. Morgan & Company, stated in the January issue of *Foreign Affairs*, that the average small investor in the United States buys half of the foreign loans sold here, and that nearly 85 per cent of foreign bond purchasers take lots of 5,000 or less, buying the securities because of their safety in principal and the size of the interest yield.

Hugh McClearn of Duluth has been appointed a member of the Minnesota Commission of the Great Lakes-St. Lawrence Tidewater Association, to succeed A. H. Comstock.

Lucius Teter, president of the Chicago Trust Company, recently presented LeRoy A. Mershon, secretary of the trust company division of the American Banker's Association, with a beautiful watch in honor of his tenth year of service in the organization.

Philip D. Armour, first vice president and a director of Armour & Co., and **Geo. Getz**, chairman of the Globe Coal, Eureka Coal & Dock and U. S. Distributing companies, have been elected members of the board of the Continental & Commercial National Bank.

Frederick H. Rawson, chairman of the

Union Trust Co., Chicago, has just returned from a cruise through the Panama Canal, accompanied by Mrs. Rawson.

Pierre Jay has accepted an appointment by the Reparations Commission as the American member of the Transfer Committee under the Dawes plan, resigning his post as chairman and Federal Reserve agent of the Federal Reserve Bank of New York, which position he has held since 1914.

Edward W. Decker, president of the Northwestern National Bank of Minneapolis, predicts that next year agriculture will have one of the best years in his-

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Our Transit and Collection Departments in continuous operation handle over 150,000 separate items every day.

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Our correspondents thus enjoy unusual advantages both in the service we are prepared to render and the business we can send to them.

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PHILADELPHIA-GIRARD
NATIONAL BANK

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Capital, Surplus and Profits . . . \$28,000,000

tory as respects soil conditions and that the general business situation in the northwest, as elsewhere, will be normal in 1927.

Geo. B. Caldwell, former vice president of the Continental and Commercial Bank of Chicago, has been elected to the vice presidency of the United States Bond & Mortgage Corporation.

Col. C. F. Mudgett, cashier of the First National Bank of Valley City, has been appointed United States marshal for the district of North Dakota, succeeding Jas. F. Shea.

William J. Rathje, president of the Mid-City Trust & Savings Bank, has been elected president of the Chicago and Cook County Bankers' Association; Eugene E. Ford, president of the Kenwood National, vice president; Emil Smrz of the Kaspar-American State Bank, treasurer, and E. N. Baty was re-elected secretary.

William J. Lauderback, a director of the First National Bank of Chicago, recently died, following an attack of pneumonia. Mr. Lauderback had extensive railroad holdings.

Alfred P. Sloan, Jr., president of General Motors, announces the purchase from the Metropolitan Life Ins. Co., of the largest group life insurance policy ever issued in point of number of lives insured. General Motors has more than 100,000 employes who are covered by the policy for \$1,000 each after they have been on the pay roll three months. The original amount of insurance will exceed \$100,000,000. The insurance is payable at death to a designated beneficiary, or in event of total and permanent disability before age 60, to the insured in 20 equal installments. The plan is cooperative, the employes and General Motors sharing the cost.

Robt. E. McGregor, vice president of the Northwestern National Bank of Minneapolis, has been elected to the board of directors of the Minneapolis Y. M. C. A.

Jas. B. Beals has been appointed resident manager of Kalman & Co., Minneapolis. Mr. Beals was formerly with the Harris Trust & Savings Bank of Chicago.

G. L. Ohrstrom of New York has become a director of the Peoples Light & Power Corporation, the managing company for public utilities of the W. B. Foshay Co. Mr. Ohrstrom is president of George L. Ohrstrom & Co., resigning some time ago as vice president in charge of the New York office of P. W. Chapman & Co., Inc., to organize his own company.

E. L. Johnson, president of the First National Bank of Waverly, Iowa, has been reelected a class A director of Group 3 of the Chicago Federal Reserve Bank, to serve three years, beginning January 1, 1927.

The Breda Savings Bank of Breda, Iowa, has been publishing its statement in simple and attractive form in local papers as follows: "The reserve of any bank is like the reserve of any army. We have 92,000 men who are out in front. We have 55,000 men hid from the enemy. We have 225,000 men loaned to Uncle Sam and the market price right now on these bonds would pay us a premium of better than \$2,000 of we wanted to sell them."

Railroad Efficiency

The Bureau of Railway Economics recently stated that there was improvement in virtually every factor or measure of operating efficiency among the railroads. The principal economic factors underlying the continued improvement from 1921-1926 appear to be capital expenditures of more than \$5,000,000,000, greater cooperation of shippers, and a more effective utilization of a greatly improved railway plant.

The principal achievements, as outlined by the Bureau, for the first nine months of this year, include an increase of 18.5 per cent in total freight traffic as compared with the average of the corresponding period for the previous five years. This traffic was also substantially greater than for each of the preceding five years breaking all records for the first nine months of any year. However, passenger traffic for the first nine months of this year decreased slightly less than 1 per cent as compared with the corresponding period last year. At the same time the number of freight locomotives owned decreased 3.6 per cent, while average tractive power gained 10 per cent, and there was a reduction of 26 per cent in the number of engines needing repairs.

In view of this increased efficiency, it is significant to note that Class "I" railroads were reported to have had 79,016 surplus freight cars in good repair and immediately available for service on October 23, 1926. Before the war, a car shortage was almost always the case at this time.

As a result of the considerable gain in freight traffic and the small loss in passenger traffic during the first nine months of 1926, total operating revenues gained 7 per cent over the five-year period and 5 per cent over last year.—From *Bond Briefs*, Union Trust Co., Chicago.

"Conceit may puff a man up, but never prop him up."

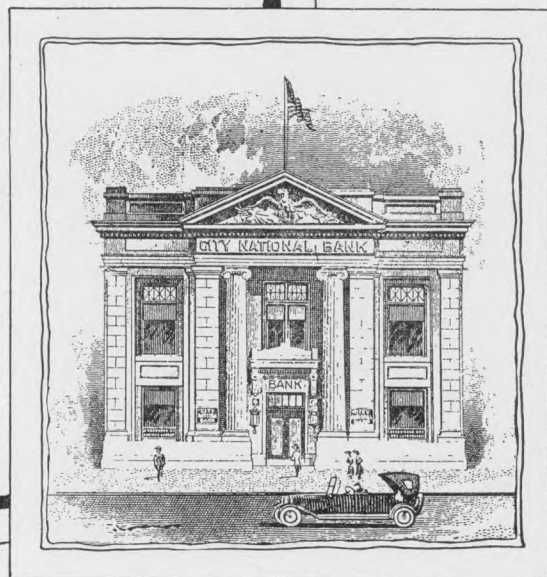
Assets
Seven Million Dollars

NEW YEAR'S has been welcomed through the ages as the occasion when we turn the page of time and look forward with the resolve of high achievement to the next chapter of our lives.

The City National has faith in Iowa, in the character of its citizenship, the wealth of its resources, and in its future.

The City National has grown with Iowa's growth through 56 successful years, working always in closest alliance with those whose toil and thought have brought prosperity. Always it has regarded the rendering of banking service as a privilege as well as a business and the building up of its adjoining territory as the surest means of building up the bank. The accounts of banks invited.

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

The Dangers of Free Service

NO LINE of business has come to feature the matter of service and to develop so highly, because of peculiar competitive conditions, so great a variety of free services as has banking in the United States. Other lines endeavor, in this respect, to follow sound business practice and to secure a fair return for service rendered but the banker has apparently interpreted this movement as synonymous with rendering free services of various kinds. Service to the public is one thing, but free service is another, and it is time that the banker realizes this fact. Numerous burdens have been added to the banker during the past two generations for which he has never received adequate compensation.

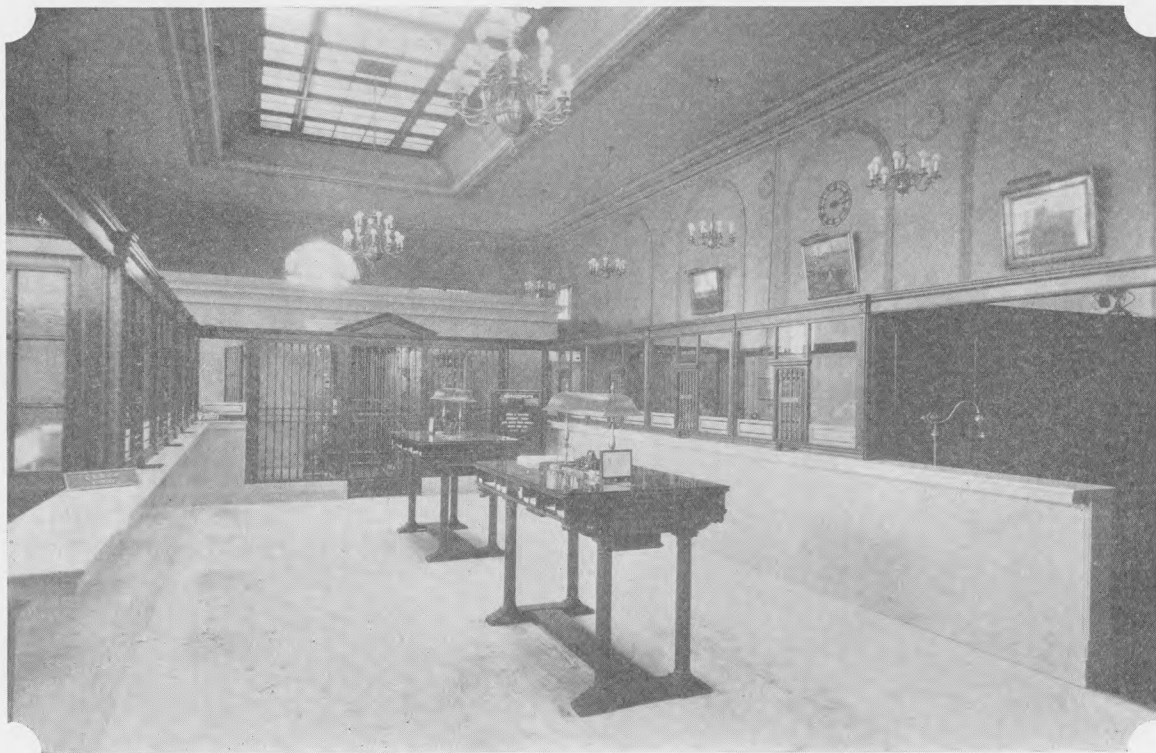
By M. J. Grettenberg

In earlier periods banking was largely restricted to the purely deposit and loan function of the business and was of a much simpler character than it is today. Changes have apparently come about so gradually that bankers themselves have been slow to realize them. As the bank check came into general use new demands and problems were placed upon the banker. As these developed, the expenses of doing a banking business increased rapidly.

Strange as it may seem it is nevertheless a fact that except for an increase in the volume of business, the banker has received no commensurate reward for

the enlarged and more extensive service he has been compelled to render. In this respect, however, the banker has no one but himself to blame. He was slow in realizing the changes that were occurring and loath to recognize them. One has only to mention such a matter as the development of the modern analysis department of a bank to illustrate this point. Such a thing as analyzing each individual account from the profit and loss standpoint is still relatively new and not universally used.

In almost every branch of the banking business this same backward, narrow, ultraconservative tendency has been manifest. It is something of a paradox that the banker who is constantly in touch, either directly or indirectly, with



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 BANK FIXTURE HEADQUARTERS
 Charles City, Ia

the modern up-to-date methods of business should be so slow in applying these methods to his own business. As a general thing, the banker is usually advocating to his customers sound accounting methods, urging them to conduct their business on a profitable basis, to discontinue unprofitable operations, to avoid cutthroat competition, and yet he is among the last to apply these precepts to his own business.

It is high time that the bankers of this country should take cognizance of conditions in their own business. Despite the fact that banking is a fundamental industry, and on the whole has been keeping pace with the natural growth of the country, ably and capably meeting the many financial and credit requirements of business, it nevertheless has, in recent years, been operating at an ever-decreasing rate of return.

It would appear high time for the bankers to make a careful investigation of the causes which underlie the existing depression in their own business and begin taking measures to correct the situation. If they would give careful and serious consideration to the policies and business methods which they have been pursuing in recent years, they would soon find a solution of their present unsatisfactory earning status. Such an introspective study would show, among other things, the following facts:

First, that the banker has misinterpreted the word "service." So far as the fundamental importance of the modern business conception of service is concerned, no issue can be taken. However, it is equally certain that sound and satisfactory service is not based upon its being necessarily free. We do not have to question the great benefit which has come from an emphasis upon service, but we must be careful not to overemphasize any temporary benefits to the public which may accrue at the expense of permanent welfare.

Second, when there was ushered in this new day of service as the watchword in business, it brought with it the virus of salesmanship, advertising, emphasis upon the volume of business or quantity of business rather than the quality. The banking business became subjected to all kinds of high-pressure salesmanship with a high degree of competition among the various banking institutions which not only has resulted in many kinds of evils and weaknesses in the conduct of particular banks, but, what is of equal importance, it has made cooperation among the banks difficult and therefore the opportunity for rendering real permanent service, through the conduct of the business on a high plane, has become difficult.

Third, competition in American banking has reached a point where it may be properly inquired whether some of the

This Letter Was Written by a *Salesman*

THE WHITE-PHILLIPS Co. INVESTMENT BANKERS

DUBUQUE, IOWA DES MOINES, IOWA OMAHA, NEBRASKA
B. & I. BUILDING 219 SECURITIES BLDG. FIRST NAT'L BLDG.

DAVENPORT, IOWA
PUTNAM BLDG.

GEO. WHITE, PRES. B. A. PHILLIPS, V. PRES.
ROBT. ALEXANDER S. G. GLASPELL
WALTER E. VIETH

Mr. Country Banker,
Anywhere, U. S. A.

Dear Sir:

The bonds sold by The White-Phillips Company, would be equally as safe, conservative, and desirable, if sold by any other investment company providing, of course, that the same care and attention were given to the examination of the security; the stability thereof; the legality, and the other details incident to preparing the securities for the market. Hence, the bonds themselves are not the dominant factor, but rather the personnel of officers and employees of the Company and the service which they render the investing public, are the outstanding dominant factors of their success.

The White-Phillips Company endeavors to render to each client a distinctly individual investment service as best fits the need of the particular client. It stands ready at all possible times to supply a market for its securities. The utmost possible care and attention is given to all phases of a security prior to offering to the public. The salesman need have no compunction in offering his client any security on the offering list. A mutual striving for a common goal among the officers of the company, together with an interest in the welfare of each employee, provides a common desire of cooperation in all departments, and makes it possible to render such service to their clients.

For these reasons, I enjoy selling The White-Phillips Company's bonds.

Sincerely,

A. Salesman

THE WHITE-PHILLIPS Co. INVESTMENT BANKERS

DUBUQUE, IOWA DAVENPORT, IOWA OMAHA, NEBRASKA
B. & I. Building First Nat'l Bank Bldg. Bankers Reserve Life Bldg.

DES MOINES, IOWA
219 Securities Bldg.

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721 First National Bank Building

results, disguised in the name of service to the public, should not be frankly faced and inquiry made whether they are logical or a valuable adjunct to modern commercial banking. The importance of this is at once manifest when we take into consideration the fact that there are approximately 30,000 competing banks in this country. The number of banks has grown largely under the mistaken belief that the business is highly profitable. As a consequence, during the past quarter of a century, with the rapid growth in population and industrial development, there have been organized thousands of banks which probably never should have been organized. Had it not been for the intensive competition, many of the practices and the various classes of service which are now rendered by banks would not have developed. While much can undoubtedly be said in defense of competition, there are limits to its benefits. As a matter of fact a study of history shows that where competition is keen it invariably develops into the cutthroat type, and when such a policy persists for any length of time, the public, who at first believes it is being benefited, finds that it, too, is a loser. This type of competition has undoubtedly developed among bankers in many sections.

What has been the result of all this competition? Useless duplication in many kinds of banking service. Every bank maintains that it is interested in thrift and savings. Are there many illustrations in the United States where the banks of any large city join in a public campaign to inculcate thrift? Instead of that each bank spends large sums in advertising savings for themselves.

Another effect of the excessive competition in banking is illustrated in the case of interest on deposits. Practically thirty-five cents out of every dollar of gross income of banks is now paid as interest on deposits. Practically every commercial bank has innumerable accounts without which it would be much better off.

Then, too, competition has expressed itself in offering all kinds of services until the modern bank in the large metropolitan districts has become something like a department store, except that instead of selling service it gives it free. Banks now keep securities and collect coupons free, maintain travel bureaus, supply free check books and render a dozen and one kinds of services which have no inherent place in sound commercial banking service.

Not only has the competition expressed itself in these various detailed ways, but what is even worse, from the standpoint of public welfare, it has frequently expressed itself in the poor granting of credit. Many banks are so afraid that they will lose a patron, or so fearful that

they will not get one in competition with some other bank that they are ready to grant credit when even reasonably good banking would dictate that the loan should not be made, that the account should not be taken on, or that the account should be forced out of the bank.

The public is not served in any true sense or in any final end by encouraging or permitting the excessive cut-throat competition that has gone on in banking, for in banking, just as in any other kind of business, when competition goes beyond certain bounds, it leads to poor business conduct, inefficient business organization and final loss to the public.

Sooner or later, as in other lines of business, sanity must assert itself and the dictates of reason will prevail, with the result that many present-day services now rendered by banks will be eliminated as unessential and injurious to the banking business.

Take on Additional Space

The Foreman Banks of Chicago have taken on additional space by acquiring the entire main floor of the Andrews Building, which adjoins the bank to the west on Washington street, an entrance having been made connecting the new banking room with their present quarters. This additional space measures 60 by 180, the largest part of which will be occupied by the Real Estate Loan Department. Business was not disrupted during the moving, and the new room was opened Monday morning, December 6th.

Perhaps no person can be a poet, or can even enjoy poetry, without a certain unsoundness of mind, if anything which gives so much pleasure can be called unsoundness. . . Truth, indeed, is essential to poetry, but it is the truth of madness. The reasonings are just, but the premises are false. After the first suppositions have been made, everything ought to be consistent, but those first suppositions require a degree of credulity which almost amounts to a partial and temporary derangement of the intellect. —Macaulay.

Budging Budgets

Aunt: "But your fiance has such a small income, dear. How are you going to live on it?"

Annette (brightly): "Oh, we're going to economize. "We're going to do without such a lot of things that Geoffrey really needs."—*London Gazette*.

An Awkward Admission

A man of the world had slipped and fallen on the icy sidewalk. A deacon of the church came along and remarked quite solemnly, "The wicked standeth in a slippery place."

"I see they do, but I can't," replied the fallen man, trying to arise.



BONDS AND INVESTMENTS

Eight Billion Investment

ONE of the most remarkable social and industrial phenomena of recent years is the large and continual growth of the number of investors and potential investors in this country, and the consequent spread of the ownership of our large business enterprises to ever-widening circles of security holders. America, since the intensive drives of the Liberty Loan campaigns, has become a nation of investors. In the period prior to the World war, it was not unusual for promoters of business and industrial enterprises in need of financing to seek capital abroad. Today such a course is not even considered. The Liberty Loan drives, the practice of selling securities on the installment plan, the customer-and-employe-ownership campaigns of our industries and public utilities, and what is equally important, the unprecedented surplus of capital necessarily seeking investment—all these have tended to create within our borders an army of investors capable of absorbing in new securities at present about 7 or 8 billion dollars per annum.

Today more than 16 per cent of the population of this country is financially interested in the well-being of our public and private corporations and those of foreign securities. Such a statement is subject to proof. According to recent figures issued by the Treasury Department, there are some \$3,725,885,000 in registered Treasury and Liberty bonds outstanding, involving over 1,885,850 individual holders with an average holding of \$1,800. In addition there are outstanding at this time more than \$12,360,000,000 of government coupon bonds, which treasury officials estimate to be in the hands of not less than 11,000,000 separate holders. These figures do not include prewar long-term bonds nor short-term government securities.

Probably a better picture of the extent to which the investor has become a common figure in this country can be gained from a glance at a few results

By Alden H. Little
Executive Sec'y Investment Bankers
Association of America.

We have oft-repeated phrase, "There is safety in numbers." It has an especial truth in this application. As investing becomes a mass rather than a class activity it needs must become a safer and more suitable activity!"

of the employe-ownership and customer-ownership movements which have swept across America with startling rapidity in the last few years. There is hardly a large corporation in the United States today which does not number a substantial percentage of its customers and employes among its stock and bond holders. The United States Steel Company, for example, one of the two-billion-dollar corporations in the world, has sold more than 1,140,800 shares of common stock to its employes in the last eight years. The American Telephone and Telegraph Company has 56,920 employes holding stock at present, and over 165,500 employes who are still paying for stock and are not yet stockholders of record. Nearly 20,000 employes of the Pennsylvania railroad hold stock in that road. At the end of 1925, more than 22,500 employes of the Bethlehem Steel Corporation had paid in full or were paying for some 65,000 shares of that company's stock, and in the last year 38,473 employes subscribed for over 75,500 shares of the preferred stock of the same corporation. In the last five years twelve thousand employes of the Standard Oil Company of California and over fifteen thousand employes of the Standard Oil Company of New Jersey have acquired the stocks of their respective employers. In hundreds of other corporations throughout the country the employe-ownership plan

has proved proportionately fruitful in bringing about a wider distribution of securities.

The system of customer-ownership, which up to the present has been confined almost solely to electric, gas, railway and telephone companies, has also familiarized bonds and stocks to millions of men and women. At the end of 1924, 208 electric light and power companies reported nearly 950,000 stockholders obtained through the customer-ownership plan. Similar success has attended the efforts of gas companies, telephone companies and electric railways in the distribution of their securities. It is commonly estimated that today there are more than 2,500,000 stock and bondholders of public utilities.

All of the foregoing, however, does not include the hundreds of thousands who hold the obligations of our states and their vast number of political subdivisions; it does not include the stockholders in our railroads who are estimated to number 864,000, or more than the whole population of any one of fifteen states. It does not include more than hastily the indeterminable number of bondholders and stockholders in our some 320,000 corporations, nor does it consider the thousands who have placed over \$10,000,000,000 in foreign government and foreign corporation securities, and many billions more into real estate mortgages at home. The exact number of investors in this country cannot be determined. But if only the very incomplete figures that are available are summed up, after making allowance for overlapping, we can quickly and confidently say that there has been brought into reckoning a very large body of our people.

What have been the effects of this step of the American masses into the security market? In the first place, it has given the public a greater appreciation of the true worth of sound investments, thus adding to the stability of communities. Certainly, a great step forward is made in

economic and financial well-being when the masses of the people, by the physical possession of pieces of paper, realize the values peculiar to intangible wealth. Further, by providing greater sources of capital for business enterprise, this entrance of millions into the market has enabled corporations to secure capital more advantageously. This fact, in turn, means more continued employment for labor, and a greater share of the profits of industry for all the people.

Then, too, the interest of such a wide number of our people in corporate well-being constitutes a tremendous force for the stability of industry. The growth of employe-ownership of stock has changed

the attitude of labor toward corporation profits, minimized the strike hazard, and provided industry with a more contented, conscientious and prosperous group of workers. Moreover, the widespread distribution of the ownership of our utilities, railroads, and industries has erected a bulwark against public antipathy and destructive legislation, both major risks. And, on the other hand, it has had a tendency to force all corporations to a frequent publication of more detailed reports of earnings and expenses, by which the changing worth of their securities may be more closely followed. Today there are probably fewer corporate secrets and mysteries than ever before in

the history of this great industrial era. All of these facts are, to a great extent, the outgrowth of this interesting phenomena of recent years, and all of them are playing a part in a better protection of the interests of bondholders and shareholders.

It may be noted also that, as a result of this spreading ownership of securities, there has developed a great concern for the interests of the small investor. This solicitation for his rights is reflected in the increasing efficiency of public regulation boards, such as state utility commissions, Blue-Sky commissions, various Federal commissions, and in the activities of business organizations, such as the Investment Bankers Association of America and its special departments to combat fraud and to supply dependable information to the public. This organized activity, designed to protect legitimate business and the investing public, also includes the work of some forty better business bureaus, the New York Stock Exchange and the nation's press. As a result the small investor is better protected today than ever before, and there is every reason to believe that he will continue to receive solicitous care at the hands of every organization whose activities in any way touch his interests.

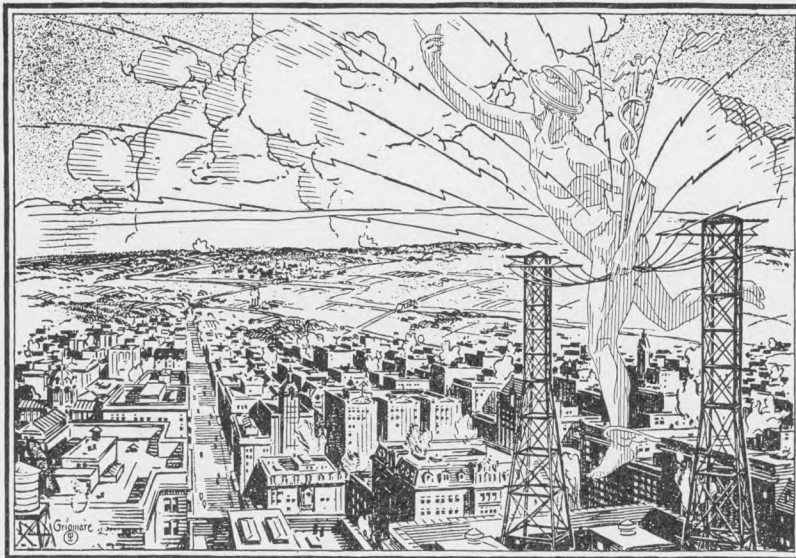
We have an oft-repeated adage: "There is safety in numbers." It has an especial truth in this application. As investing becomes a mass rather than a class activity, it needs must become a safer and more suitable activity. Today this activity is worthy of the confidence which it involves. In this age of financial coordination, brought about by the widespread interest in corporate activity, the accumulation of capital and its employment in productive enterprise or government are assured safeguards by those very factors which have made so great an accumulation and the wider employment of capital possible.

New Berlin Office

The National Bank of Commerce in New York announces the opening of the office of a representative in Berlin at Unter den Linden 39.

Mr. Gustaf Brunkman will be the Bank's representative. He has been its representative in Scandinavia and Central Europe for a number of years. His office in Berlin will keep informed on financial and economic conditions, and will keep in close touch with the Bank's many and important correspondents in Germany, Sweden, Norway, Denmark, Czechoslovakia, Austria, Hungary, Poland, Jugo-Slavia and Greece.

Representatives' offices are also maintained by the Bank at London, which serves England, Scotland, Ireland and Holland, and at Paris, for France, Switzerland, Belgium, Italy, Spain and Portugal.



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The amazing growth of the radio industry has added unlooked-for revenue to Electric Power and Light Companies. Broadcasting calls for continued use of electricity. Batteries of receiving sets must be charged with it. The widespread popularity of this new form of entertainment is doing its part toward making Electric Power and Light Bonds, more than ever before, the ideal investment.



There are 10 principal reasons for the great safety of Electric Power and Light Bonds. They are given in our booklet, "The Ideal Investment." Call or write for this booklet and special list of high-grade bonds. Ask for T-15, please.

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ESTABLISHED 1912
INVESTMENT SECURITIES

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NEW YORK

CHICAGO

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Present Tendencies in the Bond Market

WHERE do all of the bonds go? is a question that has been frequently asked during the past year. Dealers themselves viewing the unprecedented output of securities during the year, and the ready absorption almost immediately following, have, at times, expressed equal wonderment. The total volume of financing, including both stocks and bonds, in the United States during the present year, according to present estimates will aggregate no less than \$7,000,000,000—the largest figure in all history, excluding the period of Government war financing. All of this, of course, was not new capital, approximately 12 per cent being for refunding purposes.

Many Factors

To find an answer for the question asked above, one must consider the many factors that have been at work over a several-year period to create the seemingly inexhaustible supply of surplus funds that has been evident throughout the year. Primarily, of course, it is due to the generally prosperous business situation which has now continued for several years, resulting in a wage scale allowing many people a larger surplus over living requirements than ever before—much of which has gone into the investment market, directly or indirectly.

A corollary of this situation has been the ever-widening appreciation of the merits of sound investment securities, starting, in many cases, with the purchases of Liberty Loan Bonds, and developing from the widespread educational effort attending the large increase in security distributing organizations, with their largely increased sales forces, and broader and more intelligently directed advertising efforts. Another factor of no small importance in the increased demand for sound securities has been the diminution in output of fraudulent and highly promotional securities—also the result, in part, of increased educational effort guiding the investing public toward more intelligent selection of securities—and to well-conceived legislation aimed at curbing the activities of the Blue Sky vender. Figures are lacking as to the volume of unsound securities, but it appears safe to say that despite the prosperous conditions that have for some time prevailed, which would ordinarily result in a large outpouring of such securities, the volume during recent years appears to have shown an actual decline.

Such departures as the legalizing of public utility bonds in certain of the New England states; the creation of the Farm Loan System (thereby diverting considerable sums from the mortgage field to the bond market); the activity in build-

ing and the attending growth in the real estate bond field are also factors contributing to the present-day large supply and demand for investment bonds. The tremendous growth in savings deposits throughout the country; the vast increase in life insurance (much of which goes indirectly into the bond market) have had their influence. The change in marketing and merchandising methods has also been a factor—less money, in other

words, is now tied up in inventories than ever before, thus releasing it for other purposes, partly for investment. This is due, in part, to the so-called “hand-to-mouth buying” so prevalent among both manufacturers and merchandisers, resulting, in a measure, from greater conservatism on their part—an outgrowth of the postwar deflation period—and also to the vastly improved transportation facilities which make it possible to get orders quickly from the jobbing centers. The lower interest rates which have prevailed during recent years have also been a fac-

By *C. W. Sills*

Vice President, Halsey, Stuart & Co.

Good Securities for Banks and their Customers

Name of Security	Rate	Maturity	Price	To Yield About
Ch'le Copper Company 20-Year Gold Debentures	5	1947	96.75	5.25%
Ulen & Company, 10-Year S. F. Secured Convertible Gold Notes	6½	1936	100	6.50%
Gulf States Utilities Company First Mortgage and Refunding Gold Bonds, Series A	5	1956	96	5.25%
Illinois Power and Light Corporation First and Refunding Mortgage Gold Bonds, Series C, 30-Year	5	1956	97	5.20%
Public Service Company of North- ern Illinois Debentures, Series of 1926	5	1931	99.50	5.10%
Virginia Electric and Power Com- pany, First and Refunding Mortgage Gold Bonds, Series A	5	1955	96.50	5.23%

Subject to prior sale and change in price.

Mitchell, Hutchins will be glad to give you more detailed information regarding these securities either by correspondence or in personal interview.

Mitchell, Hutchins & Co.

ILLINOIS MERCHANTS BANK BUILDING

Chicago

[CORRESPONDENTS OF KIDDER, PEABODY & CO.]
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ROBERT A. GARDNER, TREASURER

tor in releasing some funds for investment; that is, many organizations have been able to refund at considerably lower figures, thereby reducing their fixed charges.

Investment Abroad

Improvement abroad has also had its effect. In the first place, broader viewpoint of the American investor has made him willing to purchase the bonds of foreign countries and industries—a class of securities which previously he was a bit wary of, due to his own unfamiliarity with them. This improvement abroad has recently had another effect affecting demand, in that some foreign corporations and municipalities are now finding it possible and desirable to repurchase

their own issues for the purpose of cutting down their debts.

As for the more immediate causes of the unprecedented financing of 1926, first consideration should, perhaps, be given to the easy money situation that has prevailed throughout the year, enabling corporations to borrow on favorable terms, and which has led to steadily strengthening bond prices. It is a fact, of course, that investors are more inclined to buy on a rising than on a falling market, and the past year has proven no exception to that rule. The lower trend of commodity prices during the past year has also had its effect on the price level, as the dollar buys more, the price of bonds naturally moves the other way. The continued re-

duction of Government debt throughout the year, and the possibility of further tax relief in the form of reductions or refunds are factors which have a bearing perhaps more on the price level of securities than the output.

The Outlook for the New Year

Whether or not the existing favorable market will continue into the new year is not so much debated as how long it will continue, for opinion pretty generally agrees that, as far as it is safe to predict, present conditions promise to prevail in both industrial and investment circles. Any diminution in the output of securities would, of course, prove an important factor in fixing the trend of prices, for, with the supply of surplus funds maintained at somewhat its present level, and the output of securities decreased, there would naturally be a further upward swing in bond prices. Investment bankers, for several years past, have been fearful that the supply of new offerings might slow up somewhat, but that eventuality has not as yet materialized, and there seems no serious reason for believing that it will during the new year. If business should slow down, that might decrease the new offerings, the necessity for expansion of industry being curtailed, and considerable funds now employed in industry being released for investment. There appears no present reason for anticipating that this will happen, however. There is the possibility that the building industry which has contributed so largely both to general business prosperity, and to the output of securities, may show recession during the new year. There is also the possibility that certain foreign countries which have had to look to us for financing during their period of reconstruction, and have now attained more stable conditions, will be able to do more of their own financing, thus cutting off a source of supply. There still remain, however, many foreign countries which have need of our help, and from them we can expect a considerable volume of financing, assuming our willingness to meet their demands.

Railroad Financing

Railroad financing during the past three years has been in declining volume, aggregating less during the present year than the year preceding, which, in turn, showed a decline over the year before, this despite the fact that earnings have shown rather steady improvement and have been particularly good during the present year. The railroads are, of course, doing very little expanding, and, for the most part, are probably not seriously in need of additional financing. Their capital structure, however, in many instances, is somewhat unbalanced, interest-bearing securities forming too pre-

BONDS

—and short term notes of conservative character to meet the needs of banks, institutions and private investors. A complete list of current offerings will be sent upon request.

Standard Oil Company
of New York
25-year Debentures
Due 1951, yielding
4.65%

Central Illinois
Public Service Co.
1st Mtg. & Ref. Gold Bonds
Due 1956, yielding
5.20%

Central West
Public Service Co.
Convertible Debentures
Due 1936, yielding
6.35%

McGraw Electric
Company
3-year Secured Gold Notes
Due 1929, yielding
6.50%

DE WOLF & COMPANY, INC.

Investment Bonds - Established 1889

MILWAUKEE

CHICAGO

ponderant a part of the whole. There appears little probability, therefore, of any considerable increase in interest-bearing financing from the railroad field, though unquestionably certain of the carriers would welcome an opportunity to do more stock financing. Whether or not they would be able to do that is, of course, problematical, though with the continuance of present earnings it appears not unreasonable to anticipate that they may be able to do this at a not distant date. It is interesting to note that in this connection, during 1926, stock financing on the part of railroads was almost negligible; in fact, at the time of writing it aggregated only a little more than \$10,000,000. One of the most interesting developments of the year in the railroad field was the inauguration, by the Interstate Commerce Commission, of competitive bidding among banking institutions for new equipment offerings. This is a practice now firmly established in the field of municipal financing, with which equipments are somewhat comparable in point of ease of appraisal, security, and market distribution.

May Decline

In the tax-exempt field there is the possibility of some decline in the output of securities. Domestic municipals, for instance, during the past three years, have remained on about the same volume level—incidentally at the highest point in history. Most of the demand for public works, resulting from deferment of such activities during the war period, have now been met, and there is undoubtedly a growing feeling on the part of taxpayers that the tax burden should not be materially increased for improvements other than those contributing directly to the welfare or increased valuation of the communities affected. As the Federal tax burden is reduced from year to year, there is, moreover, some diversion in the demand for tax-exempt to taxable bonds resulting from the fact that many who, in the high tax area, were forced by their tax liability to the purchase of tax-exempt bonds, are now finding it advantageous to switch to the taxable field. Insofar as the large output of municipal bonds was, therefore, a reflection of the active demand for tax-exempt bonds to avoid a heavy taxation, it is not unreasonable to expect that there will be some curtailment in the supply. Incidentally, in this connection, the present price level of municipal bonds has not reflected the same advance, over the past four-year period, as that registered in most other classifications. As a result, some purchasers who previously confined their investments to taxable issues can now purchase tax-exempts and obtain a net yield closely comparable to what they would obtain from high-grade corporation issues. It is improbable, however, that the

increased demand from this source will offset the lessened demand from the switch in the opposite direction.

In the other field of tax-exempt securities—that is, farm loan bonds—there does not appear any reason to anticipate an increase in output. In fact, there may be even further recession from this year's figures which in themselves are considerably lower than the high level established during 1922 and 1923. The emission of such bonds, of course, depends on conditions in agriculture, which, during recent years have, as is common knowledge, been none too favorable. In other words, the farmer ordinarily borrows in periods of prosperity, for the purpose of acquiring additional land, new equipment, or the erection of additional buildings. With agriculture somewhat depressed, there is

a corresponding let-up in the demand for these improvements and expansions, and, therefore, a smaller volume of Farm Loan bonds. There has been some criticism of the Joint Stock Land Bank System recently, though the fact remains that they are serving an important need, and while, as would be expected in the very considerable volume of loans negotiated by these banks since their inception some ten years ago, there have been some defaults, and individual banks have not shown a uniformly profitable record, the relatively few foreclosures that have occurred have not in any sense impaired the intrinsic merits or permanence of the system, nor the credit standing of conservatively managed banks. It is significant of the greater familiarity with the investment merits of Farm Loan bonds that



Finding bond values

SOME of the values behind investment bonds are tangible, others are intangible; some values are more certain than others. The soundness of any issue can be determined only by gathering and sifting all the facts.

Bonds good enough to receive the National City recommendation must be good enough to withstand rigid tests developed through our wide experience in many fields.

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

they sold during the current year at the highest price since the inception of the system in 1916.

Public Utility Financing

Perhaps the most interesting classification—and by a wide margin the largest during the current year—is the public utilities. The total volume of public utility financing for the year will aggregate no less than \$2,000,000,000, or over 28 per cent of the estimated total. During the year, 4½ per cent public utility bonds on the part of some of the large companies made their first appearance, and comment has already been made about their acceptance for savings bank investments in cer-

tain of the New England states. Very recently two important and extremely favorable decisions were rendered by the Supreme Court of the United States. One of these held the law prescribing \$1.00 per 1,000 feet as the maximum rate for gas in New York City invalid because confiscatory. The other affirmed the decision of the District Court of Indiana enjoining the public service commission of that state from fixing the water rates of an Indianapolis company at so low a figure as to be allegedly confiscatory. Important rulings were given in the latter decision having to do with the determination of fair values, one ruling being that unless there was a marked trend of

prices, upward or downward, present valuations were to be taken as a fair measure of the value of the physical elements of the property. From the standpoint of supply of utility offerings there appears no reason to anticipate any marked curtailment of output, for, despite the huge growth of the industry during recent years, the demand for the services of public utilities continues unabated due to the ever-increasing uses to which gas and electricity are being put, and in part, of course, to the normal increase in population.

The electric railways during the year showed considerable improvement and the financing done in connection with that industry, while not large, will probably exceed by a slight margin that done in any previous year since the war. There is a growing recognition of the fact that in the large metropolitan centers the electric railways have a permanent place as the most economical agency for mass transportation which it seems will inevitably lead to the solution of some of the electric railways' other problems, principally that growing out of inadequate franchises. It appears not unreasonable, therefore, to anticipate a further increase in the output of bonds of such companies.

With all indications pointing toward a continuation of the present favorable business situation, it is not unreasonable to anticipate the extension, well into the new year, of the generally propitious conditions which now characterize the market for investment securities. There appears little doubt, moreover, that for some time to come money rates are going to continue easy, which together with the possibility of further reduction in commodity prices, may find reflection in further strengthening in the general level of bond prices.

Buys Investment Company

An important business transaction whereby the Newton Improvement Company was sold to the First National Company, Inc., of Newton, Iowa, took place recently. The First National Company, Inc., has for its officers, principal officers and stockholders of the First National Bank, while the ownership of the Newton Improvement Company rested principally in Frank P. Ross of Chicago, head of the Jewell Tea Company, and with F. L. Maytag, washing machine magnate, an officer of the Jasper County Savings Bank.

The Newton Improvement Company took over the loan and abstract business of H. B. Allfree several months ago and conducted it under the management of S. J. Pooley, formerly a Grinnell banker. The First National Company is a newly organized concern with L. A. Russell as president; Senator A. H. Bergman, vice president; M. G. Addicks, treasurer and secretary and F. L. Drake, manager.

BROKAW AND COMPANY

105 South La Salle Street, Chicago

Direct Wire to Edward B. Smith & Co.
New York • Philadelphia

General Trading Department
Specializing in Packing House,
Canadian, Equipment Trust
and Pacific Coast Securities.

Special Bond Service to Banks

IOWA REPRESENTATIVES:
Edward J. Kelly and Maurice F. Leahy



Examining Municipal Bonds

By *Russell Gartley*
A. C. Allyn & Co., Chicago

IT HAS been the experience of the writer in the twelve years in which he has been connected with the municipal bond business that one cannot take anything for granted when it comes to the examination of municipal bonds. Indeed the question of legality alone is of such importance that most bankers will accept the opinion on municipal bonds of only a few nationally known law firms specializing in this branch of the law.

The function of the bond attorney is to see that:

1. The constitutional and statutory debt and tax limits of the state are not violated.

2. The purpose for which the bonds are to be issued is a lawful and authorized purpose.

3. The meetings at which the various proceedings are taken are duly called and legally conducted.

4. Election notices are posted and published for the time and in the manner required by law.

5. Ballots state the question to be voted upon in such a manner that the intention of the voter can be readily determined. Elections have been held where the voter was asked to place a cross (X) in the square opposite the proposition on which he wished to vote, in substantially the following form:

For the bonds..... | Yes
Against the bonds..... | No

Under such circumstances the voter could not vote against the bonds and the election was void.

6. The constitutionality of the law under which it is sought to issue the bonds is beyond question.

7. When necessary, the Attorney General of the state has approved the bonds.

8. When necessary, the waiver of the Board to which the bonds must be tendered has been obtained.

In other words, the bond attorney checks all the elements which go to establish the validity of the bonds.

Responsibilities of Banker

But the banker also has some responsibility in seeing that the bonds are in proper shape before he is justified in taking them up and paying for them. He must make a physical examination of each and every bond and coupon, and satisfy himself:

1. That the bonds are issued by the municipality whose bonds he has purchased. Often a purchase is made with the understanding that it is a full county bond but delivery attempted of a bond issued by a subdivision of the same county.

2. That the purpose for which the bonds were issued is the same as that mentioned in the purchase agreement. The purpose is important in determining the value of a bond, and bonds issued for school pur-

poses, or for self-sustaining properties, as water or electric light plants, are more marketable than ditch or irrigation bonds.

3. That the rate of interest is correct. There is the case of a bond house that bought a block of forty-year bonds on a 4.60 per cent basis understanding them

to be 5 per cent bonds. This involved only a moderate premium so that when it was attempted to deliver 6 per cent bonds which figured a premium of over 25 per cent, the bonds were properly rejected.

4. That the place of payment in the bonds and coupons is as contemplated. Sometimes bonds thought to be payable in a financial center, such as New York or Chicago, are actually payable at the office of the treasurer of the municipality.



WE have prepared a Folder containing a diversified and comprehensive list of bonds for January Investment. The securities are selected from issues which we have underwritten either singly or with associates or from those in which we have acted as a participating distributor. The list is designed to meet the needs of banks and every type of individual investor.

INCLUDED IN THIS LIST ARE:

Public Utility Bonds

Water—electric light and power—gas
Yielding from 4.95 to 7.10 Per Cent

Corporate Building Bonds

Secured by first mortgages on some of the most important office buildings of New York and Chicago
Yielding from 5.35 to 6.45 Per Cent

Miscellaneous Bonds

Obligations of foreign countries and industrial corporations
Yielding from 6 to 7.15 Per Cent

Any of these securities may be purchased now for delivery on or before January 15th, 1927

Write for Folder



P. W. CHAPMAN & CO., INC.

170 W. Monroe St.
CHICAGO

42 Cedar Street
NEW YORK

Many investors will not purchase bonds payable locally.

5. That the denominations are as specified in the contract of purchase. Municipal bonds of odd denominations, or of denominations of less than \$1,000, ordinarily are not readily disposed of.

6. That the bonds are all properly signed and sealed. Care must be exercised to see that the signatures on the bonds and coupons are identified by proper certificate, executed by a bank official who knows the persons signing the bonds and is familiar with their signatures. The bank's seal should be affixed to the certificate identifying the signatures as should the seal of the municipi-

ality. The seal on the bonds must be the official seal of the municipality and not merely the seal of one of the officials, as mayor's seal, city clerk's seal, etc.

Must Watch All Details

7. That the numbers of the bonds delivered conform to the numbers specified in the legal opinion. This is especially important where an issue of bonds is delivered in several blocks at different times.

8. That the coupons are all properly numbered, have the proper due dates, place of payment and are properly signed either by actual or facsimile signatures as specified in the transcript, and that each bond has the proper number of coupons.

9. That the legal opinion accompanying the bonds is signed by the bond attorney specified, and, if a certified copy of the opinion is submitted, that it is duly signed and sealed by a notary public. Very often the notary's seal is inadvertently omitted. The date of expiration of the notary's commission should also appear on his certificate.

10. That the legal opinion covers an executed bond. This means that the attorney has compared the form of the executed bond with the form of bond prescribed in the transcript, and has found it to be correct; and that the delivery papers and bonds are properly executed and that there is no litigation pending or threatened.

11. That certificates on the backs of the bonds are all signed and sealed, if the certificate mention a seal. Very often a certificate appears on a bond which is not necessary in order to make it legal but if a certificate appears on a bond it should be executed even though such certificate is superfluous. It is hard to explain to an investor that an unsigned certificate on a bond is not essential.

12. That, in case the banker is superintending the preparation of the bonds, printer's proofs are carefully checked and the blank bonds when ready for signature are carefully examined before being submitted to the municipal officials for execution.

From the foregoing it is evident that the banker cannot merely assume that everything is in proper shape but he must prove it to himself. It has been aptly said that the banker in order to protect his client must first protect himself.

Additional Safeguards

One of the notable developments in the bond and investment field in recent years, is the growth of guaranteed bonds. This has been particularly noticeable in the field of guaranteed mortgage bonds. The White-Price Company, of Minneapolis, is one of the companies which has thrown such safeguards about its securities that every mortgage is guaranteed and every title is insured. Its mortgages are guaranteed by the United States Fidelity and Guaranty Company, a \$52,000,000 concern, and its titles are insured by the New York Title and Mortgage Company, a \$30,000,000 concern.

Pays Deposit Allotment

The first allotment on the 55 per cent of deposits left at reorganization last winter, was paid off last month by the Security State Bank of Beresford, So. Dak., and other payments will be made when certificates of deposit mature. It is expected that a ten per cent payment on holdings of the remaining 45 per cent will be paid shortly after the first of the year.

Banks Buy and Recommend Wollenberger Bonds

THE active customer list of Wollenberger & Co. includes many banks and investment houses that regularly purchase Wollenberger First Mortgage Real Estate Gold Bonds for their clients as well as for the investment of their own funds.

Several of our recent offerings are legal investment for national banks.

Wollenberger bonds yield the attractive return of 6½%, and occasionally 7%. They are safe beyond question. No investor in Wollenberger bonds has ever lost a dollar of interest or principal or been obliged to wait a single day for the payment of principal or interest when due.

*On request we shall be glad to send you our
Plan of Cooperation with banks and invest-
ment dealers who sell Wollenberger bonds.*

WOLLENBERGER & CO.
Investment Bankers
105 So. La Salle Street
CHICAGO

Forty-two Years of Investment Banking

Advertising as a Factor in the Distribution of Securities

IT IS not our purpose here to consider advertising in the abstract—the merits of which are very generally conceded by thinking men—but rather to consider its application to a particular problem—the distribution of investment securities. In this there is not the same unanimity of favorable opinion as there is concerning the general effectiveness of advertising as a sales adjunct.

It is not uncommon to find the investment banker quite willing to concede the important place of advertising in the general scheme of things, though indifferent, perhaps skeptical about its application to his own field. The same individual whose food, apparel, and whole mode of living is influenced perhaps more than he realizes, by advertising; who often sits on the board of directors of manufacturing or industrial concerns whose distribution is directly dependent upon advertising; who, when given the opportunity of purchasing the issues of organizations the names and products of which have been thoroughly established by advertising, not only welcomes the opportunity but frequently pays more for these securities than for those of another company whose physical assets and earnings are the equivalent of the others, but whose name is unknown because of failure to make use of the advertising appeal so effectively utilized by the former—despite these tributes, conscious or unconscious, to the effectiveness of advertising in other fields, he maintains a lukewarm attitude, perhaps even an adverse one, to the wholehearted application of the same sales agency to his own business.

Are Bonds "Different"?

"The bond business is different," it is very commonly said. "The only way to sell bonds is to go out and sell them," comments another. "The bond business is a profession, and as such does not lend itself to advertising," comments a third. "I have tried it and it doesn't work," adds another with considerable finality. These comments are made in all good faith. Those responsible for them believe them thoroughly. Are they well founded? Is it true that a medium that has proved its effectiveness in almost every other line, one to which the President of the United States in a recent address attributes no inconsiderable part of the present prosperity of the nation, is not applicable to the problems of securities distribution?

To answer that question there must be some agreement as to just what our problems are. Most of us, I believe, would agree that they are primarily problems of distribution. For the moment some deal-

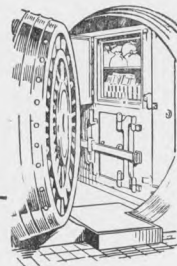
By *A. E. Bryson*

Vice President, Halsey, Stuart & Co.

Address delivered before the Chicago Financial Advertisers, December 14, 1926

ers may say that the problem of distributing bonds is not so difficult as the problem of obtaining them. That, if true, is of course only a temporary situation. By and large, there can be no question but

that the securities-distributing machinery of the country is primarily concerned with selling more bonds, and selling them more economically. With the margin of profit smaller, as is always the case in a period of active demand, distributors, to maintain their accustomed profits, must do one or both of two things—increase volume or decrease selling costs. That is without doubt the major problem of the business.



Protective Equity

WE UNDERWRITE issues of desirable securities and participate in the major underwritings. A main consideration in the selection of underlying securities by this house is that these should be protected by sufficient negotiable equity to cover the entire amount of principal and interest. When this condition has been met, we do not hesitate to recommend the securities.



*A List of Current Offerings
will be mailed upon request*

BARTLETT & GORDON

INCORPORATED

First National Bank Building, Chicago

First Wisconsin National Bank Building, Milwaukee

There are of course other problems; for instance, there is the problem already alluded to—now acute with some dealers and always present to a degree—the problem of obtaining good securities with which to meet the demand. There is always the problem of personnel, perhaps more difficult in our line than in almost any other—the problem of recruiting good men to our organizations and of maintaining their spirit and morale when once enlisted in our forces. There is the problem of keeping our customers in the face of the keen competition that now exists. Can advertising assist in the solution of these problems?

The Major Problem

Let us consider the major problem first—that of selling more bonds and selling them more economically. I suppose the sales job in our field (in fact in any field) may be reduced to this: (1) Finding the

buyer, (2) selling him, (3) keeping him sold. All of these steps can of course be accomplished without the aid of advertising—in fact, are being so met by a good many securities organizations; at least without the aid of really effective and well-conceived advertising. But while it can, and is being done, it is time-consuming and costly. It means substantially that the salesman has the whole sales job on his own shoulders. He must, in effect, ring doorbells and depend on the law of averages to locate his prospects; he must assume the laborious job, having found his prospect, of selling him from the ground up—that is, on the advantages of investing, on the merits of bonds in contrast to other forms of investment; he must sell his house, his own type of bonds, himself and his own individual offerings—and then he must keep them sold. If he has remarkable powers of resistance and perseverance, and if he lives long enough

he eventually becomes a successful bond salesman.

What does the salesman do under these circumstances—in fact, what is he instructed to do? Does he go out to the highways and byways to locate new buyers? No, he goes to the Social Register, the Directory of Directors, the lists of big stockholders, in short, to consistent big buyers—the same field, probably the same names that everybody else in the business is already working on. It is easier, he figures, to win away the other fellow's customers than to go out and locate and develop new ones. The result of this, which is standard procedure with most bond houses, is that a certain small sector of our population are somewhat overwhelmed with sales solicitations, while in other sectors the bond salesman is still something of a rarity. Suppose in this small circle A does not succeed in persuading B's customer to give him his business, at the same time C is perhaps successfully stealing away A's customers, so what's the use—a lot of selling effort has been expended and little or no new business created. Isn't that one reason for the high cost of bond selling? Just so much business can be had from this "bull's-eye" market, yet, most of us are directing the big end of our sales and advertising appeals to it.

But, you may say, with all the duplicated effort in this field, it is no more costly, considering the larger unit of sale, than the development of the "fringe" market where the selling job is admittedly hardly less difficult. In the sophisticated group we merely have to sell ourselves and our goods, in competition with other dealers. In the other field we have to undertake a tedious educational job, and besides meet the equally difficult competition of the general merchandising market. The surplus of this class is not so large but that they must sometimes decide between the desires of the moment in the form of alluring and well-advertised things—automobiles, trips abroad, country club memberships, etc., things which every normal human being naturally wants—and those of the future which, at best, are somewhat ephemeral and hard to grasp. The prospect in this field is admittedly harder to locate, and the selling problem is perhaps more involved. By and large, however, it is probably no more difficult or costly than in the other class, and it has this great advantage—once you have sold your prospect you have created something, a new buyer; you have widened the market for securities and assisted to that extent in reducing further distributing costs.

The "Fringe" Market

By this "fringe" market I do not mean the \$100 buyers—that is, the wage earner, who, aware of his insecure future, stints and saves, yet in all probability will never be anything other than a \$100 buyer. It

In conveying our New Year Greetings

we take occasion to express appreciation for the cordiality with which we have been received since establishing our Iowa office. The year 1927 finds us equipped better than ever to serve the needs of Iowa investors and we shall welcome an opportunity to place our facilities at your disposal.

L. H. DAVIS, Resident Manager
Telephone: Market 315
526 Liberty Bldg., Des Moines

THE BROWN-CRUMMER COMPANY
WICHITA KANSAS

Chicago
Kansas City

Detroit
Omaha

Dallas
Los Angeles

St. Paul
Topeka

is doubtful if he can ever be a profitable customer, and there is a very real question, moreover, whether he ought not, in view of his limited surplus, put his money in the savings bank rather than into bonds. Nor do I mean the man who can buy only a \$500 bond now and then, but who will never buy anything more. Unless he gives promise of developing into a larger buyer, and unless advertising can do practically the whole selling job, even he can hardly be a profitable prospect—at least not under present profit margins. I have in mind when I refer to this outer market that considerable section of our population who are earning substantial salaries, who have a surplus over reasonable living requirements, but who, driven by the great American quest of "things," consume most of their current income without sufficient thought as to how their standard of living is to be maintained in the period of lessened personal income that must some day follow, the family, in short, that is investing nothing at all or perhaps \$1,000 a year when they should be investing \$5,000, or \$5,000 when they should invest \$10,000.

It is in this field that advertising can be most effective. Without advertising support, salesmen find it a difficult market to cultivate profitably. With advertising, it represents our greatest opportunity for widening our market and cutting our selling costs. Much of our present advertising is ineffective in this field—the offering advertisement, for instance, which is such a favorite with most investment advertisers—whether the solemn syndicate ad, or the stereotyped card offering—leaves him cold if, in fact, he even sees it, which I very much doubt. Our impressive lists of securities, our prating about how old we are, how honest we have been, and how respectable our ancestors, fail to register. He needs, primarily, to be convinced of the importance of investing—of conserving for future needs, a larger part of his present income. Remember, we are in competition for his dollars with the fellow who has something that will satisfy an immediate craving in his heart—and the new Rip Roarin' Eight, the Sunset-Club-on-the-Ridge, the De Luxe-Round-the-World-Tour; we're in competition with the life insurance agent who by the way, is doing a good job of selling estates instead of insurance policies; we are in competition with the real estate agent who is selling him a much fancier house than he needs; we are in competition with the multiplicity of new things which individually may not amount to much but collectively cut deep inroads into the average man's income.

If we are to make a real advertising impression on this great market the potentialities of which, despite the huge increase in number of buyers and output of securities over the last few years, are relatively untouched, we must do something more than merely talk in terms of

specific offerings with their first liens, net incomes, legal opinions, and whatnot; we must dislodge these people from their feeling of false security. Maybe they are earning \$25,000 a year, but what good is it doing them if they are only building up a standard of living, departure from which must inevitably be made sometime without a property accumulation sufficient to replace their personal earnings; when they get sick, get old, or get fired—all of which are not remote possibilities. We must sell them on the necessity of a second income; we must sell them an investment program; we must appeal to their pride; to their love of family; to their plain common sense.

Must Sell Investment Program

All this can be done without in any way reflecting on the established ethics, dignity, or conservatism of the business. The banks have done it and suffered nothing more alarming than large increases in business. Alert insurance companies are doing it with the results already commented on. Some of the bond houses are doing it, and it is significant that those who are doing it best are the ones who are more than maintaining their places in the sun.

If volume is to be increased and selling costs cut, it must be done by increasing the number of buyers, or increasing

A Short Term Note Yielding

6%

General Power and Light Company

6% Gold Notes

Dated July 1, 1926

Due July 1, 1927

The General Power and Light Company owns and operates, either directly or through subsidiaries, public utility properties in various parts of the west and middle west, serving prosperous communities having a population estimated to be in excess of 85,000 people.

These notes are secured, in the opinion of counsel, by a first mortgage on all the properties of the company in Kentucky and by deposit with the trustee of capital stocks of the Northern Michigan Public Service Company, Arizona Edison Company, Western States Utilities Company and Southern Edison Company.

Earnings applicable to interest charges are showing a substantial growth and are more than three times interest requirements on these notes.

We offer these notes as a well-secured short term investment for banks.

Price 100 and Interest
To Yield 6%

TRUE-WEBBER & CO.
INVESTMENT BONDS

231 S. LA SALLE ST. CHICAGO PHONE CENTRAL 6556

BOSTON



CEDAR RAPIDS

the capacity of those already buying. The largest opportunity for both of these developments is in the class of substantial income receivers, who, according to income tax statistics, have no commensurate property accumulation. They are men at an age in life when they are susceptible to an advertising appeal; they can be located, educated, and largely persuaded by the right kind of investment advertisers, leaving to the salesman a far less difficult task than if he were to attempt the whole job without advertising support.

Let us turn briefly to the other problems of the business and the part that advertising has in their solution. There is no doubt but that good advertising does attract good men. There are hundreds of young fellows in the colleges today who have made up their minds to go into the bond business. They are scanning your advertising, perhaps more carefully than even some of your prospective investors. Whether they come your way or another's depends somewhat on the relative alertness, stability, and progressiveness of the two institutions as reflected in the advertising. And, can there be any doubt but that consistent, informative, progress-revealing advertising has its reflex on our present organizations? Statler, it is said, advertises primarily for this result—to create pride in the institution, to make the individual feel the responsibility of his job, be it only the dishwasher or the scrub woman. Good advertising commits us to

standards which the conscientious employe will hesitate to violate. It creates a well-knownness that gratifies the natural desire we all have to be connected with movements or organizations that are highly regarded.

If you will admit that advertising can increase volume, decrease selling costs, attract and hold good men, can there be any doubt but that it also influences the buying and credit sides of the business? With competitive bidding long established in the municipal field, being tested in the railroad equipment field, and even suggested in others; with competition for desirable issues as keen as the competition for the investors' business, can there be any doubt but that the house that can really distribute most economically, because most thoroughly, will, in the end, be favored by borrowers seeking an outlet for their securities?

I wish I had the time to give more concretely the methods as well as the theory of advertising as a factor in bond distribution. I should like to pay my further respects to some of the traditional practices which now pass for advertising in the investment field; I should like to discuss the necessity for plan, continuity, co-ordination with sales effort; I should like to air my pet theory that advertising will never become an important factor in bond distribution, until it is taken more seriously by the heads of the business and intrusted in hands as competent and ex-

perienced in advertising technique as is expected of specialists in any other branch of the bond business. But time will not permit.

Meeting the Argument

Let me close by meeting directly the standard arguments which have stood in the way of wider and more intelligent use of advertising in bond distribution. I have little tolerance for those who say the bond business is different. Every business is different, but, fundamentally, they all get back to a selling job. Selling is perhaps 90 per cent education of the prospect to the uses and merits of the product in competition with other or like products. Advertising can do most of the educating, thought it should never be thought of in the bond business as a substitute for the salesman, but, rather, as a very effective supplement to his efforts. Those who condemn investment advertising because it did not work for them will probably find it was due to wrong methods, rather than with the agency itself. All selling is wasteful—direct selling as well as advertising. Yet, because individual salesmen sometimes fail, we do not condemn selling—we set about to improve it. And that is what is needed in the field of bond advertising. Those who condemn advertising as out of keeping with the dignity of the profession are, to my mind, associating dignity with dullness and do-nothingness. A man can be dignified and at the same time alert, interesting, and progressive—the bond house can be the same.

There are few businesses, in my opinion, that need good advertising more than ours. Where the market for any product is somewhat restricted; where the product itself is none too well understood; where large amounts are involved in the purchase of the commodity, and where the commodity itself satisfies no immediate desires on the part of the purchaser but must often be made by sacrificing those desires, the selling job must always be a difficult one. The more difficult the sales job, the more important advertising, properly conceived, becomes. Because of the logic of the situation, good advertising must become an increasingly important factor in bond distribution. Those organizations which recognize this fact soon will have just that much advantage over their slower moving competitors who, in time, must also come to it.

Heads Bond Club

Herbert A. Abernethy, of Kalman and Co., St. Paul, was elected president, and Eugene B. Hanson, of Lane, Piper and Jaffray, Inc., Minneapolis, was elected vice president of the Twin City Bond Club, at the annual meeting of that organization held last month.

Great pleasures are much less frequent than great pains.—Hume.

High Grade Short Term Investments

	Rate	Due	Yield
General Furniture Company	. 6 $\frac{1}{2}$ s	1928	6.00%
Associates Investment Co. . . .	6s	1929	6.35%
Continental Tank Car Corp. . .	6s	1929	6.00%
General Necessities Corp. . . .	6s	1928	5.75%

Circulars on Request

HOAGLAND, ALLUM & CO.

Established 1909—Incorporated

14 S. La Salle St.
CHICAGO

34 Pine St.
NEW YORK

Belgian Recovery

A survey of Belgium prepared for the American Section of the International Chamber of Commerce concludes, "It is clear that recovery from much of the destruction of the war is an accomplished fact. Not only has the physical devastation of the war been rebuilt, but the entire economic life of the country has been gradually rehabilitated and in very many directions has all but attained, and in some lines exceeded, prewar strength. Reconstruction has been along new lines and under modern methods, and it is probable that the country as a whole, at the close of 1925, was in reality of greater economic capacity than it was in 1914."

The statistics available for comparison with prewar conditions seems to bear out, as far as they go, the historical reputation of the Belgians as an energetic people. Blast furnaces destroyed during the war have been rebuilt, and maximum capacity in the iron and steel industry has increased some 20 per cent as compared with prewar capacity. During the war, 1,366 miles of railway track and 1,419 bridges were destroyed. All of these have been reconstructed. Coal and glass production had surpassed prewar output by the end of 1923. Increased efficiency of labor, consolidations of related units, reductions of costs, and other economies have been an important characteristic of Belgian industrial life since the war. As a result of its policy of increased taxation and reduced expenditures, considerable progress toward budget equilibrium has been made. Upon the basis of actual receipts and expenditures for the first eight months of the current year, it is thought that the country will be able to meet 1926 current expenditures by means of current income.

The most recent development was the sale of \$100,000,000 of bonds to stabilize the currency. The Belga, a new monetary unit to be used for foreign transactions, has been introduced. Currency stabilization and economic rehabilitation seem to have gone a long way toward placing Belgium on a thoroughly sound financial basis.—From *Bond Briefs*, Union Trust Co., Chicago.

Slight Error

Mr. Goldberg: "Did you know that Sam made \$50,000 in Chicago in a week?"

Mr. Cohen: "I don't believe it."

Goldberg, calling over his friend Wolf: "Isn't it true that Sam made \$50,000 in Chicago in a week?"

Wolf: "Sure it's true, but it's wrong in four places: it wasn't Chicago, it was Toledo. It wasn't a week, it was a year. It wasn't \$50,000, it was \$5,000, and he didn't make it, he lost it."

These are the times that try men's souls.—Paine.

High-Grade Investments

	Coupon	Due	Yield
Central States Power & Light Corp.....	5½s	1927	5.50%
		1928	6.10%
Public Service of Northern Illinois.....	5s	1931	5.10%
Chicago, Rock Island & Pacific Ry.....	4s	1934	5.12%
Canadian Pacific Ry. Co.....	4½s	1946	4.75%
Chile Copper Company.....	5s	1947	5.25%
Southern California Edison Co.....	5s	1951	5.10%
Standard Oil of New York.....	4½s	1951	4.65%
Western Union Telegraph Co.....	5s	1951	4.95%
Arkansas Power & Light Co.....	5s	1956	5.25%
Interstate Public Service Co.....	5s	1956	5.25%
Potomac Edison Co.....	5s	1956	5.20%
Texas Power & Light Co.....	5s	1956	5.20%
Des Moines Joint Stock Land Bank.....	4½s	1965	4.40%
Great Northern Railway Company.....	4½s	1976	4.80%

Write for full descriptive circulars.

PRIESTER • QUAIL & CUNDY • INC.



BONDS FOR INVESTMENT

First National Bank Bldg.
DAVENPORT, IOWA

29 South La Salle St.
CHICAGO

Bond Salesman or Banker Wanted

Prominent Iowa investment house with old and established reputation in distributing and originating diversified list of high grade bonds, now has an attractive opening for one or more good bond salesmen. Men offering developed clientele of Iowa banks and investors, or with successful banking experience in Iowa, will be preferred. Successful applicants must be men of integrity, capable of earning for themselves at least \$4,000 a year.

Our salesmen know of this advertisement.

Applications, stating references and experience, should be made immediately through Fairall & Company, Advertising Agency, Commonwealth Bldg., Des Moines. (All communications will be held in strict confidence.)

Nineteen twenty-seven

with its opportunities and possibilities is before us. The purchase of proper securities, whether for secondary reserve or the resale to customers, has a distinct bearing on your prosperity for the coming year. It will pay you to investigate

Illinois Special Improvement Bonds

They will bear the strictest scrutiny, and are offered to you with the highest recommendations.

We will be glad to furnish detailed information upon request.

H. I. FOSKETT
BONDS

SHENANDOAH

IOWA



CHICAGO TRUST COMPANY

OUR broad list of sound, well-secured bonds is suited to the requirements of conservative investors whose main considerations in buying are safety of principal and a steady, dependable income.

Send for it



CHICAGO TRUST COMPANY

Lucius Teter
President

John W. O'Leary
Vice-President

BOND DEPARTMENT

J. W. MARSHALL J. P. BURLINGHAM
Vice President Manager

F. A. A. Mid-year Meeting

The mid-year conference of the Financial Advertisers Association will be held in New Orleans March 10, 11, and 12, 1927. This conference will be attended by officers, directors and Association representatives on the National Advertising Commission. One of the matters of business that will come before this conference will be the selection of the 1927 convention city and the dates of that meeting.

A New Book

"The Stock Market" is the name of a new book by Charles A. Dice, Ph. D., Professor of Business Organization, College of Commerce and Journalism, Ohio State University; and consultant on investment and financial problems.

What every business man who invests, trades, or finances a business should know about the securities market is just what "makes the market go." He should see what forces move the prices of stocks up and down—the pitfalls to avoid, the opportunities to seize. He should know as nearly as possible, how to detect long-time swings and when and where the market is likely to break, whether this or that stock is logically the right one to buy or sell—and why.

That is what "The Stock Market" gives—it provides a really reliable outline of the strategy of market operation and a clear-cut explanation of the economic function of the money market.

Concrete discussions of current market practices illustrate the methods used by successful traders and operators—it shows how tape readers and chart readers interpret the market, and discusses the principles involved; it explains the technique of puts, calls, spreads, straddles.

The routine of transfers is made clear; conversion of securities is analyzed, the factors in "manipulation" of the stock market shown. The mechanism of brokers' loans, call and time-loan rates, the effect of interest rates on security prices are explained. Stock price averages; a lucid commentary on the Dow Theory; a description of the different systems of forecasting stock prices and trends; and a thorough-going discussion of methods employed in rating securities, make this a handbook that will be of value to everyone who is interested in, or affected by, the "ups" and "downs" of the securities market.

The publishers are A. W. Shaw Company, Chicago.

Finds Germany Prospering

That American business is keenly interested in Germany's progress is indicated by the close observation given to conditions in that country by every American business man who visits it.

"Germany is surely and rapidly resuming a leading position in the world's trade and commerce," is the conclusion of Herman Hachmeister, vice president of the George M. Forman & Company, who recently returned from a two months' business tour of Europe.

Comparing the Germany of today with that of a year and a half ago, Mr. Hachmeister continues, "Early in 1925, on my last previous visit, I found everywhere a feeling of gloom and discouragement. Today, that has been replaced on every hand by an air of energetic activity.

"Admittance to the League of Nations has created new hope and courage; the German people feel that they are again one of the leading nations of the world.

"In the meantime, Herr Stresemann,

Specialized and Experienced Management

The management of the Company is the same as that under which it was organized. Its officers are specialized experts in the mortgage field, whose experience extends over periods as long as forty years. In its President, Mr. William J. Moore, we have the benefit of the knowledge and experience of one of the country's recognized authorities on mortgage investments.

Send for latest descriptive booklet.

AMERICAN BOND & MORTGAGE CO.
Established 1904 Capital and Surplus Over \$9,000,000 Incorporated

IOWA
OFFICES:

CHICAGO

Over thirty



DAVENPORT
DES MOINES
CEDAR RAPIDS

other cities. NEW YORK

German Foreign Minister, who is primarily responsible for the amiable solution of Germany's foreign problems, is proving himself a man of the hour. He has succeeded in bringing home to the German people that only by concentrated effort and by making the best of existing conditions, can Germany's difficulties be solved.

"The new spirit has accomplished vast changes within the past year. Railroad trains are now crowded, unemployment has decreased by fully 25 per cent, and business failures are markedly fewer in number. Through consolidations, the large industries are solving the problem of economical production and distribution. The Dye trust and the French-German-Belgian Steel trust are outstanding examples of the tendency toward cooperation for the common good."

Monetary values have been effectively stabilized, Mr. Hackmeister reports, by adoption of the new Gold Mark. "In twelve months' time bank deposits have increased \$2,500,000,000. Savings deposits have grown from practically nothing at the inflation period to \$500,000,000 at the end of April, 1926. German corporation stocks show increasing values—a 100 per cent increase in market prices being not unusual during the past year. Short term or call money in Germany today commands an interest rate of only 5½ per cent. It is anticipated that German mortgage banks will drop their interest rates to 7 per cent with the turn of the year.

"Germany acknowledges its obligations under the Dawes Plan and is disposed to meet them without further quibbling. Its determination now is to get on its feet; and this it is accomplishing in a way that indicates a quick return to stability, both economic and governmental."

The Bankers Bond House

Specializing in bonds for bank investment.
Current recommendations sent upon request.

W. D. HANNA & COMPANY

(Successors to Hanna-Shreves Co.)

Bonds for Investment

Burlington, Iowa

Waterloo

Muscatine

Lincoln

A. J. Boldt & Company

PUTNAM BUILDING
DAVENPORT

BONDS FOR CONSERVATIVE INVESTMENT

Lawrence Stern and Company

231 South La Salle Street · Chicago

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This company conducts a general securities business, originating and participating in high-grade investment issues and devoting special attention to first mortgage real estate bonds



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Clients of this firm are able to obtain *from one source* the type of security best suited to their current condition and need.



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209 South La Salle Street, Chicago

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Cutting Nation's Check Bill

Twenty-five million dollars a year is being cut off the nation's bill for bank checks, drafts and vouchers through eliminating by simplification a large amount of previously wasted effort and materials caused by a multitude of styles and sizes. This estimate was presented at a meeting of the standing committee representing bankers, lithographers and other businesses interested in the handling of large volumes of checks held at the Department of Commerce in Washington to review the results of the first eight months since check standardization was put into effect by agreement in March, 1926, it was announced recently by Frank W. Simmonds of the Clearing House Section, American Bankers Association, one of the leading factors in the movement.

It was reported that nation-wide adherence to the sizes and forms of bank checks, notes, drafts and similar instruments recommended by the committee had been developed during the year. Alexander Dunbar, chairman of the committee, stated that experience showed the specified forms had proved popular among bank customers. E. R. Woodson, representing the Railway Accounting Officers Association, said that the railroads of the country were unanimously behind the movement which meant tremendous savings in printing and handling the hundreds of millions of checks issued annually by them. It was also reported that one lithographic house producing more than 250 million checks a year had found that 97 per cent of its orders prescribed the types endorsed by the committee.

More than a hundred clearing houses in all parts of the country have officially endorsed the standard forms. Also the Federal Reserve Board, it was reported, has given its endorsement to the present program and is transmitting the specifications to the various Federal Reserve Banks for their information and guidance.

In view of the success of the plan the committee reaffirmed its recommendations previously issued through the Bureau of Standards of the Department of Commerce. These specified that bank drafts, certificates of deposit, cashier's checks, special or individual checks, customer's drafts, notes, trade acceptances, voucher checks, collateral notes, special notes when folded, and other similar instruments be uniformly $3\frac{3}{8} \times 8\frac{3}{8}$ inches; that deposit slips be $3\frac{3}{8} \times 6\frac{7}{8}$ inches or multiples of $6\frac{7}{8}$ inches; customer's checks and counter checks, $3\frac{1}{2} \times 8\frac{1}{4}$ inches; pocket checks, $2\frac{3}{4} \times 6\frac{1}{4}$ inches; and end stub for pocket checks when not interleaved, including binding margin, $2\frac{3}{4} \times 2\frac{1}{8}$ inches.

It was also recommended that advertising matter, pictures and such extraneous detail be omitted so far as possible from the face of checks and that wherever it was felt necessary to show trade-marks, insignia, or other display they should

appear in the upper left-hand corner of checks and not encroach upon the space for payee's name or other essential features. Standardized arrangements for the essential entries were also specified so that all such data will appear near the right-hand end of checks in order to facilitate their handling in transit departments and clearing houses.

Those present at the meeting were Alexander Dunbar, representing the Clearing House Section, American Bankers Association; W. L. Chandler, National Association of Purchasing Agents; William P. Gildea, Association of Bank and Commercial Stationers; Frank W. Simmonds, American Bankers Association; Nathan B. Williams, National Association of Manufacturers; E. R. Woodson, Railway Accounting Officers Association, and H. R. Colwell and A. B. Galt of the Division of Simplified Practice, Department of Commerce.

Ten Years of Service

At a meeting of the Committee on Costs and Charges of the Trust Company Division of the American Bankers' Association, which was held last month in the Assembly Room of the Illinois Merchants Bank, LeRoy A. Mershon, secretary of the division, was presented with a beautiful watch by Lucius Teter, president of the Chicago Trust Company, for having completed his tenth year of faithful service to the organization.

THE TIME ELEMENT IN PRESENTING A CHECK

(Continued from page 14)

his duty to present it not later than the closing of banking hours on the following business day.

Had Hewitt observed this duty, the check would have been presented and paid.

Where the holder of a check does not present it within a reasonable time, and the drawee bank fails before the check is presented, the drawee of the check will be discharged from liability thereon. The building company was discharged from liability to the extent of the loss which it sustained as the result of the delay in presentment.

Hewitt contended in court that when he mailed the check back to the building company, on Saturday, January 12th, it would be implied that he should have a reasonable time after again receiving it in which to present it. In other words, it is contended by mailing the check back to Hewitt, it was, in effect, reissued, and that the situation should be considered the same as it would be had Hewitt never received the check prior to Monday morning, January 14th, when he opened his mail in Ludwig.

If that theory be adopted, then Hewitt would not be considered to be at fault; because after receiving the check on the

14th, he presented it with due diligence and in the usual way that presentation is made. But such theory should not be adopted. Hewitt received this check, in the first instance, in the city of Iveyville, on January 11th, and the First State Bank was located in the same city.

Suppose plaintiff had put the check in his pocket and had forgotten about it, and carried it until Monday, the 14th, when he deposited it in Ludwig, could it be said that in such case he had been negligent? We hardly think so. Instead of carrying the check in his pocket, Hewitt, because he had forgotten that the Berry item was adjusted in the settlement, mailed the check back to the de-

mandant, and by so doing, due to his own forgetfulness, and his own negligence, delayed presentation. In the supposed case the check was for the time forgotten. In the case here Hewitt forgot about the Berry item. The drawee could not certainly be at fault in the one case any more than in the other.

Added to Bank Force

Miss Mary Wray of Elkhorn, Nebraska, was added to the Plateau State Bank force recently. Miss Wray is a graduate of the Seward High School and of the Van Sant School of Business in Omaha.

Why Foreign Mortgage Bank Bonds?

Because of their excellent records dating back in some cases for three-quarters of a century, Foreign Mortgage Bank Bonds have been considered in Europe one of the prime securities for trust and savings banks, ranking just under government obligations and ahead of the securities of states and municipalities.

Prior to 1913 more than five billion dollars of this class of securities were held abroad. Foreign Mortgage Bank Bonds are now coming into the American market and bankers and trust officers are urged to familiarize themselves with this type of investment.

We have prepared an interesting booklet on "The Development of the Mortgage Bank," which we should be pleased to send you with our compliments.

BAKER, KELLOGG & CO., Inc.

*A Specialized Service in Foreign Securities for
BANKS and DEALERS*

111 West Monroe Street

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NEW YORK
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**BANK CHECKS & LETTERHEADS
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*Quality Lithographers.
We have earned this name
in the last 35 years*

NORTHERN BANK NOTE COMPANY
Founded in 1892 by S. W. Earle
CHICAGO

REAL SERVICE

To serve our clients to their
entire satisfaction is our con-
stant aim and ambition.



Stanley-Henderson Company
Farm Mortgage Bankers

207-214 Higley Bldg.

Cedar Rapids, Iowa

What They Say

The following is what Mr. Spiecker, cashier of the
First Trust & Savings Bank of Remsen, Iowa, says:

“We have the latest IOWA BANK DIRECTORY
placed so it is easily accessible at all times, and al-
ways consider it the handiest directory we have.

“We thank you for remembering us with the latest
edition.”

The Iowa Bank Directory

Published Semi-annually by

THE NORTHWESTERN BANKER

Clifford DePuy, Publisher

DES MOINES, IOWA

PLEADS FOR HULL AMENDMENTS

(Continued from page 16)

great importance and which ought to be treated as a separate measure, cannot be considered of the least significance or value as a gauge of public sentiment on the subject.”

Not Representative Vote

“The Chronicle might have gone further and mentioned that there are 27,700 banks in the country, so that the vote against the Hull Amendments does not even represent 1½ per cent of the banks. It might have added that in California alone, where the convention was held, and within one night’s ride of Los Angeles, there are over six hundred bank branches, each of which is entitled to a vote upon payment of a nominal sum, much less than individual bank membership fees.

“The total vote against the Hull Amendments only equals about two-thirds of the number of branch banks in California! In fact, eight of the great banking groups of California have more branches than the total vote cast against the Hull Amendments, so that this vote could and may have been cast by less than 3-100 of 1 per cent of the country’s banks.

“Certain other statements quoted from Mr. McFadden’s speech deserve attention. The Hull Amendments do not, as he charges, interfere with any state passing any law it chooses.

“Except to equalize branch-banking privileges between National and State banks in territory where State banks now engage in this practice, branch banking is not primarily a bone of contention between State banks and National banks, but between large banks and small banks.

“In the states where branch banking is permitted there are 16,484 banks, of which 735 have engaged in branch banking—or about 4½ per cent. These 735 banks operate 2,572 branches, so that 4½ per cent of the banks in branch-bank territory operate 200 per cent of the banking facilities of those states. Eighty per cent of branch banking is done in six states where it has considerably more than doubled in the past five years.

“If branch banking were to extend to the entire country in the same ratio we might expect to find about 1,200 banks engaged in branch banking as against 26,500 operating as independent units.

“In the twenty-six states where the state banking laws do not permit branch banking, one important factor is unquestionably the fact that National banks cannot now take advantage of legislation permitting State banks to operate branches.

“In each of these nonbranch-banking states, the 4½ per cent of banks which

might desire to change the State law to enable them to engage in branch banking represent the powerful financial interests which might be expected to wield the most influence with the State legislature. Part of this 4½ per cent are State banks and part are National. Their interests with respect to branch banking are now opposed, and their influence balanced.

"Should the McFadden Bill be enacted without the Hull Amendments, their interests would no longer be opposed. As soon as State banks received branch-banking privileges, National banks could likewise automatically open branches. The combined influence of these powerful State and National banks, brought to bear upon State legislature, is frankly feared by a majority of the small banks now serving their respective communities with sympathy and understanding.

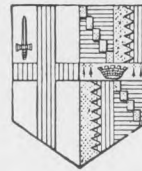
"To pass the McFadden Bill without the Hull Amendments is to place an incentive before every large National bank in nonbranch-banking territory to use its influence to change the existing State antibranch-banking law. In my opinion this would be 'Congressional interference' and neither 'veiled' nor 'indirect' as Mr. McFadden says.

"Next Mr. McFadden says that the purpose of his bill is 'to legislate for National banks—not for one, nor two, nor a hundred, but for all of them according to their needs * * * in the larger cities with populations over 25,000, in those states where State banks enjoy the branch-banking privilege * * * National banks should be granted limited branch-banking privileges to meet the competition of State banks that have branches.'

"On one hand why does Mr. McFadden seek to legislate for *all* the National banks and then limit their branch-banking privileges to cities of 25,000 or more populations, and in other ways?

"And on the other hand, why did Mr. McFadden sign the Joint Conference Report raising this minimum population limit from 25,000 to 100,000 if he is trying to benefit *all* the National banks? As the bill was reported by the Joint Conference Committee it would extend branch-banking privileges to National banks of only 44 cities, with more than 100,000 population, and deny it in the 234 cities of population between 25,000 and 100,000 as well as in all smaller cities?

"Mr. McFadden's next point is that the Hull Amendments cause the McFadden Bill to grant branch-banking privileges in certain states and not in others. In his paragraph from which I quoted above, is the best answer to this objection: 'National banks should be granted limited branch-banking privileges to meet the competition of State banks that *have* branches'—not that *may* or *might* sometime be expected to have branches.



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

Industrial Acceptance Corporation

New York

Capital & Surplus Over \$7,000,000

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(The National City Bank of N. Y., Trustee)

The Notes of this Corporation are regarded by a nation-wide banking clientele as appropriate and attractive investment for short term funds. They may be obtained under customary option in varying maturities between 2 and 12 months. Complete information available on request to any of our offices.

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THE STUDEBAKER CORPORATION OF AMERICA

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

"The next point raised is that 'if Congress ties the hands of any considerable number of National banks in nonbranch-banking states—first, State banks would work for branch-banking laws—second, National banks would quickly become State banks in order to take advantage of the State branch-banking laws.'

"Statement Absurd"

"This statement is absurd. The Hull Amendments do not 'tie any hands'—they only perpetuate the status quo in the nonbranch-banking states—they continue the branch-bank situation in these states as it is and as it has always been—and none of the dire predictions of Mr. McFadden has either threatened or come to pass. An analysis by Senator Reed, of Missouri, showed that the transfers of banks from National to State charters

was approximately equal in branch banking and nonbranch-banking territory, proving that the branch-banking privilege was not a controlling influence in such transfers.

"Mr. McFadden's statement continues: 'The Hull Amendments will not work, they will not check branch banking but on the other hand will tend to encourage branch banking in the states where it does not exist.'

"Then why do the avowed supporters of branch banking oppose the Hull Amendments with every open and covert weapon in their arsenal, if they will 'encourage the spread of branch banking into nonbranch-banking territory?'

"Why did the legislative opponents of the Hull Amendments, including Mr. McFadden, in the Joint Conference Committee report, deny equality of branch-

banking competition to the National banks of 141 cities of between 25,000 and 100,000 population in branch-banking territory where these National banks are now actually suffering from existing State branch-banking competition, in order to extend to the National banks of 28 cities of over 100,000 in nonbranch-banking territory a permission at some future time to compete with some possible future State branch-banking competition.

"Why—unless it is their purpose to encourage the entering wedge of branch banking into the nonbranch-banking territory at any cost and by any maneuvering?

"Fortunate it is, since Mr. McFadden has reversed his position on the Hull Amendments, that the House of Representatives has instructed him, with its other members of the Joint Conference Committee, to adhere, in their negotiations in Committee, to the bill containing the Hull Amendments as passed by the House.

"The McFadden Bill has become an old-fashioned omnibus bill as a result of the efforts of various interests to secure its passage without the Hull Amendments. Even the renewal of the charter of the Federal Reserve Bank System, years hence, has been included—a measure which, by itself, would be passed without delay almost as a matter of routine.

"All of the McFadden Bill's meritorious and undisputed advantages to the 8,000 National banks of the country are being held up by an attempt to squeeze through that part of the law which will encourage influential large National and State bankers of 26 states to work on their State legislatures for an entering wedge of branch banking in nonbranch-banking territory where now no branch-banking competition exists, and where, by the enactment of the Hull Amendments, it is not likely that it will ever exist."

Is Publicity Chairman

J. K. Waibel, advertising counsel for the Continental and Commercial National Banks of Chicago, has been chosen as national publicity chairman of the Financial Advertisers Association. Mr. Waibel joined the advertising staff of the Continental and Commercial National in 1919 and in January of 1926 was made the senior official in charge. He has been an active member of the F. A. A.

Up-to-Date

He came home and, as they say in the movies, found his wife sewing on a tiny garment.

"My dear, my dear!" he cried.

"Don't be silly," she replied. "This is my new dinner gown."—*Judge*.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

250 West 57th Street, New York City

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

DIRECTORS

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"NEWS AND VIEWS"

(Continued from page 17)

They complain that printed matter is lacking in truthfulness, yet they go around dropping language as carelessly as if none of it meant anything.

"They put their feet into the trough of human life and dirty up everything within reach. They say it is a shame such and such a girl has been talked about the way she has, when nine cases out of ten that is the first time some of those present ever heard that that girl had been talked about—

"Somebody whispers that a bank is shaky. Everybody who has money in that bank knows the destructiveness of a bank 'run' and then they fall over each other to be the first to start it—feet in the trough.

"In fact, a close study of pigs will give one a very keen insight into human nature."

A prominent daily newspaper in discussing the subject of bank protection says: "The way to prevent bank failures is not to guarantee deposits but to subject banks to frequent and thorough examination." With this statement I am in hearty accord. The first thing to make this possible, however, will have to be an additional appropriation by the various state legislatures so that the banking departments can hire more bank examiners and pay all of them better salaries. Good bank examiners after they have worked a year or so can usually sell their services to city banks for a much larger remuneration than they are receiving from the banking departments. If the states are to keep competent men as bank examiners they will have to compete in salaries with the large financial institutions.

Milton O. Johnson, manager of the Analytical Department of the First Illinois Company, calls my attention to a statement which appeared in this department in our December issue. Mr. Johnson says:

"I notice in your 'News & Views of the Banking World' that you make the comment on Mr. Babson's prediction of a downward trend of commodity prices during the coming year as follows: 'During the past twenty-five years, the trend of commodity prices has been upward.'

"As a matter of fact, the trend of commodity prices has been downward since March of 1925 and very clearly downward since December of that year, as a great many business men and bankers are quite aware of because of the major influence exercised by prices upon profits."

Novel Headdress

Senator Simmons of North Carolina diversified the scenery at the opening of the

last session of the present congress by wearing a taffeta skull cap. The senator has a good head of hair but fears drafts will give him cold. He is all wrong in bundling up his head. That is one way to catch, not avoid, a cold. If he only knew it he might go bare to his wishbone habitually, if he began in summer, without danger. Light dress is best. People usually catch cold from getting too warm.

A Cow Mystery

Agricultural scientists at Pennsylvania State College are trying to solve a cow mystery. Milk has a large vitamin B content and continues to show it when the cow is put on a diet from which that vitamin is absent. So Jessie, a Holstein heifer, has had cut into the first and largest of her four stomachs a little door, through which portions of her meals may be removed in order to learn how her vita-

min B is manufactured. The operation is described as having been harmless and painless, leaving Jessie cheerful and contented.

Breaking the Ice

The young lover was very bashful. Turning to the girl beside him on the sofa he asked:

"Does your brother like cheese?"

She answered with a smile:

"I haven't a brother."

Dead silence for another spell.

Then he said: "If—if you had a brother do you think he'd—he'd like cheese?"

They have been at a great feast of languages and stolen the scraps.—Shakespeare.

Give the author his due, and gain myself praise by reading him.—Selden.

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

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Foreign and Trust Department Facilities



Iowa bankers should do business with this strong Iowa company, which has gained a country-wide reputation as a "National Institution of Service."

The Federal Surety Company is managed by experienced underwriters, and has from its conception built for STRENGTH rather than size.

Backed by Federal Service, these lines are written—Accident and Health, Automobile, Burglary, Plate Glass, Public Liability and Workmen's Compensation Insurance, and Surety Bonds.

FEDERAL SURETY COMPANY

CASUALTY INSURANCE

SURETY BONDS

W. L. TAYLOR, Vice President and General Manager

HOME OFFICE

DAVENPORT, IOWA



When your customers have
contracts payable in New York funds

SUCH occasions call for the services of a New York correspondent with wide commercial experience. The Seaboard is chiefly a commercial bank. Its varied experiences cover many years.

THE SEABOARD NATIONAL BANK

of the City of New York

MAIN OFFICES: BROAD AND BEAVER STREETS

INSURANCE SECTION

The Romance Back of Insurance

LET us see if our business, regardless of frank but premature views, is not just a little tinged with the atmosphere that only "The Knights of the Round Table" breathed.

Who were the bellweathers of financial relief rushing to San Francisco after its memorable conflagration but the adjusters of leading fire companies! What event in modern business can be compared with the valiant last stand of such companies? They paid their losses willingly until their reserves were entirely depleted. Wasn't it, in a business sense, akin to the Pass of Hermopylae or Custer's Last Stand in the Little Big Horn?

From an economic point of view, what is more dramatic than the saving of the good name and good will of a state-wide known banking institution? The immediate payment by a conscientious fidelity and surety company of a noticeable amount due to an embezzlement loss, thus rehabilitating the bank, calming the local financial waters, preserving, in many instances, the backbone of our country, the life-long savings of the man who works by the sweat of his brow. I could tell our debutante friend that incidents such as these have their counterparts in the nick-of-time rescue of the trussed heroine from the midnight express and other like soul-searing climaxes of the melodramas of the late '90's.

A young married couple on Long Island put the savings of a lifetime into a home as an initial payment not so long ago. Things went well until the guard rail on the steps leading to the rear porch broke. The milk man was leaning on it. He went with the rail. He was severely injured. Suit was brought for \$25,000 but happily the head of the household had forearmed himself with a general liability policy. It may be true that the adjusters of the carrying company did not gallop up on prancing horses nor did they doff their plumed hats. They were, in the vernacular, "there with the stuff."

Another Example

Last year a man and wife lost their lives in an automobile accident. Their only child, five years old, was left an orphan. A will had previously been made by the father. It provided for the appointment of an executor and the conversion of the entire estate into good bonds. This was

By *John L. Mee*

Vice President and Superintendent of Agencies, National Surety Co.

(Address before Regional Agents Conference)

done. The bonds were placed in a safe deposit box of the local bank.

Three months later a well equipped band of yeggmen ripped open the safe deposit boxes, stole the bonds, the majority of which were unregistered. The executor, however, had foreseen such contingency. He had purchased safe deposit box protection. The loss was paid promptly and in full. This child was thereby saved from being a dependent or a possible candidate for the almshouse.

Perhaps the payment of this loss was not accompanied by a fanfare of trumpets but the saving of the orphan's in-

heritance was, to him in particular, a protection in his time of need just as great, just as significant, in a relative and economic way, as any thrilling rescue pictured in any of our best sellers.

Like instances in connection with life insurance, health and accident policies and compensation and in every form of coverage could be multiplied by the thousands. That debutante I spoke about lowered my pride so quickly I doubt whether I really brought forth a good mumble. I hope she reads this article.

I met a very pleasing and intelligent debutante the other day and she asked me my business. "Insurance," I said, expecting to see a look of awe come over her. I was disappointed. "What an unromantic business," she retorted.

That made me wonder if all insurance people are "hard-boiled"—if the insur-

President Lincoln's Advice

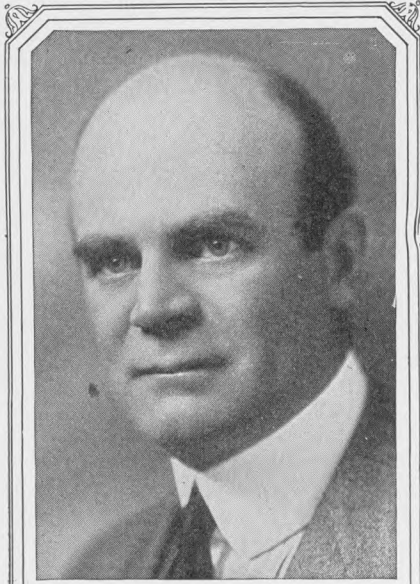
A recent issue of the *New York Life Bulletin* has the following story for the life insurance salesman:

"February 12th marks the day when, in a one-room cabin with a dirt floor, home-made furniture, no doors, no windows, and none of the many present-day conveniences that we accept as necessities, a boy baby was born of poor parents, and through his own efforts and against great obstacles grew in wisdom until he saved this Nation for us and has since become the hero, not of America alone, but of the world. His is one of the great characters belonging to the Ages.

"A story is told of him that bears a moral for all insurance men. A friend, named Johnson, who was continually borrowing money from him, finally, as a last resort, concluded to appeal to Lincoln for funds to move from Illinois into Missouri, and the following reply fits very closely our own business.

"'You are not lazy,' wrote Lincoln, 'and still you are an idler. I doubt whether, since I saw you, you have done a good whole day's work in any one day. You do not very much dislike to work, and yet you do not work very much, merely because it does not seem to you that you could get much for it. *This habit of uselessly wasting time* is the whole difficulty. . . . What can you do in Missouri better than here? Is the land any richer? Can you there, any more than here, raise corn and wheat and oats without work? Will anybody there, any more than here, do your work for you? If you intend to go to work, there is no better place than *right where you are*. If you do not intend to go to work, you cannot get along anywhere. . . . Do not misunderstand this letter. I do not write it in any unkindness. I write it in order, if possible, to get you to face the truth, which truth is, you are destitute because you *idle away your time*. Your thousand pretences for not getting along better are all nonsense. They deceive nobody but yourself. *Go to work, is the only cure for your case.*'"

Mr. Lincoln's advice was sound. The man who puts in eight hours of good solid labor every day is the man who gets ahead. He'll be so bloomin' busy that he won't have time to look for other pastures.



Back of NORTHWESTERN NATIONAL A Strong Board of Directors

A. F. PILLSBURY

THE name of Pillsbury is so closely linked with Minneapolis and the progress of this great milling center that it is very proper that the Northwestern National Life should have a representative of that family and the milling industry on its Board of Directors. A. F. Pillsbury is secretary and treasurer of the Pillsbury Flour Mills Company; vice president of the Minneapolis Mill Company; vice president of the St. Anthony Falls Water Power Company, and a director of the First National Bank of Minneapolis, the Minneapolis Trust Company, and the Farmers and Mechanics Savings Bank. He was born in Minneapolis in 1869, and has been connected with the Pillsbury Flour Mills and other Pillsbury interests throughout his entire business career. He has been a Director of Northwestern National Life since 1924.

This is Number 7 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, and takes an active part in the management of the Company.

**NORTHWESTERN
NATIONAL LIFE
INSURANCE CO.**
O. J. Arnold, Pres.
Minneapolis

ance business is so prosaic. Let us see if that is true.

Looking at it coldly, I think one of the most important factors in business is to have protection available when it is really needed. Were it not for that, business would deteriorate into a close-mouthed, grasping, selfish, narrow farce—everyone for himself only—no one imbued with that broader, mountain-moving spirit that is now so typical of American business.

If business concerns were required to continually divide their energies between the always-present competitor and the ever-present possibility of conflagration, catastrophe or the workings of a peculiar quirk in the mind of a trust employe resulting in the embezzlement of thousands of dollars without any protection, that indeed would be repressive to development.

Declare Dividend

Directors of Aetna Life Insurance Company have declared the regular quarterly dividend of 3 per cent, payable January 1st to stockholders of record December 11th. Aetna Casualty & Surety will also pay 3 per cent, January 1st, to stockholders of record December 11th.

Revokes Licenses

Einar Barfod, insurance commissioner of Pennsylvania, has revoked the licenses of thirteen fraternal insurance institutions including three Illinois organizations—the Modern Woodmen of America, Rock Island, Independent Western Star Order, Chicago, and the Holy Family Society of the U. S. A., Joliet. In addition, the commissioner has notified the Polish Alma Mater of the U. S. A., with headquarters in Chicago, that unless valuation reports are filed with the department by

the end of the year showing it to be 100 per cent solvent, the license for 1927 will not be renewed. The commissioner charges high expenditures for salaries, high percentage of lapses, excessive cost of management and failure to attend hearings on citations as among the causes for revocation. He asserted that the Modern Woodmen of America was only 55 per cent solvent.

War Risk Not Exempt

War risk insurance payments are not exempt from collateral inheritance after the beneficiaries have died, John V. Wicklund, chief examiner of the Iowa state inheritance tax department, announced recently. He bases his view on the recent decision to that effect by Judge D. M. Anderson of Albia, in which the facts were as follows:

The parents of Murrell W. Starns, world war veteran, received monthly payments upon his policy until their death. Then a brother took a cash settlement in lump sum for \$7,136, the unpaid balance of a \$10,000 policy. The state sued to collect collateral inheritance tax and Judge Anderson upheld the state's contention, saying, "The government exempts the benefits of war risk insurance so long as they are paid to the beneficiaries but does not undertake any exemption after the beneficiaries have passed away."

The case has not as yet been appealed to the Iowa supreme court for further consideration.

Who cannot be crushed by a plot.—Shakespeare.

Pleasure may perfect us as truly as prayer.—Channing.

Agent Creates Confidence

Does it pay an agent to underwrite his business? We recently received the following letter from one of our agents in West Texas:

"I wired you today as follows: 'Wire me declination application renewal American Central—. Very dilapidated.'

"Mr.— is brakeman on the— Railroad and was very desirous that his policy be renewed, and after making the inspection today, I find that the barn is not worth over \$10, and the dwelling has never been painted, the porch is rotten, window lights are knocked out all around, and I do not care to handle it. Mr.— expects me to take care of it for him, and I wanted your telegram to help me out of the difficulty. I could not conscientiously recommend the physical aspect of this risk."

Our agent had acquired this risk in buying out another agency.

This is not the first time this agent has acted on his own initiative. On several occasions he has discovered changed circumstances we did not know of, informing us of the situation and asking us to order cancellation.

The result of his vigilance is that we never have to cancel or question a risk from him.—Cravens, Dargan & Co., Houston, Texas.

ONE-DAY RECORD VOLUME SHOWS FINE RENEWALS

Does the business that is placed on the books by the underwriters who have made world's records for one-day production stay on the books?

Both agents and companies are vitally interested in this question and it is being answered.

On the 29th day of September, 1925, Guy W. Peabody, of Sedalia, Mo., representing the Royal Union Life of Des Moines, set a world's record for single day production when he wrote the astounding total of 115 applications, of which seven were declined, leaving 108. The 108 delivered policies represented \$139,000 of insurance.

An audit of the Royal Union books made this month, shows that out of the 108 policies placed by Mr. Peabody, seventy-six have been renewed for the second year's premium and thirty-two have lapsed. Out of the thirty-two that have lapsed, eight or ten have moved away from Sedalia, and the seventy-six remaining represent \$103,000 of insurance.

Hence, this represents a 70.37 per cent renewal for volume, and, in the opinion of Royal Union Life officers, is a remarkable record.

Practices Own Teaching

Harry J. Passno, fingerprint expert of the Iowa Bureau of Investigation, practices what he preaches. Recently when the Bankers Life of Iowa received Passno's signature on an new \$7,000 policy, together with his check for the first premium, they discovered his thumb print neatly placed on the policy. He advised them that he adopts this means of absolute identification on all of his valuable papers.

Goes with Tenant Agency

Sam Simonsen has gone with the F. A. Tennant insurance agency in Sioux City, general agents for the Penn Mutual Life.

Making New Records

Seventy-six million in new insurance paid for this year will be the new record established by the Phoenix Mutual Life of Hartford when it closes its books on December 31st. The amount becomes more significant when it is known that the company has but forty-two agencies with a total of 465 agents, making the average production of the force \$170,000 for the year, with \$5,000 in premiums. All Phoenix Mutual men are obliged to take a training course before they can solicit business, and, with the exception of a few not yet enrolled, every man on the force is a graduate of their school.

Merchants Life Appointments

Agency Vice President F. A. Ferguson of the Merchants Life of Des Moines, announces that H. E. Moen, of Minneapolis, has been made agency manager for Minnesota and North Dakota, with headquarters at the company's branch office in Minneapolis. Mr. Moen is known as a very successful personal producer and organizer. A. N. Lynne becomes assistant manager for Minnesota and North Dakota. Carl J. Fust continues with the company as agency manager for Minnesota, only, with headquarters in the Minneapolis branch office.

Becomes Branch Manager

Frank W. Haverstick has recently become manager of the Des Moines branch of the Travelers, handling casualty lines. His appointment to manager succeeds that of Mr. McLaughlin, who has been transferred to the Milwaukee branch.

Announce Essay Contest

A leader in the development of the life insurance trust and general cooperation with life insurance men, the Union Trust Company of Detroit has announced its fourth annual scholarship essay contest, the subject this year being "The Family Budget—What It Is and What It Does." This year's contest will again tie up the subject of life insurance, which arouses much interest throughout Michigan. Fifteen former contestants are now attending college as winners of these \$1,000 scholarships.

Leaves Northwestern Life

Effective January 1st, Charles R. Gardner, vice president of the Northwestern Life of Omaha, becomes managing director of the Knights of Ak-Sar-Ben and the Ak-Sar-Ben Exposition Company, and severs his connection with the Northwestern at that time. Thomas F. Bourke,

ROYAL UNION LIFE INSURANCE COMPANY

DES MOINES, IOWA



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

Offers an unexcelled line of policy contracts.

Our Juvenile policies, written on children as young as one day old, go in full benefit automatically at age five without re-examination.

Our special low rate policies to business and professional men are fast sellers.

We write women on equal basis with men.

Special agency openings are now available. Write William Koch, Vice President and Field Manager.

Royal Union Life Insurance Company

Des Moines Iowa

A. C. TUCKER, President

recently elected a vice president of the company, will assume Mr. Gardner's duties.

Is Reappointed

M. M. Deming, of Des Moines, Iowa, state manager for the American Central Life of Indianapolis, has been reappointed field assistant to the president of the National Association of Life Underwriters. In this capacity Mr. Deming has been instrumental in the formation of several new Iowa life underwriters associations, of which Ottumwa is the latest and biggest.

Will Meet in Chicago

The sixteenth annual conference of the National Safety Congress will be held at the Stevens Hotel in Chicago from September 26th to 30th, inclusive, next year, according to an announcement by W. H. Cameron, managing director of the National Safety Council, following a meeting of its executive committee.

The fact that the gathering will be held in Chicago should attract 6,000 accident preventionists from all over the country, said Mr. Cameron. At least 5,000 persons attended the Detroit congress last month and next year's convention is expected to be the greatest in the history of the institution.

Abandoned Easy-Payment Plan

The Bankers Life of Iowa announces that after January 1, 1927, the easy-payment plan of life insurance and savings will be abandoned as unsatisfactory, due to heavy lapses.

Royal Union Promotion

Earl G. Mercer, who will be remembered as president of the Kansas City Underwriters Association in 1925 when Kansas City was host to the National Association Convention, has been promoted by the Royal Union Life Insurance Company.

Mr. Mercer has been cashier of the Royal Union's branch office at Kansas City for many years. He and his family leave for Des Moines immediately where he joins the company's home office staff. The promotion is to be effective January 1st.

Heads Connecticut in Nebraska


The Connecticut General Life Insurance Co. has appointed Paul Stewart general agent at Omaha. Mr. Stewart got his first business experience in a country bank, rising from runner to assistant cashier. Nine years ago he turned to insurance and joined the Travelers. Much of his time and effort during the following years was spent in the field, developing and working new territory in Omaha, Cedar Rapids and St. Louis. Mr. Stewart's appointment marks the entrance of the Connecticut General in Nebraska.

Making Good Record

Mrs. Elizabeth Kenney, of Waterloo, Iowa, the only woman district manager for the Mutual Life of New York, is making an enviable production record and is a member of the quarter of a million dollar club of that company. A college graduate, she was deprived of husband and a child at the end of three years of married life, and took up the teaching profession. She was at one time president of the Waterloo Business and Professional Women's Club and, while attending a state convention, heard an insurance lecture which caused her to take up selling insurance.

Don't Overlook Small Ones

Some agents have their eyes fastened all the time on big cases as they work from day to day, and they miss many a small one that would supply them with a good deal of the wherewithal that they lose while hunting up the large amounts. There are comparatively few men who move only in circles where only big cases are written, and the average man does not, and he is a loser if he "despises" the day of small things." Besides, the duty of life insurance is toward the man of small means who needs protection just as much as it is toward the man of larger



Community Service

Bankers are beginning to realize the importance of Life Insurance in their communities. Life insurance today is one of the greatest constructive agencies for the advancement of town and country. It not only serves your community, but it can also be made a direct source of profit to your bank.

Our Company gives real cooperation—the kind that has helped many bankers build their insurance department to a strong, profitable source of income.

**NORTH AMERICAN NATIONAL LIFE
INSURANCE COMPANY**

OMAHA ~ NEBRASKA

F. J. UEHLING
PRESIDENT

STRONG AS THE STRONGEST

means whose family may not have a need proportionately as great. And the buyer of small policies is likely in time to graduate to the class of buyers of large policies.—*Points.*

Group Insurance

The Hamilton National Bank, of New York City, has provided its employes with group life insurance which totals approximately \$170,000. Besides the protection, amounting to \$1,000 for each employee in the main classification covered, the bank workers, when sick or injured, will be entitled to the services of a visiting nurse. The insurance is being underwritten by the Metropolitan Life Insurance Company on a cooperative basis whereby premiums will be paid jointly by the bank and employes.

Book on Thrift

Quite appropriately a book on thrift entitled "How to Get Ahead Financially," by William A. Schnedler, counselor on personal financial problems, Western Electric Co., has been published by Harper & Bros., just as the life insurance companies and underwriters country-wide are preparing to observe National Thrift Week, January 17th-23d.

Feeling that most people are eager to get advice which will tell them how to gain financial independence by the proper observance of thrift, Mr. Schnedler has gone into considerable detail as to how this can be brought about. His chapters are under such headings as "The Real Meaning of Thrift"; "Spending Less Than One Earns"; "How Much Should I Save?"; "Investing Savings Wisely"; "When to Borrow Money to Get Ahead"; and "Life Insurance."

One of his suggestions was that people should set aside a reserve fund out of their earning to provide for future emergencies, just as every insurance company provides a reserve for each policy written, in order that claims may be paid whenever they fall due in the future.

Henry Ford's Plans

Gossip in automobile circles centers on the plans, present and prospective, of Henry Ford. There seems to be no doubt that there is a real reason for the recent large decrease in the expenses of the Ford plant, and that the man at the head of it is planning for 1927 some unpleasant surprise for those who have ventured successfully into competition with his low-priced cars. One of the stories, which may or may not have any basis in truth, is that Ford contemplates a six-cylinder car on stylish lines to retail around \$600. That would be a real sensation.

The more men refine upon pleasures, the less they indulge in excesses of any kind.—*Hume.*

IOWA
AN EDUCATIONAL CENTER

There are twenty-five Colleges and Universities in Iowa. The State is famous for its high schools, grade schools and district schools. Reason enough why Iowa has the lowest percentage of illiteracy of all other states.

Iowa is also an Insurance center and the Iowa National occupies a very important position among its companies. Better still, the Iowa National is the preferred company in the minds of Iowa people.

Fire, Lightning, Tornado and Automobile Insurance

IOWA NATIONAL
FIRE INSURANCE COMPANY
DES MOINES, IOWA

Wonderful Record of Missouri State Life

In 10 years from a little over
\$100,000,000 of insurance in
force to over \$660,000,000.

In past five years business prac-
tically doubled—94.35 per
cent increase.

*A Great Company
Daily Growing Greater*

∴

MISSOURI STATE LIFE INSURANCE COMPANY

M. E. Singleton, President

Home Office, St. Louis

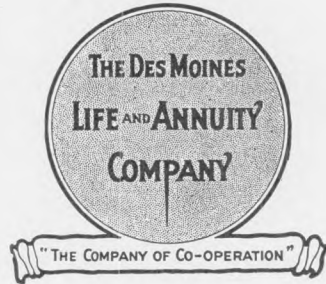
MAIL THIS COUPON
FOR BOOKLET AND OUR
PROPOSITION TO BANK-
ER AGENTS.

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

Please send me booklet on Life Insur-
ance Selling and your proposition to
banker agents.

Name

Address



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

Extending Business Frontiers

High-pressure selling and marketing expenditure in unprofitable areas is a national waste.—Herbert Hoover, U. S. Secy. of Commerce.

A business does not consist of capital, buildings, machinery, stock and human personnel—a business consists of customers and selling more to old customers. This, National Life salesmen are doing every day. So favorable are its low-cost policies that N. L. A. men experience little difficulty in selling additional insurance to old policyholders.

One man in a small town in Texas confines himself solely to his home community and has averaged \$22,792.00 per month for the 94 months of his contract.

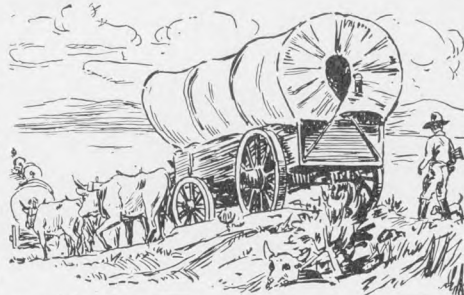
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You can do as well as some National Life salesmen who increased their income by 50 per cent last year. A National contract is your opportunity. Do not pass it by. Correspondence invited.

AGENCY DEPARTMENT

National Life Association

Home Office: Des Moines, Iowa



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Alabama	Michigan
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Arkansas	Nebraska
California	New Mexico
Colorado	North Dakota
Florida	Oklahoma
Georgia	Pennsylvania
Idaho	South Dakota
Illinois	Tennessee
Indiana	Texas
Iowa	Washington
Kansas	Wyoming
Kentucky	

LIABILITY INSURANCE

Liability insurance is being written, many agents are making real money on it, and any agent can write it, declares E. R. Warmoth, superintendent of the liability department of the Federal Surety Company. He continues:

We sometimes wonder if the very name of this class of insurance, as generally used, isn't one reason why some agents overlook its development. In one way, it hints at being a coverage on some remote or unusual exposure that the insurance-buying public is not interested in. Of course, such a view is decidedly wrong.

The exposure to accident represented by the usual apartment, office building or store is not remote or unusual: Lawsuits against the owners of property or tenants of property are usually found on the court dockets in all parts of the country.

Bad as Auto Accident

The man who would insure his automobile can't possibly explain why he wouldn't insure his place of business or the property he owns. In the event of an accident, he can lose as much as a result of his ownership or tenancy of the property as he could as a result of the ownership of the automobile. It is true that the chance of accident is not as great, but, on the other hand, his premium is not as great. In other words, while there is a ratio of chance there is a corresponding premium ratio, and he pays less premium because there is less chance of accident. The important thing, however, is that there is not any ratio of difference as respects accident gravity, and, if a \$5,000 judgment would be serious as a result of an automobile accident, it would be just as serious as a result of an accident occurring on his property.

There isn't as much chance of damage by tornado as by fire and, consequently, tornado insurance costs less than fire insurance. However, the extent of the damage is not affected by the lessened chance of damage and it is quite usual to find most people carrying tornado insurance. The fact that, when the true values are explained to owners and tenants, they take this coverage is evidenced by the fact that some of our agents are writing it quite extensively. Conversely, the fact that some of our agents are not writing it at all is a fairly good indication that they haven't explained these values and this coverage to the owners or tenants of property in their cities.

Business Pays Good

This business pays the same commission as does the automobile business, and much more than does the compensation business, and is usually renewed each year.

Furthermore, this class of business takes comparatively little of the agent's time, as we don't have the change of car endorsements and many assignments or pay-roll audits and pay-roll adjustments to contend with.

The man who buys fire insurance on a \$5,000 property because it might burn down, certainly would buy liability insurance if it was pointed out to him that an accident might happen that would cost him as much as his fire insurance would amount to, in the event of a fire.

Why not specialize on liability insurance for a day or two, or even a week, or month? It can be written, it is being written, and you can write it.

Four Essentials

'Tis said that industry, initiative, brains, and what in polite society is known as "intestinal fortitude," will make a success of a man in business. I thoroughly believe this is true of life insurance. Our business never whipped any man. The lack of one or more of these four essentials is the only thing that can ultimately make a man fail; and when one is not securing the results he should, the sane thing to do is, not to throw up his hands and blame his hard luck and the difficulties of life insurance, but to analyze himself thoroughly and learn wherein he himself is falling down.

How many failures do you know who were doing their talking to their prospects, who spent very little time in their own offices; who were constantly studying the business as well as ways and means to get prospects, and who had the courage to keep on working—even though the going did get tough at times? You must admit that the failures who showed these qualities were mighty few and far between.—Floyd Thompson in the *New England Pilot*.

Added Service Pays

A business man told us recently that he purchased two policies about a year ago from agents of different companies.

The one agent brought his policy into the man's place of business and said—"Well, I see you are busy, so I will leave your policy with you."

The other agent called up the business man and asked him ten minutes of his time in order to explain some of the important things in his policy. When the appointment was granted, he brought the policy over and emphasized, in simple language, its main features.

That business man said he would buy his next policy from the agent who had taken the bit of additional trouble to make the outstanding points in his policy plain to him, even though he realizes that the two policies are practically the same.—(How to Hold Interest)—*The Emancipator*.

Title Insurance

eliminates waste
reduces cost
and time

For the

Real Estate Investor

There are five important points which commend Title Insurance to anyone owning or dealing in real estate:

FIRST—There is a thorough examination of title, once and forever down to a certain point.

SECOND—There is an absolute guarantee, backed by the total resources of the Insurance Company, which is under direct supervision of the State.

THIRD—There is a saving of time and expense—two important items in business.

FOURTH—Great ease and cheapness in the making of mortgages and all subsequent transfers, where quick liquidation is desired.

FIFTH—Title Insurance is a business asset, as all other kinds of insurance are assets, enhancing the value of the thing it protects.



Title Insurance Department

Southern Surety Company

201 Youngerman Building

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GROUP INSURANCE

What Are You Doing About It?

Over 8,000 employers of the United States are carrying Group Insurance on the lives of 2,225,000 employees.

This insurance covers whole groups of employees under a single contract without medical examination, in amounts varying from \$500 to \$10,000 per employee. Includes total permanent disability without extra charge.

The demand for GROUP INSURANCE for employees of factories, stores and business concerns of all kinds is rapidly increasing. It has proved of value to those who have adopted it and others will take it up as soon as they learn of its usefulness.

Our book on "GROUP LIFE INSURANCE" will gladly be mailed you without obligation. It will repay your careful reading. Because of our liberal contracts, sixty years' experience, unquestioned security and carefully trained personnel, the John Hancock Mutual Life Insurance Company of Boston can effectively handle your group insurance.

A STRONG COMPANY Over Sixty Years in Business. Liberal as to Contract, Safe and Secure in Every Way.



HARRY S. HASKINS, State Agent

417-21 Southern Surety Building, 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.



Wanted: Ambitious man, preferably with bank or insurance experience, who is looking to the future to represent a rapidly growing bond house in Iowa. An exceptional offer awaits the successful applicant. In strictest confidence. Address No. 2943, the Northwestern Banker—1.

Controlling Interest for Sale in good Minnesota bank. Purchaser may choose his official title. A modern home furnished by bank. For complete details, write No. 2944, the Northwestern Banker—1.

Position Wanted: Cashier now employed wishes change. Twelve years' experience. Best of references. Address No. 2945, the Northwestern Banker—Indef.

Position Wanted as bookkeeper or assistant in bank in Iowa by young man nineteen years of age. High school and commercial school education and one year general banking experience. Reason for change is desired for advancement. Address No. 2946, the Northwestern Banker—1.

Want to Buy check cancelling machine. Address No. 2947, the Northwestern Banker—1.

Position wanted as cashier or assistant cashier. Eighteen years' experience in banking, eleven of which were as cashier in country bank. Married man. Can furnish good references. Address No. 2948, the Northwestern Banker—1.

Position wanted as cashier or assistant cashier by man 32 years old. Ten years' experience. Speaks German. Best of references. Address No. 2950, the Northwestern Banker—1.

Wanted a few high-grade men to sell bonds. Men with banking experience preferred. Address No. 2949, the Northwestern Banker—1.

Aged Banker Dead

John Aikman Stewart, who until four years ago directed the activities of the United States Trust Company at 45 Wall street, New York, died December 16th. He was 104 years of age.

He was still chairman of the board of trustees of the Trust Company, of which he was the founder, and up until recently attended all important meetings. He is survived by children, grandchildren, great-grandchildren, and great-great-grandchildren.

Mr. Stewart was born the year after Napoleon's death, August 26, 1822, at the family residence on Fulton street, New York. He was a close friend of Lincoln, and was Assistant Secretary of the

We Appreciate

the following letter just received:

Omaha, Nebraska,
December 4, 1926.

Northwestern Banker,
Des Moines, Iowa.

Gentlemen:—I want to thank you very much for running my ad in your good magazine. I have now located and would like to have you take out my ad. I may some time use it again as I think it is a serviceable department and your magazine a splendid one.

Sincerely yours,
(Signed by a Subscriber).

Treasury during the trying period of the Civil War. He was the oldest alumnus of Columbia University, having graduated with the class of '41 when that institution was known as King's College.

Since 1868 he was a member of the board of trustees of Princeton University. He knew Woodrow Wilson as a student, and after Wilson resigned to become Governor of New Jersey he served as president pro tem until the inauguration of John Grier Hibben.

Mr. Stewart was of Scotch descent, his grandfather, William Stewart, who married Kate McIver, a daughter of the founder of the Cunard Line, was a resident of Stornway, in the Isle of Lewis—one of the outer Hebrides. Here, also, his father was born, and remained until early manhood, when he removed to New

York and in 1813 married Mary Aikman, daughter of John Aikman.

His brother, Admiral Edwin Stewart of South Orange, N. J., survives him, being the last of the family of seven. Admiral Stewart is the father of William E. Stewart, Vice President of The American Insurance Company of Newark.

At the time of his death, Mr. Stewart resided at 159 West 84th street, New York, and had a summer home at Morristown, N. J.

Mr. Stewart differed from other aged men in that he had no recipe for longevity.

He says:

"I believe in moderation in everything, especially in eating and drinking. I have been careful on that score. I stopped smoking when I was twenty. Calmness and self-possession are also great assets."

The first man to quit work is usually the last man to be promoted.

Better an ass that carries us, than a horse that throws.—Titcomb.



3 New Features: 26.6% greater size—6 more painters—50% more color—all at the old price in Reed's Mass-magazine Plan for 1927.

See it for yourself.

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Would Safeguard Securities

IT HAS recently been recommended by E. A. Jones, state auditor for South Dakota, that legislative action at the coming session be taken on a simple system which he believes will materially raise the character of South Dakota securities in the eyes of the investor and prevent counterfeiting.

As director of audits and accounts, Mr. Jones has become familiar with the systems used by counties, townships, school districts and municipalities in the handling of their bonds and he states he intends to propose a bill in the coming session which will provide adequate safeguards. He says that his method of handling bonds under the proposed act is as follows:

Several Suggestions

First, that a certified copy of resolutions authorizing each issue, after the issue has been voted upon and passed, shall be submitted to the state auditor's office to be officially recorded, and that accompanying their statement there shall be a certified copy of the legal opinions bearing on the issue, together with a statement of the investment banking house or bank or groups of banks stating the terms under which they will be bought.

Second, that all bonds, or other certificates of public indebtedness, so issued, shall be printed on forms which are especially prepared for the state of South Dakota; these forms to be prepared from steel plates by some one of the bank note engraving companies that are equipped to guarantee the safe custody of original rolls, dies and plates. These forms, together with especially made coupon sheets, will be held in blank in the vaults of the state treasurer and will be furnished at a nominal cost to the political subdivision under a plan which will make all parties concerned in the preparation of the securities responsible for every piece of paper used.

Under this system, for instance, the city printing a bond issue would be required to return to the state treasurer's

office all spoiled and unused sheets, together with the finished definitive bonds. In this way, Mr. Jones holds, a way is provided to prevent any extra bonds being turned out by any one connected with either the manufacture or sale of the bonds.

Third, that all bonds so prepared shall provide for registration by the state auditor's office before they can be legally issued.

Fourth, that any duplicate bonds which may be required subsequent to the issuance of the original issue for the purpose of replacing original bonds which may become lost by theft or fire, or otherwise, shall be printed only after the state auditor's office shall have been notified by the officials of the political subdivision and after an "indemnifying lost securities bond," which is to be written by any one of the surety companies authorized to do business in the state of South Dakota, shall have been furnished by the party who claims to have lost his securities, this bond to provide protection for the political subdivision originally issuing the bond in case the originals of the securities which are claimed to have been lost or destroyed shall ever reappear and be cashed in error. This indemnifying lost security bond, which shall be written by the above-mentioned surety company, shall be held in the custody of the state treasurer during the life of the outstanding bond or bonds which may be thus duplicated.

It shall be required that all such duplicate bond certificates shall provide a space for the recitation of the facts that it is a duplicate bond issued in conformity with the South Dakota state law and that proper and fully ample provisions have been made to protect any duly registered holder thereof. Such duplicate bonds, of course, to be printed on especially protected border and coupon sheets of the state of South Dakota, but the color or borders and coupon sheets in this instance shall be different and distinctive in color from the borders of the original.

Fifth, that a penalty consisting of an ample fine and imprisonment of not less than two years and not more than ten years shall be provided for violation of this law for counterfeiters and those who directly or indirectly assist in counterfeiting or selling or attempting to sell, or attempting to borrow on counterfeit bonds of the state of South Dakota, whether these bonds be now outstanding or are to be issued in the future.

In speaking on the above five provisions, which were prepared by Mr. Jones, he stated that the present method of using stock borders are dangerous and show extreme carelessness, in that any criminal can easily procure such forms from stationers in any part of the country.

"There is little doubt," said Mr. Jones, "that as South Dakota enjoys steady growth and prosperity there will be a proportional increase in borrowing by its various political subdivisions for their normal requirements to provide for growth and progress. With such a measure as described the securities of this state will be placed on such a plane as will inspire the utmost confidence in investment circles everywhere."

Urges Bank Law Repeal

That the South Dakota bank guaranty law, as it now stands, should be repealed and that the depositors should stand their own losses, was the stand indorsed by delegates attending the Sioux Falls district meeting of farm bureau directors and county agents at Sioux Falls recently.

This action reaffirms a resolution adopted at the state farm bureau meeting held recently at Huron which was to the effect that no tax should be levied in order to make good the losses of depositors in closed banks.

The Sioux Falls meeting, like several others over the state that have been called by State President R. M. Crowder of Elk Point, was for the purpose of discussing proposed legislation for the coming session of the state legislature.

O. F. Thompson of Madison, in discussing the bank guaranty law, drew a parallel between the depositors in defunct banks and the farmers, declaring that many men have lost their fortunes in the last few years through farming and were never reimbursed. "The farmer is not reimbursed in his losses, so why should the depositors be?" he asked.

New Directors

At a special meeting of stockholders of the Fidelity Trust and Savings Bank, Chicago, the board of directors was increased from eight to eleven. The new members are R. B. Pearlman, David Saul Klafter and Rudolph Lederer.

The vacancy in the board caused by the death of the late Forest B. Pratt was filled by the election of Ernest Reichmann.

ESTABLISHED
1879

The Responsibility of Your Chicago Correspondent

Feeling that an added responsibility is attached to business transacted at a distance, the State Bank of Chicago directs every consideration and attention to the handling of all out-of-town items. The ample resources of this institution, its broad experience of forty-seven years and its many facilities merit your consideration when selecting a Chicago correspondent.

The new State Bank of Chicago building—now being erected at La Salle and Monroe Streets—will provide increased facilities for a constantly growing clientele.

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Chairman Board of Directors

RALPH VAN VECHTEN LEROY A. GODDARD
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Vice Chairman of the Board

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LA SALLE AND WASHINGTON STREETS

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CAPITAL, SURPLUS & UNDIVIDED PROFITS OVER \$10,000,000

State Gas Tax

South Dakota's state gasoline tax for the past fiscal year, gave the state highway commission a net credit of \$1,957,495, according to the figures of the state treasurer's office.

During the year the total number of gallons taxed was 76,970,318, while the gross tax receipts were \$2,309,110.51. Gasoline used for industrial purposes exempted from the tax totaled 10,785,265½ gallons, while the refund on exemptions was \$323,557.96. The cost of collection was \$12,615.17.

New Beet Factory

A new million-and-a-half-dollar sugar beet refinery is to be constructed at Belle Fourche, S. D., by the Utah-Idaho Sugar Refiners of Salt Lake City.

The South Dakota tax commission and Chicago & North Western Railroad officials agreed upon construction in the state, assuring the construction of the plant.

Establishment of the refinery was contingent upon the building of two spurs by the railroad, which refused to construct them pending adjustment of the railroad's assessment.

South Dakota Taxation

An interesting set of charts on the status of taxation in the state of South Dakota, has recently been prepared by C. J. Carlson, of the state tax commission. His charts cover the year 1925 for all purposes.

The figures given for schools do not include expenditures for the state educational institutions, these figures being included in the state expenditures for ordinary purposes. The school figures given are the expenditures by local taxing districts for their local schools.

In the division of \$100 of taxes, the percentages are:

State ordinary.....	\$ 8.18
State bonds and special.....	6.52
Counties	24.98
Schools	42.74
Townships	5.93
Cities and towns.....	11.75

The state bond and special is to care for bonds which have been voted by the people of the state, and covers the bonds for the soldiers bonus, highway work cement plant, and land settlement for the benefit of soldiers.

In dollars the expenditure for the different items are shown to have been:

State ordinary.....	\$2,772,311.20
State bond and special..	2,209,173.45
Counties	8,433,139.00
School	14,484,299.13
Township	2,009,882.18
City and town.....	3,980,638.12

Pleasure is far sweeter as a recreation than a business.—Hitchcock.

Nebraska Bank News

Officers Nebraska Bankers Association

President.....Clarence R. Bliss
 Elm Creek
 Chairman of the Executive
 Council.....A. R. Thompson
 Hastings
 Secretary.....W. B. Hughes
 Omaha
 Treasurer.....J. B. Owen
 Omaha
 General Counsel.....J. P. Palmer
 Omaha



C. R. BLISS
President



WM. B. HUGHES
Secretary

Banks of Alliance and Scottsbluff, in western Nebraska, have announced their total of clearings for October and November, reflecting the sound condition of business in their districts. In Alliance October clearings were reported at \$1,008,000, and November, \$910,553. In Scottsbluff the October clearings were \$1,940,026 and the November clearings, \$2,027,808.

Bankers on the industrial committee of the Omaha Chamber of Commerce, concerned with seeking new industry for the city and fostering those already located in Omaha, are James B. Owen, stock Yards National Bank; Fred W. Thomas, First National Bank, and E. T. Rector, who is a director of the Omaha National Bank.

Otis Alvison, cashier of the Omaha National Bank, has been appointed to a place on the committee on postal facilities of the Omaha Chamber of Commerce.

Clarence G. Bliss, president of the City Bank of Elm Creek, Neb., newly elected president of the Nebraska Bankers Association, was a recent visitor in Omaha, discussing state bank association plans for the coming year with Secretary William B. Hughes of the association.

Alan Wolcott, formerly with the United States National Bank of Omaha, has been elected secretary of the Junior Chamber of Commerce of Omaha, assuming his new duties December 1st.

At the call of Guy C. Kiddoo, vice president and trust officer of the Omaha National Bank, and chairman of the civic affairs committee of the Omaha Chamber of Commerce, fifty business and professional men of the city attended a dinner and discussion of bettering Omaha's traffic facilities, recommending the opening and widening of several important through streets.

Walter W. Head, president of the Omaha National Bank, was appointed by Governor McMullen as the official repre-

sentative of the state of Nebraska, at the welcome to Santa Claus when he drove his reindeer into Omaha December 4th.

D. P. Hogan, president of the Federal Land Bank of Omaha and of the Federal Intermediate Credit Bank of Omaha, was in Washington early in December, as one of the representatives of the Missouri valley states in the successful fight to win from the United States Senate, approval of the plans for making the Missouri river navigable from Kansas City to Sioux City.

W. E. Hardy, of Lincoln, a merchant, has been appointed a director of the Omaha branch of the Federal Reserve Bank of Kansas City, for a term of three years.

Contractors erecting the new Union State Bank of Omaha building, placed electric lights and labored 24 hours, Christmas week, in order to complete setting the Bedford stone exterior up to the third floor. It is planned to build a wooden "cocoon" around the seven-story structure, so that the building may be heated and work pushed during the cold weather for completion by May 1, 1927.

The Security State Bank of South Omaha, Neb., has changed its name to the South Omaha State Bank. The announcement of the change was made by John S. McGurk, president of the bank, who was the principal buyer when the bank was taken over early in the fall. "We feel that the change in name will ally us more closely with the business of South Omaha," said Mr. McGurk. "It will also tend to locate our institution more definitely in the mind of the public. No changes have been made in officers or directors."

FIFTY YEARS AGO IN NEBRASKA

By Geo. F. Sawyer
 President, Saline County Bank
 Western, Nebraska

My first experience in the banking business was from outside the bank counter, when I borrowed \$15.00 from a bank in Crete, Neb. I was then living in our dug-out. Clothed in the garb of the pioneers of more than fifty years ago, I was probably not a very promising risk. However, I succeeded in persuading the cashier that if I would get a good signer on the note he would let me have the money.

As time went on, my circumstances grew better and I became a speculator. I borrowed from L. E. Southwick at Friend, Neb., without a signer, \$100.00 with which I bought a team of horses. I soon after sold the poorer of the two for \$90.00. The better one, tiring of life, died. I paid the note and interest, and I thought L. E. looked as well pleased to get the money back as he did when he let me have the \$100.00. He had probably heard of the death of that noble animal. I have owned many horses since, some died, but none left the lasting, burning memory on my mind that that money and horse transaction did.

L. E. and I are now nearing the end of the trail, each hoping that the winds which fill the life sails of the other, will be the gentle winds which will carry us to the other shore.

I am now and have been for more than forty-one years, president of the Saline County Bank at Western, Neb., a small town seven miles from the land I homesteaded more than fifty-six years ago, and on which we lived in our dug-out for five years. The bank has a capital paid in of \$30,000.00, surplus paid \$30,000.00, always some undivided profits, resources nearly \$400,000.00.

The combined age of my wife and myself is nearly one hundred sixty years. We have watched four daughters and two sons grow to strong, healthy womanhood and manhood, all in good homes, all in business for themselves, all doing better than we did at their age. We are surrounded by neighbors, some of whom we have known for more than fifty years, to whose honesty, loyalty and fair dealing I owe much of my success.

Forecasting Business Conditions

BUSINESS statistics, however painstaking their preparation may be, do not to any great degree foretell the future, but the reliable statistical services do materially assist the business man to read the signs of the times, T. Bruce Robb, professor of statistics and business research of the University of Nebraska, told the Nebraska Bankers Association in convention in Lincoln.

Much of Mr. Robb's address was illustrated by the use of charts and methods employed by Babson's, Brookmire's and the Harvard research bureaus, and cannot be reproduced in type. But his introductory remarks, in part, were as follows:

"Ex-President Hadley of Yale University, has said that 'the success or failure of a man engaged in manufacturing, in transportation, or in agriculture, depends more upon his skill as a prophet than upon his industry as a producer.'

"An investigation made by the Babson Statistical Organization, covering 400 concerns in 26 industries, showed that 57 per cent of business profits resulted from changes in conditions outside the business, while 43 per cent were due to internal operating efficiency.

"Arthur Reynolds, the eminent Chicago banker, said recently in *System*: 'There is a lot of talk about the two-for-one ratio of current assets. Today that is a hollow expression. The relation of assets to liabilities has a bearing on banking relations, but it is secondary to the great economic forces which must be considered in relation to a business. These forces may be local. They may be national. They may be international.'

'Bankers are vitally interested in business, for the banker is the financial



PROF. T. BRUCE ROBB

backer, and consequently the financial counsellor of the business man. The business man has been called 'the pivot of the whole economic mechanism, for it is the function of the business man to combine all the elements of production so as to obtain the best possible results from them.'

"But what has all this to do with business forecasting? The relation is this: The business man is the primary risk bearer in economic society. When we say 'business man' we include the farmer, for a farm is one of the best examples of a business unit and the risks and uncertain-

ties of farming closely parallel those of other lines of business. The return that goes to the business man is profits and profits are proverbially uncertain. Profits are the reward for risk bearing. The risks of the business man are of a two-fold nature. In the first place, goods must be produced in anticipation of demand. In the olden days when our great grandfathers wanted a pair of shoes, they gave an order to the cobbler and he proceeded to make them; today, when we want a pair we drop into a shoe shop and find they are already made for us. This is the great age of capital and because of this production today must take place in anticipation of demand. The consequence is that when the future demand is misjudged, loss is the result. In the second place, it takes time to produce goods. Business is profit seeking and profits are the difference between costs of production and selling prices. Costs of production are matters of today as the business man contracts for raw materials, labor, and the other elements entering into production. On the other hand, selling prices are a matter of the future, for the manufacturing process or the production of crops on a farm requires time. It is this lapse of time between production costs and selling prices that makes the business man so apprehensive of the future. He is constantly peering into the future and wanting to know how business will be, which to him largely means what will be the demand for his product and at what prices.

"The risks and uncertainties of business are largely connected with the future. The business man must forecast the future. We are dealing with no theory today. As Grover Cleveland said, 'it is a condition and not a theory that confronts us.' The business man may guess what the future will be; he may have a 'hunch,' or he may arrive at his conclusions in some other way, but the fact remains that he must forecast the future.

"Consequently we hear a great deal these days about the business weather. Can it be predicted? About 1870 Congress appropriated money to establish the weather bureau and since then rapid strides have been made in weather prediction. Before the Civil War the old family almanacs at various places contained statements like this: 'About this time expect rain.' Today when a farmer's corn is burning up he doesn't look at some old almanac that had been printed for more than a year to see if it is going to rain—he looks at the daily paper to see what the weather bureau says. Sometimes the weather bureau is wrong and yet we all agree its work is of great value.



YOUR STOCK YARD COLLECTIONS

Promptness guaranteed in handling your
LIVE STOCK PROCEEDS

Live Stock National Bank
Union Stock Yards—Omaha

"The weather bureau uses scientific principles in predicting the weather. Using scientific principles, what has been accomplished in predicting the business weather? That is the subject I have been asked to discuss with you.

"In attempting to forecast future conditions, business men make use of current business statistics. Let us look for a minute at how this is usually done. Students of business statistics distinguish between what they call business thermometers and business barometers. You know what a thermometer is—it measures present temperature, but it throws no light on what the temperature at a future date will be. On the other hand, a barometer is something that anticipates a future condition. In considering current business statistics, it is very necessary to know what things measure nothing more than the present activity of business and what things actually foreshadow the future.

"Let us examine a few of the best known series of current business statistics and consider how much they help us in seeing into the future. Since probably 90 per cent of business is done with checks, the fluctuations in check transactions are one of the best indicators of business activity. Check transactions are an admirable measure of the present situation, but they tell little as to the future. They tell us no more as to what

business will be three months from now than a thermometer will tell us how the weather will be three months hence. In fact, indices, like check transactions, may mislead people as to the future, for human beings are prone to assume that present conditions will extend indefinitely into the future.

"Car loadings, as reported by the railroads, are one of the most widely used indices of business. Only a few weeks ago we all read in the newspapers that weekly car loadings had passed the million mark for twenty consecutive weeks, while at the same date last year there had been only twelve such weeks. It is difficult to think of anything that we eat, anything that we wear, or anything that we read that is not touched by the railroads in one form or another. For that reason car loadings are certainly one of the best indicators of present business activity. But because railroads are handling much or little freight today is little indication of what they will be doing in six months. Car loadings measure the present, but they do not predict the future.

"Changes in commodity prices are given the closest study by students of this subject. Business men now have splendid sources of information as to the movement of commodity prices for Fisher's index number is published every Monday and Bradstreet's index and the one by

the Bureau of Labor Statistics are published monthly. The raw materials of manufacture are heavily represented in these various indexes and the prices of these raw materials are very sensitive. Ordinarily, when business is expanding, commodity prices advance. This must be so, for when business is expanding there is an increasing demand for the raw materials going into manufacture. On the other hand, when manufacturing output catches up with consumption capacity, stocks of goods tend to accumulate and production schedules are reduced. Since the prices of the raw materials entering into manufacture are very sensitive, they show very quickly when industrial activity slackens. Falling commodity prices are often valuable as a confirmation of business recession, but it is evident that they tend to follow after recession rather than precede it. It should also be noted that these relationships do not always hold, for commodity prices have been sagging for a year in the face of the recent expansion of business.

"The iron and steel industry has long been considered a business barometer. Our material civilization is built on iron and steel. Iron and steel are the raw materials for the manufacture of automobiles, the building industry, farm implements, railroads, and many other things. When the steel industry is expanding, it must mean that the manifold fields of

The Future's Promise

is best judged by the record of past performance. The continued patronage of our correspondent banks is proof of their satisfaction.

The Omaha National Bank

WALTER W. HEAD, President

industry that use steel as a raw material are also very active. But it is easy to see the limitations of such a so-called barometer, for since steel is a raw material for these other industries its fluctuations would follow, not precede the expansion and contraction in these other lines. Steel production, then, instead of anticipating changes in business, tends rather to lag after them. But like commodity prices, it is so sensitive to these changes that we scarcely realize that business is expanding or contracting until we see the effect on the steel industry.

"We have pointed out the characteristics of a few of the best known indices of business. Many more could be enumerated if time permitted. It is apparent that whether you consider any one of these alone, or all of them together, there is little about them that foretells the future in any genuine sense. Yet it is such current business statistics that the most reputable forecasting agencies use. How then do they do it? I hope you understand that I am not trying to sell any of these agencies to you. What I will try and do is to describe how they are constructed and attempt to indicate the degree of reliance that can be placed in them."

Editor's Note:—The remainder of the address consisted of a discussion from charts of the methods and results of the

Babson, the Brookmire, and the Harvard agencies for forecasting business conditions.

The guaranty fund commission of Nebraska has taken charge of the Farmers State Bank of York, and will manage the institution until it is reorganized. G. R. Buckner, for the commission, was placed in temporary charge of the bank.

Mrs. Mary Hroch, wife of Charles Hroch, cashier of the Bank of Weller, Neb., died December 14th.

J. W. Weiland, cashier of the Deuel County Bank at Chappell, Neb., has sold his stock in the bank to Clyde M. Empson, who has succeeded him as cashier.

The Tri-County Bankers Association, in western Nebraska, met at Sidney December 16th to elect officers for the coming year. Improvement of banking service, and the bank guaranty fund administration were discussed. W. M. Rodman, Kimball, was made president; F. N. Slawson, Sidney, vice president, and F. C. Harris, Potter, secretary-treasurer.

A branch of the Federal Land Bank of Omaha was established at Hastings, Neb., January 1st. Henry R. Fausch is in

charge. He is former county agent of Webster county.

W. O. Shane, for 49 years with the Omaha National Bank, and oldest in point of service of all its employes, recently resigned as paying teller, and in future will devote all his time to work as a handwriting expert. Mr. Shane has been in much demand, in recent years, for expert opinion on handwriting. He made an exhaustive study of the subject for 29 years, from the time he became a teller at the bank.

The First National Bank of Plattsmouth, Neb., has been closed, and William Wallace, national bank examiner, is in charge, following decision of the directors December 14th, when there was a mild run on the bank. Suit brought by the county treasurer of Cass county for return of a deposit, is believed to have caused the run. Directors hope to reopen the bank. It has deposits of \$250,000. H. N. Dovey is president of the bank. He is the son of E. G. Dovey, who founded it.

"Year after year skirts grow shorter. What will be the ultimate effect?"

"I don't know," answered Miss Cayenne, "unless each flapper hoists a parasol and calls it a petticoat."



NEW BUILDING of THE BANK OF AMERICA at Wall, William and Pine Streets, New York City—the fourth home of the Bank on the same site since 1812.

ON the books of THE BANK OF AMERICA are the names of customers whose accounts have been here for more than a century,—tangible evidence of confidence earned by a record of sound, conservative and progressive management.

The BANK of AMERICA
NEW YORK

Capital, Surplus and Undivided Profits Over \$11,000,000



Minnesota Bank News

Officers Minnesota Bankers
Association

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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

Says Farmer Will Solve His Problems

DESPITE many farm and bank failures in the northwest, the future of agriculture in that section is bright, E. W. Decker, president of the Northwestern National Bank of Minneapolis, declared recently in an address before a group of farmers in St. Paul.

He said, in part:

"In view of the adverse conditions which have existed in agriculture for some years past, I have a very profound respect for the man who has succeeded not only as a farmer but has also succeeded as a man, and I understand our guests are not only successful farmers, but are successful and well-rounded citizens. Certainly no business commands more dignity and respect than farming. I am particularly interested in it because my father, who died within the year, at the age of 94, was a farmer for 80 years, 10 in New Jersey and 70 on the same farm in Minnesota. I spent the first 18 years of my life on this farm, learning to milk a dozen cows in the morning and walk two miles to school through the deep snow. Subsequently, with 39 years in the banking business in Minneapolis, I find that there is plenty of hard work for both the farmer and the banker.

Why Farmers Fail

"No doubt many farmers have failed to succeed because of short crops and adverse conditions over which they had no control, and no doubt many have failed because of the lack of either industry or efficiency of management. The same can be said of banking—no doubt many banks have failed, due to poor crops and adverse conditions, and no doubt many more have failed because of poor management, due perhaps to lack of proper equipment. The banking situation can be improved materially, in my judgment, by requiring larger capital and closer and more frequent supervision, but this is not the place to discuss those points.

"However, in spite of the many farm failures, and in spite of the many bank failures. I have as much confidence in the future of agriculture in the Ninth Federal Reserve District, and in the future of banking in this district, as I ever had—really more confidence than ever.

"This dinner is a testimony to the fact that there are plenty of successful farmers in our midst, and I can assure you that there are also a great many good banks in this district worthy of confidence and support by the people.

"The financial and economic difficulties which we have all faced since the armistice was signed, eight years ago this month, have been greater than during the four years of actual war. This is proven by the fact that the warring nations have increased their national debts and their currency circulation more since the armistice was signed than they did during the war itself. Having this in mind, the acid test which has been applied to industry and agriculture for the last eight years has been extremely severe.

Increasing Production

"We were obliged to increase production in both agriculture and industry tremendously, in order to help win the war, and after its conclusion we found ourselves possessed of more facilities than were needed. In industry, keen competition and the necessity for reducing overhead was met, partially at least, by consolidation, thus reducing the units in proportion to the output. In agriculture, this was practically impossible.

"According to figures presented by the National Industrial Conference Board under date of 1926, in farming today 60 per cent of all the men engaged are employers including tenant and 40 per cent are employees. In industry, not more than about 10 per cent are employers and 90 per cent employees. We must concede that it requires an abler and better equipped man to be an employer than

an employe. Therefore, it seems to me, we must conclude that the average calibre of a man to be successful in agriculture must be higher than the average of all men engaged in other pursuits.

"The employe gets his instructions as to what to do, and how and when he is to do it; the employer must do the planning; exercise unusual executive ability, and take the responsibility of the results. The farmer, whether he owns his land or is a tenant, must do his own planning, must make his own decisions and must assume full responsibility. Therefore 60 per cent of the men engaged in agriculture must be good executives and good bosses, whereas, in other pursuits, it is only necessary that 10 per cent should possess these qualifications.

High Cost of Labor

"No doubt one of the farmer's problems has been due to the high cost of labor which he employed, and in this connection it would seem that we were justified in asking for an amendment to our immigration laws, which would permit the admission of additional numbers from those nations that usually supply our farm help.

"Again, industry not only consolidates but cooperates; surely the farmer has the same right in this respect, and doubtless could benefit himself by making a closer alignment with others in his own line of business, both in connection with planting his crops, disseminating information and, under efficient and experienced management, a certain amount of cooperation in marketing. It is a question, however, whether the present machinery, which has been in operation for many years, for the marketing of grain, is not as efficient and as satisfactory in results to the farmer, as any method he could devise for himself."

Is Mellon's Assistant

Carl Schuneman, third vice president of the Schuneman & Mannheimer Company of St. Paul and a director of the National Exchange Bank, has been designated by Secretary of the Treasury

**MIDLAND
NATIONAL BANK**

and

TRUST COMPANY

❖

Resources \$22,000,000.00

❖

MINNEAPOLIS

Mellon as second assistant secretary of the treasury to succeed Judge McKenzie Moss. Mr. Schuneman will have charge of matters relating to internal revenue.

Make Farm Land Survey

Farm land sales in Minnesota are fairly active, according to a questionnaire survey recently completed by the Minnesota Realty Association. According to the survey, a total of 29,280 acres which have changed hands, has brought the total of farm land activity during 1926 to \$7,718,300. The questionnaires were returned by real estate men and banks who are cooperating in the statewide

survey being made by the Minnesota Realty Association.

The additional 29,000 acres brought a total of \$1,702,500, according to compilations made in the office of Ruth B. Green, secretary of the state association. The average price was around \$55 an acre, but a considerable portion of the land involved was wild and cutover property in northern Minnesota, purchased by farmers who plan to develop it and put it on a production basis.

A total of 241 farms were involved in the later reports, with prices ranging from as low as \$5 an acre for the wild

unimproved land, to \$175 an acre for well developed property in Houston county.

Dr. P. C. Pilon has been made president of the Security State Bank of Paynesville, Minn. He succeeds Anton Schmitt who died recently in St. Cloud. Mr. Schmitt was also president of the Lake Henry State Bank.

F. E. Bengston has resigned as cashier of the Merchants State Bank at Elizabeth.

A consolidation of the Federal Dam State and the First State Bank of Boy River, has been effected in that town. The new firm will continue as the First State Bank.

Organizers have applied for a charter for the proposed new Home State Bank at Middle River. The application has been signed by Evans Evans, Joe Carire, Anton Yngve, Knute Nelson and Henry Young. All are of Middle River.

J. M. Evans, who was formerly assistant cashier of the First State Bank of Woodlake, has become connected with the First State Bank of Crosby.

A consolidation has been effected at Breckenridge, between the Breckenridge National and the Farmers and Merchants State Bank, under the latter's name.

Revive James Story

Revival of interest in the celebrated Northfield bank robbery in September, 1876, brought about through the looting of the Olmsted County State Bank at Rochester, has disclosed an interesting angle hitherto but little heard regarding the Northfield affair, says the *Albert Lea Tribune*, Albert Lea, Minn.

According to a pamphlet received from the editor of the *Northfield News*, published at the 50th anniversary of the James-Younger raid, Dr. H. M. Wheeler, one of the town's defenders, killed Clell Miller, a member of the bandit gang and still has his skeleton. Wheeler, a young man at the time, stood in an upstairs window across the street and calmly tried to pick off the robbers, one by one.

He killed two and perhaps wounded others. Clell Miller was one of those he brought down to death.

How Wheeler came into possession of Miller's skeleton, is told by George Doty of the First State Bank of Northwood, Iowa, who has talked frequently with people familiar with incidents in connection with the Northfield raid. "In those times," said Mr. Doty, "as I understand it, medical students had to provide their own cadavers for experimental purposes. Wheeler was then a medical student at the University of Minnesota.

THE NATIONAL PARK BANK

of NEW YORK

Established 1856

214 BROADWAY

Uptown Offices

PARK AVENUE and 46th STREET
SEVENTH AVENUE and 32nd STREET

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.

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

Shortly after the bank robbery attempt, Wheeler was riding to Minneapolis with another medical student. 'It is hard to find a cadaver,' said the other student. 'I do not find it so,' replied Wheeler. 'I just go out and shoot them and get them that way.'

"Well, the story goes," continued Mr. Doty, "that Wheeler dismembered the Miller corpse in his medical studies and finally when the bones were stripped dry, he decided to keep the skeleton as a curio. He subsequently moved to Grand Forks, N. Dak., where it continued in his possession.

"However, I have heard a little additional to what the Northfield News has in its pamphlet. One day a little bent old woman came to the office of Dr. Wheeler at Grand Forks and said, 'Doctor, I want to take my boy home.' Dr. Wheeler thought that the visitor was a trifle out of her head. 'I haven't got your boy,' he replied, 'and I haven't anybody else's boy.'

"Yes, you have,' she replied, pointing to the corner of the office. 'He is in that closet there.' It was Clell Miller's mother and the doctor turned the skeleton over to the old woman who took it away and gave it respectable burial some place."

Reviews Business Conditions

The past year has been a profitable one for livestock feeders and shippers, according to last month's summary of business and agricultural conditions of the Federal Reserve Bank of Minneapolis. Dealing with this topic in part, the summary said:

The outstanding event of November in this Federal Reserve District was the marketing of all classes of live stock in very large amounts. The total number of head of all varieties received at South St. Paul was 24 per cent over a year ago. Hog receipts reached record breaking totals for November and were 49 per cent larger than in October in number of head. However, owing to the large proportion of stock pigs received, average weights were much lighter than a year ago. These extraordinary receipts of live stock were reflected in the check payments through banks in the cities having live stock terminals, the gains in individual debits over November of last year being 23 per cent for South St. Paul and 10 per cent for Sioux Falls. In the face of such heavy marketing some price declines were inevitable. Median hog prices dropped \$1.50 per hundred-

weight, and other varieties of live stock declined in price as compared with October median prices. It is noteworthy that as compared with a year ago, price changes of live stock exhibited as many gains as losses, so that the live stock price situation in general was fully as favorable as in November of last year. Shipments of stockers and feeders during November were nearly double the total for the same month a year ago, hog shipments alone being more than three times as large as last year.

In this district grain receipts at terminals continued to exhibit totals below a year ago, the volume in November being one-third below last year. This has been reflected in carloading for grain and grain products, which were 27 per cent below last year when comparing the first three weeks of November in each year. The median prices of the grains during November as compared with a

year ago declined 15 cents for wheat, 18 cents for corn and 34 cents for flax, and increased 23 cents for durum, 14 cents for rye, 6 cents for oats and 1 cent for barley. As compared with October medians, small declines were shown for all the grains, except durum and flax. Grain stocks in terminal elevators at the end of November equalled those at the end of October and were 10 per cent greater than last year.

The physical volume of business, as measured by carloading for the average working day during the first three weeks of November, was slightly larger than a year ago. Gains in carloading were shown for live stock, coal and coke and merchandise in less than carload lots. Reported shipments of linseed products and of flour were respectively, 35 and 17 per cent lower in November than a year ago.

The money value of business trans-



The service that correspondent banks require is facilitated by the personal interest of our officers.

THE NORTHERN TRUST COMPANY

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

Corner LaSalle and Monroe Streets
CHICAGO

Ten nationally-known painters—twice as many as before—helped to make Reed's Mass-magazine Plan for 1927.

See it for yourself.

acted in this district, as measured by check payments through banks in 17 cities, was below that in November a year ago, declines being shown in all reporting cities except Billings, Fargo, Helena, Minot, Superior, La Crosse, Sioux Falls and South St. Paul. Of these the first four named are in the wheat belt, and the last two named have live stock receiving terminals. Sales at retail, according to preliminary reports made to us by department stores located in 12 cities within this district were 6 per cent smaller than a year ago.

North Dakota's Advantages

North Dakota has a vast fund of things which go to insure the state's full measure of peace, happiness and prosperity. Governor A. G. Sorlie said recently in a radio address over Station WMAQ in Chicago. Commenting in particular on the mistaken impressions most people have concerning North Dakota, the governor said, in part:

"The erroneous ideas prevalent in all sections about North Dakota are a source of amusing astonishment to most North Dakotans. We cannot understand how people can hold to such blissfully ignorant ideas. To many people, North Dakota means nothing but furious blizzards, bitter cold, stark poverty and everything else that is undesirable and hopeless. The only picture they can

imagine is of a vast sweep of perpetually frozen, unproductive prairies and a population that is composed of primitive Indian and radical bolshevist, living on the verge of imminent bankruptcy.

"Perhaps we North Dakotans are somewhat to blame for permitting such ignorant ideas and gross misrepresentations to exist. The truth is that we live in such comfort and contentment and we are so busily engaged in producing the things that make it possible for the rest of the country to live that we have not taken the time to broadcast the facts regarding our state. We have been workers, not boosters.

"The majority of North Dakota citizens," Governor Sorlie said, "come from England, Scotland, Wales, Norway, Sweden, Denmark and Germany, and have brought with them the ideas of culture music, art, poetry, and folklore which exists there and are doing much to place North Dakota's cultural standards on a par with the highest anywhere.

"The 70,000 square miles of land in North Dakota make it larger than New York, New Jersey, Connecticut and Massachusetts combined, he said, and the state has more than 40,000,000 acres of tilable land with 64,000 farms and 17,000,000 acres under cultivation.

"In addition to growing annually more than 100,000,000 bushels of hard spring wheat, North Dakota grows one-half of

the flax raised in the United States, more winter rye than any other two states, and ranks among the highest in the production of oats, barley and other small grains."

Farm Congress

The Tri-State Farm Congress will hold a meeting in Fargo, January 11th-14th, at which time the quality and standardization of farm products will be discussed.

Rox E. Willard, farm economist at North Dakota Agricultural College, is to speak on prospects for agriculture and the indications as to the trend of different crops and live stock at the opening session.

A committee appointed by Governor A. G. Sorlie, the Greater North Dakota Association and the North Dakota Agricultural College, will make its report to the gathering on the importance of the deep waterway to North Dakota.

Banks Reopen

The Farmers State Bank of Yale, S. D., which recently closed its doors, has been reopened for business. Also, the Farmers and Merchants State Bank of Britton, S. D., has been reopened.

Correct

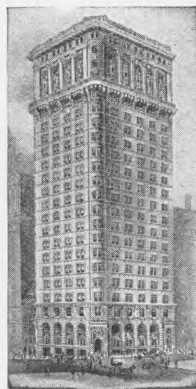
"Could I see General Blank?"

"I am sorry, but General Blank is ill today."

"What made him ill?"

"Oh, things in general."

THE HANOVER NATIONAL BANK OF THE CITY OF NEW YORK Established 1851



Capital . . . \$5,000,000
Surplus and Profits . \$26,000,000

In Cedar Rapids

HOTEL MONTROSE

300 Rooms—250 Baths

Rates

\$1.75 to \$3.50

FIREPROOF



"Unchanging Rates
are posted in
Every Eppley Room"



EPPLEY HOTELS COMPANY





North Dakota Bank News

**Officers North Dakota Bankers
Association**

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Vice President and Chairman Execu-
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Hebron

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

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



H. T. GRAVES
President

W. C. MACFADDEN
Secretary

Telling the Public About the Service Charge

THAT the public can be thoroughly sold on the benefits and reasons for the service charge, is the belief of the North Dakota Bankers Association, which recently got out seven short essays on this subject, for use by their banker members.

In commenting on this series, Secretary W. C. MacFadden says:

"These ads are prepared in the hope that if they are printed in every county in the state consecutively, they will help the customers of the banks to understand the banker's problems better than they apparently do now."

The first of the ads is headed:

MAKE THE BANKS SAFER BY MAKING THEM PROFITABLE

and one of the paragraphs reads:

"Our depositors have a right to expect that we conduct our business along profitable lines; that our profits will absorb the losses sustained by reason of industrial and agricultural depression. Most of them have given us ample time in which to rearrange our affairs to meet the changed conditions. If we therefore did not change our methods of carrying on our business and continued to render invaluable and essential service to the public at the expense of the stockholders and depositors, would we not be displaying a high degree of incompetency?"

The second ad reads:

WHAT A BANK SELLS

"A bank is an institution that buys and sells CREDIT.

"The compensation that a bank receives and pays for Credit is known as INTEREST.

"In addition to being a dealer in credit a bank usually also sells SERVICE. There are really two separate and distinct departments in every well regulated bank, and that is, (1) the Credit Department; and (2) the Service Department.

"When you borrow money, or lend

money, at a bank you are dealing with the Credit Department.

"On the other hand, when you go to a bank and make a checking deposit, or to buy a draft, or to pay your taxes, or to apply for an automobile license, or to withdraw your state hail, or to have legal papers drawn up, etc., you are then dealing with the Service Department of your bank.

"The Credit Department of a bank is supported by the income from credits that the bank collects from its borrowers in the form of interest.

"The Service Department of a bank must necessarily be supported by an income in form of fixed charges for each kind of service rendered by that department to its customers and patrons.

"In past years, when interest rates, bonuses, and commissions received by banks were considerably higher, it was the practice of many banks to render a great many services to its customers free of charge, and let the income from the Credit Department support the Service Department of the bank.

"However, such an arrangement was clearly not fair, as the customers that patronized the Credit Department felt that they were therefore also paying for the overhead expenses of maintaining the bank's Service Department.

"It is therefore only just and fair that each department of a bank sustain itself. Since banks are in the business of selling service, it is just and fair that those using such service should pay for it. We are therefore, sure that the SERVICE CHARGE SCHEDULE which the banks have agreed on will meet with the hearty approval of all customers of the banks."

The third advertisement is headed:

OTHER MATERIAL FACTS

An outstanding paragraph reads:

"A survey of the situation discloses that we cannot increase our earnings by demanding higher rates of interest; we

cannot pare our expenses more and continue to give good service. Some of the more profitable lines of banking are now carried on by non-banking financial institutions. It is unthinkable that we must carry on a side line to support banking operations. Therefore, is it not true that worth while service should be paid for by the party receiving the same?"

The advertisement headed:

TO BANKING PATRONS OF THIS COUNTY AND VICINITY

reads:

"Let us follow, briefly, the course of a cream check in the regular routine of business. It is first issued by a local buyer, usually for a small amount and payable at some distant point. It is estimated that 90 per cent of these checks are cashed by the banks. As the amounts are small, it usually requires payments in silver which necessitates a larger supply on hand than usual. This means the loss of the use of this amount of money, since it is tied up in silver on hand, and in addition, the express charges of shipments into the city. The bank clerk must then make a record of all these checks, such as the name of the company issuing the same, the date, amount, where drawn and where payable, and then mail them out for collection and wait for the returns, which takes about five days. This means the additional expense of clerk hire, postage and the loss of the use of the money for the stated period of five days.

"One can readily see that a bank is entitled to compensation for this service, and while the matter has been taken up with the creameries, no satisfactory adjustment has been made to date, and until such time, and commencing..... the banks of.....County will make a service charge of.....on all outside cream checks payable elsewhere.

The next ad is headed:

CHANGING CONDITIONS

and reads:

"Outside depositors are no longer interested in time certificates of deposit, as they are able to buy industrial bonds bearing higher rates, which results in less funds for loaning purposes by banks. So we find that in addition to state hail insurance, state insurance of public buildings, as well as state bonding departments, many sources of income have been lost to the banks, or if not entirely lost, the income derived therefrom has been materially reduced.

"Profit is a necessary element in sound business and naturally banks are compelled to adopt a different basis of operation since the conditions affecting them have been so materially changed."

Reorganization of Kongsberg Bank

The Kongsberg State Bank of Kongsberg, N. Dak., has been purchased by the

Citizens Bank, and the institution reorganized. N. J. Kresbach has been elected president and cashier and Henry Raap and O. M. Olson have been made vice presidents.

Clipping Coupons

State Treasurer C. A. Fisher of Bismarck, No. Dak., says that clerks in his office have been busy clipping \$300,000 in coupons from state bonds which have been registered and are on file in the state treasurer's office. The bonds are owned by persons, firms and organizations in all parts of the United States and Canada, the largest single owner being

the state board of university and school lands with \$1,500,000.

The registration feature is offered to purchasers of state bonds to insure them against loss, he said. When the bonds are registered the coupons are taken off and canceled and a record made of the owner of the bond. As the coupons fall due the interest money is sent to the person who registered the bond.

If a registered bond is lost or destroyed the holder loses nothing since it is of no value to anyone else. Recently Mr. Fisher said the owner of a \$1,000 bond reported that he had swept it up with other papers and burned it. Under

the law, Mr. Fisher, said he was unable to replace it. Had the bond been registered the owner would eventually have received his money.

Sutton Banks Consolidate

The Farmers Bank and the Citizens State Bank of Sutton, N. Dak., have been consolidated. The bank is known as the Citizens State Bank.

The State Guaranty Bank of Harvey, N. Dak., has been taken over by the Wells County State Bank of Fessenden. The bank is capitalized at \$20,000 with deposits of \$130,000.

“Speaking of Prosperity”

A CERTAIN writer struck the right note when he called attention to a select group of business concerns and banks, located in various parts of the country, that have shown remarkable growth year in and year out. These concerns, he points out, have without exception intensified their service and adopted a carefully planned program of letting their customers and prospects know just what they can do for them.

To quote some of the results.

The slogan of a metropolitan newspaper: “This year will reward fighters” was the reflection of a policy which resulted in a substantial increase in business for itself and its advertisers.

There is a store in Strasburg, Ohio, that does a million dollars worth of business per annum in a town of less than 1000 population.

Another in Winner, S.D., has a turnover of \$850,000 a year and has a population of only 3000.

A western banker has proven beyond a doubt that Correspondent banks appreciate an aggressive policy of

good service year in and year out. These are only a few of the many instances that create and add to the general prosperity.

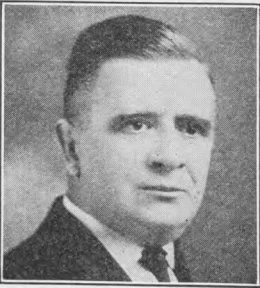
In the Middle West there are more than one thousand banks that know and use Drovers service because it is conscientious and helpful. It has as its background personal acquaintanceship. In 1927 as in the past its Correspondents will find the human element an important part of Drovers service.

We shall be glad to send a copy of the January issue of “Drovers Advertising Service” to any bank 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

Says Federal Reserve Treats Iowa Fairly

J. W. FOSTER of Guthrie Center, Iowa, president of the First National Bank of that city and a former state senator, took issue recently with statements of Howard J. Clark, who holds the federal reserve system responsible for closing Iowa banks. The particular part of Mr. Clark's recent statement to which Senator Foster objected was that which asserted that the federal reserve board has substantially eliminated the entire property of Iowa as a basis of credit.

"In a recent issue of *The Register*," Senator Foster said, "Howard J. Clark is quoted as saying: 'The federal reserve board of eight men has classified the property of the United States that stands as a basis of credit at the banks so that the board has eliminated substantially the entire property of Iowa and by doing this the banks of Iowa are compelled to close their doors because they cannot rediscount paper to meet immediate needs of a continuing business.'

Brands Statement False

"This statement," Senator Foster asserted, "is not only unfair but absolutely untrue. The federal reserve banks serve no one better than Iowa and the farmer. Indeed, they give an advantage to paper arising out of agriculture and livestock transactions. Farm paper having a maturity of nine months may be discounted freely, while strictly commercial notes, bills, etc., arising out of other business must have no more than ninety days to run.

"Notes of farmers and stockmen who are in good financial standing can be promptly rediscounted without any red tape by any country bank that is a member of the federal reserve. Notes of responsible farmers, whether large or small, have equal standing. A note taken at a farm sale for a cow or a horse or 200 bushels of corn, or a bunch of shoats, or for a stack of hay, can be discounted

by a country bank as promptly and at exactly the same interest rate as can be obtained by a city bank for any purpose.

"Speaking from experience, I absolutely know that the machinery for financing agricultural produce through the federal reserve works promptly and well.

"To be sure, it will not discount second and third mortgages and other frozen assets which are just now making so much trouble to Iowa banks. If it did, it, too, would soon be full of frozen paper. The trouble with the banks that are failing is not the attitude of the federal reserve banks, but it is these frozen assets plus more or less loss of confidence on the part of depositors.

"To be sure, the federal reserve bank does not make first mortgage land loans. Why should it? Such loans are easily obtainable from our federal land banks, federal joint stock land banks, life insurance companies, savings banks and individuals. Farm loan agents are now riding about the country canvassing and competing for this class of loans. No one, to be sure, wants second and third mortgages and other frozen assets, and I assume Mr. Clark would not desire to fill up the federal reserve bank with this class of paper.

Reserve Helped Iowa

"Probably no state has received greater service from the federal reserve bank than the state of Iowa. The critical period when values evaporated was in 1920 and the Federal Reserve Bank of Chicago increased loans to Iowa banks between February, 1920, and December, 1920, by over \$76,000,000, making the peak loans to Iowa banks from the federal reserve bank of approximately \$99,000,000. In addition to that amount, the federal reserve bank loaned large amounts to member banks located in Chicago, which, in turn, reloaned to Iowa banks and bankers.

"Without the assistance of the federal reserve during that critical period, there would have been wholesale failures of banks that were at that time full of good paper. The Federal Reserve Bank of Chicago, the bank which serves Iowa, did not enforce the payment of those rediscounts in such a manner as to cause the closing of any Iowa banks, but such paper was renewed and, in my opinion, its operations were not the cause of decline in prices of agricultural products.

"In its regular current operations the Federal Reserve Bank of Chicago stands ready to furnish and is furnishing to its member banks in Iowa exceedingly liberal rediscount facilities for good farmers' paper growing out of current agricultural operations, and encourages the taking of such paper by member banks and rediscounting the same when necessary."

New Banker at Marengo

John A. Rouse, a former county official, has become associated with the Peoples Savings Bank of Marengo, Iowa. Mr. Rouse has also been engaged in the real estate and banking business in South Dakota during the past few years.

Banker Remains in Reinbeck

L. H. McGrew, cashier of the First Savings Bank of Reinbeck, Iowa, will be in charge of the bank for another year, although his resignation of last fall named January 1st as the time he would leave the institution.

Farmer-Banker Banquet

The second annual conference and dinner of the Bankers and Farm Bureau was recently held at Harlan, Iowa. The chief topic of discussion was the securing of the 10-cent bonus per hundred on hogs sold to packers following accreditation of the county, which is expected January 1st.

The method of securing this premium or bonus was explained by Carl Kennedy, assistant State Secretary of Agriculture. This bonus is a voluntary offer made by the packers, for they feel that hogs from an accredited county are actually worth that much more to them due to the smaller number which are condemned because of tuberculosis infection. Judging by other counties which have been receiving this bonus for some time, it is expected that this extra 10 cents per hundred will bring in about \$20,000 each year to Shelby county hog raisers.

A certificate must be filled out by the hog owner and signed by him and acknowledged by a notary to get this bonus. The hogs in the car or truck must be from an accredited county in order to receive this bonus. This certificate must either be attached to the bill of lading or mailed to the commission firm in order that it be there by the time the hogs are paid

Capital, Surplus and Undivided Profits Over \$1,200,000.00

Established 1874

For the Coming Year

we wish
to each of you
prosperity and
success, and it is
our aim during
1927, as it has
always been, to
serve you in your
every banking
need.

OFFICERS

CHARLES E. PERKINS, Chairman of Board
E. WEBBLES, President
J. G. WALDSCHMIDT, Vice President
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

FIRST IOWA STATE BANK
TRUST & SAVINGS

MEMBER FEDERAL RESERVE SYSTEM BURLINGTON IA.

for. If the hogs go to a local buyer the certificate goes to him, if shipped cooperatively, it will be handled by the association, if shipped direct the owner will attend to the matter.

If the hogs are sold to a speculator or order buyer, the commission man should be instructed to get at least 10 cents above the best packers bid. This is done because the packers are the only ones who pay this 10-cent bonus. Payment is made by a separate check from that which pays for the hogs, so it is truly a bonus.

Arrangements will be made to have the various banks, with which Shelby county farmers do business, handle these certificates. A supply will also be kept at the farm bureau office. In this way they will be available to every farmer in the county.

Bank Elects Officers

The Delaware County State Bank of Manchester, Iowa, recently held its annual election. Judge E. B. Stiles was chosen as vice president to succeed the late Senator R. W. Tirrill and George A. Newman was made a member of the board of directors. The other officers and directors of the bank were reelected.

Burglar Alarm Installed

The Cerro Gordo Bank of Clear Lake, Iowa, has installed a new modern electrical burglar alarm of the radio style having a wavelength system. The system was installed by O. B. McClintock Co. of Minneapolis.

Window Display

The Henry County Savings Bank at Mt. Pleasant, Iowa, had an interesting window display last month, when the Pi Beta Phi Alumna club of that city receive a shipment of hand-woven linen and hickory baskets and placed them on display in the bank.

The national sorority maintains a school for all mountaineers living in and near Gatlinburg, Tenn., which is counted as one of the finest pieces of altruistic work being carried on by any organization. The linens, as well as the baskets are hand woven by these mountaineers and the school sends their finished products to the various alumnae clubs over the United States who dispose of them, thereby aiding the mountaineers to become self-supporting.

Among the articles which were for sale were the hand woven linen towels, table runners, pillows, luncheon sets, rugs, and baskets for marketing, candy, waste baskets, hornets nests, wall packets, trays, etc.

Reward Employees

Employees of the American Commercial & Savings Bank, of Davenport, Iowa,

were all smiles last month, the result of an announcement that the board of directors had voted the customary generous cash Christmas presents, given to all employes of the big financial institution except the officers.

Those who have been in the employ of the bank for over five years received additional compensation in the form of a cash Christmas present amounting to 10 per cent of their total annual salary.

For those who have been in the institution for from three to five years the present was 7½ per cent of the annual salary while employes of from one to three years service received 5 per cent of their annual salary.

Clinton County Meeting

L. N. Williams, of DeWitt, was named treasurer of the Clinton County Bankers Association, to fill a vacancy, at last month's meeting of the association, which followed a 12:30 o'clock luncheon at Clinton, Iowa. The annual meeting date was selected, the first Tuesday in February, 1927, but the place of the meeting was not determined.

President F. E. Conover of the association, presided at the meeting, with Secretary H. G. Kramer recording the minutes. Fifteen Clinton county banks were represented.

After the luncheon, M. L. Kirby, secretary of the Clinton County Farm Bureau, addressed the bankers, telling in an interesting manner of the work of the bureau and pointing out how the bureau and the bankers can cooperate to the mutual benefit of the banks and the farmers of the county.

President Conover then called upon A. C. Smith, president of the Iowa Bankers Association and of the City National Bank, who discussed the plans and suggestions of the state association in furthering the "Still Better Banking in Iowa" campaign.

Is Agency Manager

Raymond G. Gregory, formerly connected with the Aetna Life, New York, has been appointed agency manager for the Equitable Life Co. of Iowa at Buffalo. Mr. Gregory was a recent visitor in Des Moines for a conference with home office officials.

Lafayette Young

In his early teens, Lafayette Young toiled many hours a day on the Iowa farm which his father and elder brothers had left to him while they went soldiering in the Civil War. More than half a century later, Lafayette Young served as chairman of the Iowa state council for defense while nearly all the available young men of Iowa were wearing their country's uniform in another great war.

That interval of more than half a century gives a rough indication of the extent of Lafayette Young's career. He is dead now at 78, after an unusually crowded life.

For a brief part of that life he was a United States senator, serving after the death of Jonathan Dolliver. And for a number of years he had been a state senator. But his major activity was as a newspaperman. The editor and publisher of the Des Moines *Capital* was one of the rapidly disappearing clan of personal editors.


He was physically a ponderous man; he had a direct manner which could be gruffly direct or amiably direct, according

as he deemed necessary and right for the occasion; and he had a keen sense of irony, though he seldom expressed himself in print in a manner to blister men's skins. He was a pioneer Iowan of the sturdiest, choicest kind. Iowa could show no finer citizen.—Editorial *Chicago Journal of Commerce*.

It is the part of a wise man to resist pleasures, but of a foolish one to be a slave to them—Epictetus.

Tired grocer: "I'd like to go where I'd be entirely cut off from the world."

Friend: "Why don't you try a telephone booth, old man?"

THE strength of this bank and its reputation for prompt, intelligent handling of Iowa bankers' business, give you definite assurance that your business with us will be handled to your entire satisfaction. 



BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
Capital \$1,000,000.00 Surplus \$200,000.00



26.6% greater size in
Reed's Mass-magazine
Plan for 1927, but no in-
crease in price.

See it for yourself.

Brilliant Decorations

Patrons who recently entered the lobby of the First Iowa State Trust and Savings Bank of Burlington, Iowa, were given an optical treat in the form of brilliant Christmas decorations. Probably no Burlington institution ever worked out a more elaborate scheme of holiday decoration.

Tinsel and cotton produced realistic snow and ice effects, and a roaring fireplace functioned in the bank. Reminders of the Christmas Savings clubs were on all sides and Christmas trees were scattered around at convenient distances. The bank has always entered into general decorative schemes for city-wide decoration and this year made every effort to put its individual decorations on a level with those of firms in cities much larger than Burlington.

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

Dumont Banks Merge

The Farmers Trust & Savings Bank and the State Bank of Dumont, Iowa, have been merged, with headquarters in the State Bank, whose officers will be assisted in the management of the business by John Campbell, cashier of the Farmers Trust. W. E. Brown, assistant cashier of the Farmers Trust, will also be associated with the new organization.

Anxious to Oblige

"My hair is falling out," admitted the timid man to the druggist's assistant. "Can you recommend something to keep it in?"

"Certainly," replied the obliging young man, who had recently left school. "Here's a nice cardboard box."

1876

1927



THE CONSOLIDATED NATIONAL BANK, Dubuque, Iowa, announces that it has acquired the business of the Pioneer Trust and Savings Bank of Dubuque, the oldest Savings Bank in Iowa.

The title "CONSOLIDATED" is most fitting for this bank, which now represents the union of five banks operating under the charter of the old Second National Bank, issued in 1876.

CONSOLIDATED NATIONAL BANK

Dubuque, Iowa

U. S. DEPOSITORY

ASSETS SEVEN MILLIONS

J. K. DEMING, President

GEO. W. MYERS, Vice President

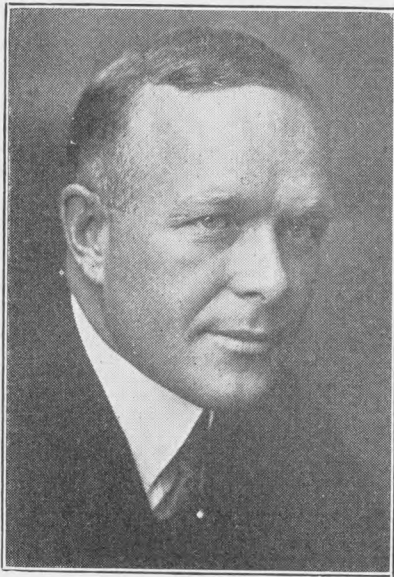
JAMES M. BURCH, Vice President

HERMANN ESCHEN, Secretary

JOS. W. MEYER, Cashier

Goes to Australia and New Zealand

M. W. Ellis, president of Hart-Parr Company, left with Mrs. Ellis last month for an extended business trip to Australia and New Zealand in the interests of Hart-Parr business. In addition to being president of Hart-Parr Company, Mr. Ellis is a member of the executive council of the American Bankers Association and also a member of the executive committee of the National Association of Farm Equipment Manufacturers. Mr. Ellis' trip to Australia and New Zealand has more than the usual significance because of his banker's knowledge and experience. For the last three or four years Hart-Parr Company has been developing a splendid



MELVIN W. ELLIS

export business in Australia and New Zealand. This business is largely conducted through well-established English and Scotch importing organizations. Many of these companies have their headquarters in London and operate large branch establishments all over the world.

As the importation of Hart-Parr tractors into Australia and New Zealand has increased into a business of many hundreds of thousands of dollars annually, naturally the question of additional credits, banking connections, and relations, etc., comes to the front. It is here that Mr. Ellis' banking knowledge comes into play. These distributing connections in Australia and New Zealand expect to double their business during 1927 as a result of Mr. Ellis' visit.

Mr. and Mrs. Ellis sailed from Vancouver December 15th. They will be on the water twenty-four days going and twenty-four days on their return.

Poetry is to philosophy what the Sabbath is to the rest of the week.—Hare.

The MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA

“We're Strong for the Merchants”

The cashier of a bank which has been a correspondent of The Merchants National, says:

“We have found The Merchants National Bank one that will do anything and everything for its friends that could be reasonably expected. We have been associated with it for ten years, and during that time have never had cause for complaint of their manner of handling our account, or of any other matters going with our connection as a correspondent.

“We have had the pleasure of forming the acquaintance of some of the active officers and have the highest regard for their personal honor and business principles.

“We're strong for The Merchants National and they can have anything we have.”

Resources \$15,000,000

James E. Hamilton, President



P. C. Frick
Vice President

E. E. Pinney
Vice President

Edwin H. Furrow
Vice President

H. N. Boyson
Vice President

Roy C. Folsom
Vice President

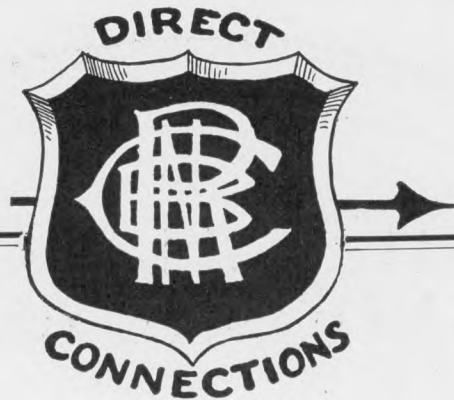
Mark J. Myers
Vice Pres. & Cash.

S. E. Coquillette
Vice President

E. B. Zbanek
Vice President

L. W. Broulik
Assistant Cashier

Fred W. Smith
Assistant Cashier



Happy New Year!

To its many old friends throughout Iowa, and to the new ones gained during the past year, the officers and directors of the Cedar Rapids National Bank extend most cordial greetings and best wishes for a Happy and Prosperous 1927.

It will be our pleasure during the coming year, as it has for the many years past, to offer to banks and bankers the wide range of our complete banking facilities. Feel free at any time to avail yourself of our friendly service.

THE CEDAR RAPIDS NATIONAL BANK

CEDAR RAPIDS, IOWA

OLD-TIME HOSPITALITY

The Spirit of Our Service

OFFICERS

RALPH VAN VECHTEN
Chairman of the Board

VAN VECHTEN SHAFFER
Vice President

GEO. W. SWAB
Assistant Cashier

GLENN M. AVERILL
President

CHAS. C. KUNING
Vice President and Cashier

MARVIN R. SELDEN
Assistant Cashier

GEO. F. MILLER
Vice President

PETER BAILEY
Assistant Cashier

BERTHA M. WOLF
Assistant Cashier

Director Resigns

Dr. E. T. Edgerly, at a recent meeting of the directors of the Iowa National Bank of Ottumwa, Iowa, resigned as a director and James F. Powell was named to succeed him.

In severing his connections in an official way from this old Ottumwa financial institution, with which the name of Edgerly has long been associated, Dr. Edgerly wrote the following letter:

"Mr. J. C. Jordan, President, Members of the Board of Directors, the Iowa National Bank—Gentlemen: You have known that for several years I have felt and appreciated that the demands of my profession make it difficult for me to attend meetings regularly, and that my study, reading and thought are along lines medical rather than financial, so when present I cannot render as valuable judgment as a man in business might. My previous tenders of resignation have hitherto been very kindly rejected. I understand now is a more propitious time and I tender it again.

"I shall leave your body with a very keen feeling of regret and shall always treasure highly the memories of the association with you and with those who have passed on.

"I feel confident of and certainly wish for the further success of the bank under your conservative management. Believe me,

"Very truly and sincerely yours,

"(Signed)

"Edward T. Edgerly."

The resignation of Dr. Edgerly as a director of the bank was accepted, and a committee consisting of C. S. Harper, W. D. Tisdale and W. T. Harper was appointed to draw a resolution expressing the regret of the board.

Adopt New Policy

In an effort to discourage the practice of creating overdrafts, both the Adel State Bank and the First National Bank of Adel, Iowa, have established a new rule.

A minimum charge of fifty cents is to be made on each overdrawn account, with an additional charge of twenty-five cents for each check added to that overdraft.

Both the National and State banking laws prohibit cashing a check which creates an overdraft and it is only to make customers more careful that the new rule is adopted—not for the purpose of creating revenue.

The move is one in line with sound business principles and should be welcomed by the depositors of both institutions.

Organize A. I. B.

Meeting at the Fort Armstrong hotel in Rock Island recently, some 225 bankers of the tri-cities formed the tri-city chap-

ter of the American Institute of Banking, an organization which will conduct an educational program in banking methods and law, business practice and allied subjects, for the benefit of the employes of the local banks and for those of surrounding communities in Iowa and Illinois.

Officers were elected as follows: President, Clark G. Anderson, of Moline; vice president for Davenport, Herbert Brock; vice president for Rock Island, Ray Osterman; secretary, Miss Edith Ather-ton, of Davenport; treasurer, C. C. Doxey, of Moline.

The above officers, together with the presidents of the clearing houses of the tri-cities will constitute the executive committee. The presidents are Gustav Stueben, of Davenport; M. S. Hagery, of Rock Island, and R. C. Shallberg, of Moline.

Ray Nyemaster, of Davenport, was chairman of the meeting. The speakers were Frank R. Curda, of Chicago, president of the Chicago Institute and J. H. Hart, of Des Moines, Iowa, committeeman of the national chamber. Each of the speakers pointed out the many advantages of establishing a chapter of the institute in the tri-cities. Banks of Bettendorf and East Moline also took part in the organization.

Install Ventilation

Mr. L. L. Corey, of the O. B. McClin-tock Company, of Minneapolis, has made arrangements with the Commercial National Bank of Charles City, Iowa, for the installation of a vault ventilator for the protection of the customers of the bank and the bank's employes. The apparatus is equipped with a fan and in the event anyone is accidentally or otherwise locked in the vault fresh air is brought in so that suffocation will not result.

The new equipment will be installed at once.

Becomes Vice President

Rollin C. Bortle has been elected vice president of the Chatham Phenix National Bank and Trust Company. Mr. Bortle, who was formerly a partner in the firm of Eastman, Dillon & Company, assumed his new duties last month.

For more than a decade Mr. Bortle has been a prominent figure in Wall Street bond circles. He first entered this field as a representative of N. W. Hal-sey & Co., and when the firm was absorbed in 1916 by the National City Company, Mr. Bortle became associated with the latter organization. He at one time served the Bond Club of New York as its president, and a member of the board of governors for five years.

I told my boss the other morning that I'd been up all night with a baby—he asked me what her name was.

1856

1927

Seventy-one Years Security and Service

Preston's History of Banking in Iowa, in speaking of frontier banking and of Waterloo in 1854, says, "A little later, John H. Leavitt established a private banking house, which afterwards became the Leavitt & Johnson National Bank." (Present title, Pioneer National Bank.)

Waterloo's Oldest Bank respectfully offers its services to those banks wishing a correspondent in northeastern Iowa.



IRA RODAMAR
President

C. E. PICKETT and
J. O. TRUMBAUER
Vice Presidents

FRED H. WRAY
Cashier

Install Huge Sign

The Citizens Trust & Savings Bank of Davenport, Iowa, has contracted for what it is claimed will be the largest electric bank sign ever installed in the city.

It will be 33 feet high and will be hung on an angle so that it can be read from all directions. The letters will be 18 inches long in the word savings, 14 inches long in the word bank and 12 inches long in the word Citizens.

Elected Boy Scout Officer

James F. Toy, president of the Toy National Bank, Sioux City, Iowa, was recently elected president of the Boy Scout Council in that city. He was put through the regular initiation and was presented with the official badge of office. Mr. Toy succeeds James Rae as president of the Council.

Sells Insurance

John M. Grimes, Jr., for several years assistant cashier of the First National Bank at Perry, Iowa, has resigned that position to become associated with the advertising department of the Bankers Life Company, Des Moines. Grimes is a nephew of Taylor and L. M. Grimes of Perry. He attended Grinnell College and later took a course in journalism at the University of Missouri.

Poiled

Burglar alarm wires concealed among telephone and telegraph wires in the basement of the New Providence State Bank, New Providence, Iowa, prevented burglarizing of the institution recently.

Bandits intending to rob the bank, first procured acetylene torches at a near-by garage and with them cut all wires in the basement of the bank. In so doing they interrupted a burglar alarm system which resulted in the calling out of the vigilance committee.

One member of the committee, arriv-

ing in advance of the rest, saw two men fleeing the scene as he turned into the alley behind the bank. Belief that they might be other members of the committee, withstrained him from firing at them.

Pieces of the torches found just south of town later led citizens to believe the bandits were headed for Des Moines.

Investigation showed that the robbers had not gained entrance to the bank proper.

Named on Board

Homer A. Miller, president of the Iowa National Bank, Des Moines, was named a member of the state banking commission, by Governor John Hammill, to fill the vacancy created by the resignation of John A. Hogan.

Mr. Hogan, formerly president of the Des Moines National Bank, resigned, following his acceptance of a vice presidency of the Continental and Commercial National Bank of Chicago.


The new commissioner must be confirmed by the state senate within thirty days from the convening of the forty-second general assembly, January 10th.

Overcome by Gas

A. F. Dean of Rockwell City, Iowa, president of the Rockwell City Savings Bank, narrowly escaped death through asphyxiation recently by gas from the exhaust of his automobile.

Mr. Dean was found unconscious on the floor of his garage by his son, Cecil Dean. It is believed that he had lain on the floor of the garage about an hour and one-half before he was discovered.

Although Mr. Dean's condition was serious immediately following the accident, due to the fumes of the gas and his exposure on the floor of the garage, reports from the family indicate that he is well on the road to complete recovery from his experience.



**An outstanding
law of business
success is
confidence.
Correspondents
of the
First National
know that their
trust is
well placed.**

FNB

Chas. H. McNider,
President
Willis G. C. Bagley,
Vice President
Carl A. Parker,
Vice President
Fred E. Keeler,
Vice President
Hanford MacNider,
Vice President
Robert P. Smith,
Cashier
Harold V. Bull,
Assistant Cashier
Harry C. Fisher,
Assistant Cashier
William W. Boyd,
Assistant Cashier
Roy B. Johnson,
Assistant Cashier

Resources \$10,000,000.00

**FIRST
NATIONAL
BANK
MASON CITY, IA.**

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

Will Take Rest

Harry T. Blackburn, vice president of the Iowa National Bank, Des Moines, Iowa, who has been ill for a month, left with Mrs. Blackburn, December 16th, for Palo Alto, Cal., to spend several months with their son, Mortimer Blackburn and family. Blackburn has been ordered by his physicians to take a complete rest away from all business cares.

Blackburn has been a Des Moines banker for nearly half a century. He was a former president of the Iowa Bankers' Association, and is widely known in banking circles throughout the state.

Elected President

S. G. Stein, Jr., son of the late Dr. S. G. Stein, was elected president of the First National Bank and first vice president of the First Trust & Savings Bank, Muscatine, Iowa, to fill the vacancies caused by the death of his father, at a meeting of the board of directors of the banks held recently.

Mr. Stein has been second vice president of each bank. W. F. Bishop was elected to succeed him as second vice president of the First Trust & Savings Bank. D. V. Jackson is president of this bank.

Assistant Cashier

Announcement was made recently by E. H. Burkett, cashier of the First National Bank of Perry, Iowa, that Mrs. Katherine McTaggart has been appointed as assistant cashier of the bank.

Mrs. McTaggart a short time ago resigned a position with the First National where she had been employed for a number of years. She is in full charge of the note cage.

Remains in Charge

L. H. McGrew, cashier of the First Savings Bank, of Reinbeck, Iowa, will remain in charge of that institution for at least another year, announcement is made by officers of the bank. Mr. McGrew had handed his resignation to the directors at a meeting last fall to be effective January 1st and had urged their acceptance before that time, but at a meeting of the directors recently he was urged to remain and has consented to do so.

Employee Dies

Andrew O. Anderson, 61 years old, a resident of Sioux City, Iowa, for 33 years and an employe of the Farmer's Loan and Trust Company, died in a hospital there recently, after an illness of two years.

Mr. Anderson was a familiar figure to many of the patrons of the Farmer's Loan and Trust Company. He was born in Sweden, November 27, 1865. He came

OFFICERS
 A.F. DAWSON, President
 JOE R. LANE, V. President
 IRVIN J. GREEN, Cashier
 C.F. SCHMIDT, Asst. Cashier
 P.A. TORNIQUIST, Asst. Cashier

As we look into 1927, we see another prosperous year. Let the First National Bank, with its many correspondent facilities, help you toward your share in this prosperity.

We Will Consider It a Genuine Pleasure to Serve You

FIRST NATIONAL BANK
 IN THE UNITED STATES

FIRST NATIONAL BANK
DAVENPORT, IOWA

**FRIENDLY,
 PERSONAL
 SERVICE**

No real person can ever afford to be a nonentity in his business relations—just a name on someone's books.

No "Security State" customer is. He is a person whom we get to know better every day, whose needs we can satisfy better, and who has a better appreciation of "Security State Service."

SECURITY STATE BANK
 KEOKUK IOWA

New Horizons

The traditional cordiality existing so strongly between this bank and its correspondents and clients for more than a half century has been a factor necessitating our further expansion.

Our new building will materially aid in the handling of the constant and steady increase in transactions with efficiency and promptness.



AMERICAN COMMERCIAL AND SAVINGS BANK of DAVENPORT, IOWA

to the United States in 1883 and settled at Oakland, Neb., where he resided for 10 years before coming to Sioux City. He had been a resident of Sioux City since 1893.

Merger at Mingo

A merger was completed whereby the Mingo Trust & Savings Bank of Mingo, Iowa, took over the entire business of the Valeria Savings Bank.

The Mingo Trust & Savings Bank paid all deposits of the Valeria bank and received payment of all notes made to the Valeria bank.

The Kimberleys bought a controlling interest in the Mingo bank several years ago and under the efficient and conservative management of C. W. Kimberly, has steadily grown until at present they have doubled the capital and surplus of the old bank they bought and also double the business, with more than \$400,000 deposits.

Story County Meeting

"Less 'joyriding' and more hours on the milk stool, less 'chicken chasing' and more 'poultry raising,'" was one of the ideas advanced by Parley Sheldon, of Ames, dean of the Story county bankers, as a factor in the solution of the agricultural troubles of the Iowa farmers, at a meeting of the Story County Bankers Association, at Hotel Story, Nevada, Iowa, last month.

"Get back of the worthy and ambitious young farmer who wants to buy a farm for a home, and not for speculation; that is the class of men who will help to solve the farm land problem," said Jay G. Dutton of the Farmers Bank of Nevada.

"Place ourselves back from twenty to thirty years and watch those fellows work themselves out as their fathers have before them. They will do it and we should encourage such investments at the prices that farm lands are now," said Mr. Dutton.

The officers of the association, E. L. McConkie, of the Peoples Savings Bank of Nevada, president; Seymour Hix of Zearing, vice president; J. A. Mills, Jr., secretary, and Eli N. Nelson of Roland treasurer, were all re-elected upon motion of the nominating committee, consisting of A. M. Henderson of Story City, O. W. Parker of Maxwell and H. W. Stafford of Ames.

There were 65 present at the meeting including bankers and those connected with banks and a few invited guests. The meeting followed a 6:30 dinner in the club dining room of Hotel Story, and was presided over by E. L. McConkie, president.

A. K. Fredricks, of Iowa State College, vigilante chief, was present and made a brief report on the recent state vigilante shoot and also upon the condi-



The officers and directors of the **CENTRAL STATE BANK** invite the business of banks and financial houses who enjoy dealing with an organization that is not only sound in its traditions, but also alert to the requirements of modern banking

SIMON CASADY
Chairman of the Board

GRANT McPHERRIN
President

THE OLD RELIABLE
CENTRAL STATE BANK
OF DES MOINES

Banking, Trusts and Investments
Safe Deposit Vaults

Member Federal Reserve System

tion of the arms and ammunition now in the hands of Story county vigilantes.

The association voiced approval of the work of Mr. Fredricks and will recommend to Sheriff Nebergall that Fredricks be retained at the head of the vigilantes which organization goes out encouraged by a resolution of the association offering "\$2,000 reward for a dead bank bandit and \$1,000 reward for a live one."

The principal discussion of the evening was on the subject of the agricultural and banking situation in Iowa today and the best methods of working it out. Among those who talked along that line were Jay G. Dutton, Parley Sheldon of Ames, A. M. Henderson of Story City, and H. J. Hoogenakker of Nevada.

Clay W. Stafford of Ames gave a brief talk on the workings of the clearing house at Ames and the enforcement of the minimum charge for handling smaller checking accounts and the cashing of foreign checks, handling of taxes, auto registration and similar service for which a charge is made.

Prof. J. B. Davidson of Iowa State College, one of the guests of the bankers, who is an authority on agricultural engineering, gave a talk on the conditions as he finds them in a trip covering 44 states and his proposed solutions. Prof. Davidson's idea of a solution is through industrial absorption of more of the farm products, rather than through exportation, as so often proposed.

Dawes and the Nobel Prize

Charles G. Dawes probably does not need the Nobel peace prize for 1925, which he shares with Sir Austen Chamberlain. Unless he has materially changed, he will find a benevolent use for the \$12,500 in his unadvertised and effective work among friendless children in Chicago.

What is important is the official association of his name with the Dawes plan, which has already worked wonders for Germany. Everybody knows that Charles G. Dawes did not write the whole plan. None of his friends, and least of all himself, ever claimed that he did.

Ill-advised admirers of Owen D. Young have claimed the plan's authorship for that gentleman. They could not give him more real credit than Dawes has conceded. The Wall Street Journal's special correspondent in Europe, enjoying the personal acquaintance of many of the foreigners who formed part of the Dawes committee, has mentioned such men as Sir Josiah Stamp, Sir Robert Kindersley or the late Sir William Acworth, as giving Mr. Young generous credit. But they called the solution, emphatically, "the Dawes plan," for an excellent reason.

There was hardly a man on that committee who was not, in some particular, more profoundly informed than Charles G. Dawes. Sir William Acworth's knowledge of the German railroads, to say noth-

Spreading the Spread

(Little Talks on Tiling, No. 23)

PROFIT earned on any farm is determined by the spread between the production cost and the selling price of each unit of produce multiplied by the number of units sold. So profits are increased either by raising the unit selling price, lowering the production cost, or increasing the units produced. The individual farmer can't stretch this spread very much at the selling price end, but he can at the cost end by producing more units from each acre cropped and each hour of labor. Thus he increases his profits in two ways by one operation—spreading the spread at the cost end, and increasing the units sold.

Tile Drainage Spreads the Spread, Increases the Units Sold, and Enlarges Profits

Mason City Brick and Tile Company

312 Denison Bldg. Mason City, Iowa



CHAS. SHULER, President
 FRANK B. YETTER, Vice Pres.
 WM. H. GEHRMANN, Vice Pres.
 LOUIS G. BEIN, Cashier
 HERMAN STAAK, Asst. Cashier

The officers of the Iowa National Bank want to express to the bankers of Iowa their sincere appreciation for the business entrusted to them during the past year, and to extend wishes for a most prosperous 1927.

Iowa National Bank

Davenport, Iowa

Advertise in
The Northwestern Banker

Three entirely new features in Reed's Mass-magazine Plan for 1927
See them for yourself.



A neighborhood bank with nationwide connections and a banking organization with complete financial service.



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 S. C. KIMM, Assistant Cashier
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**The COMMERCIAL
 NATIONAL BANK**
 CAPITAL & SURPLUS - ONE HALF MILLION DOLLARS
WATERLOO, IOWA.

ing of railroad systems the world over, may be truthfully described as unique. Sir Robert Kindersley, the principal London partner of Lazard Freres, was an authority on foreign exchange such as Dawes never claimed to be, and Sir Josiah Stamp is easily one of the very first economists of his time. All those consulted by our special correspondent said that suggestions of the most fertile and fruitful kind came from Owen D. Young.

But there was just one man who could gather together all those powerful individualities and merge them into a successful result. Dawes is the only man since Roosevelt to understand the use of the calculated indiscretion. He succeeds in running the United States senate because he is about ten times as subtle as the senate supposes, and the most reasonable chairman in the practical conduct of its business the senate ever had.

Put Dawes down in a committee room with a board of directors pulling a dozen different ways and he will bring them to a useful and practicable finding, taking something of value from each of them. If the result looks absolutely fortuitous, so much the better. Dawes believes in results and does not care two cents who gets the credit.

For once in a while history will be right when it talks of the Dawes plan. That solution of the reparations difficulty, in addition to its technical qualities, contains a profound principle. It makes it worth while for Germany to meet her obligations. It was Dawes who conceived that principle, and who never lost sight of it throughout the negotiations, however much they might be obscured or entangled by specialists who could only see one side of the question.

There was no need of the Nobel prize to write the name of Dawes into the world's history. It was deservedly there already.—*Wall Street Journal*.

Likes The Northwestern Banker!

The 1926 Iowa Bank Directory, second edition, is a nice size, neatly made up and contains all of the information that one could ask for. We also receive THE NORTHWESTERN BANKER which I always read from cover to cover, enjoy your editorials and all of the articles therein. We have other bank magazines but none are enjoyed as much or as interesting as THE NORTHWESTERN BANKER.—Paul Groszkruger, cashier, Farmers Savings Bank, Fostoria, Iowa.

Savings Show Big Increase

A billion-and-a-half dollar increase in America's savings in banks in a year, a growth of nearly three million in number of depositors and a new high per capita savings rate for the nation of \$211 are disclosed in the annual compilation

of the Savings Bank Division of the American Bankers Association. The figures, made public by W. Espey Albig, in charge of the division, show that on June 30 this year there were for all classes of banks in the United States 46,762,240 savings depositors and \$24,696,192,000 in savings deposits. The same date last year there were 43,850,127 depositors and \$23,134,052,000 savings deposits.

"The gain in the year ending June 30, 1926 of \$1,562,140,000 which is approximately \$400,000,000 less than the gain in savings during the preceding year and but one hundred million more than the savings gain for the year ending June 30, 1924, is thrown into stronger relief by the great increase in the number of savings depositors reported," said Mr. Albig in presenting the figures. "The number of depositors stands at 46,762,240, a gain over last year of slightly less than three million. The mutual savings banks gained over 300,000 depositors, other state banks and trust companies over 1,800,000 and the national banks over 700,000. More than half a million of the gain in the number of depositors came from the increased number of depositors in school savings accounts.

"General and widespread prosperity in the United States during the past year caused this great increase in the number of depositors, although in the United States generally the gain in the amount of savings has been less per inhabitant for the year ending June 30, 1926, than during the preceding one. This is not true, however, in the case of every state. New Hampshire, Maine, Connecticut, Delaware, West Virginia, Louisiana, Tennessee, Indiana, Illinois, Wisconsin, Wyoming, Idaho, and Nevada made larger gains per inhabitant than during the preceding year."

Garage for Tenants

Detroit, which brought individual transportation to the world in the automobile, will take another step forward in world leadership of personal service in business when the First National Bank shall have completed its 18-story garage building, directly connected with the bank, for the use of its customers and tenants of its office building, about a year hence.

Within a few weeks wreckers will begin to tear down two historic buildings, the Normandie and Hermitage Hotels on Congress and Bates Streets, and on the site the First National Bank will erect its garage.

When the building is completed, with space for 700 cars, customers and tenants of the bank may drive into the garage, leave their cars in the hands of attendants and pass into the bank over a bridge structure which will connect the two

buildings at each floor over the present alleys separating the two properties.

Having completed their business in the bank building, they may return to their cars and drive away without having had to cross a congested street on foot, worry about any parking regulation, or without the heartbreaking hunt for a parking place that faces every automobilist today in the downtown section of Detroit.

Nowhere in the world, so far as is known, has any public institution, such as a bank, made such provision for its customers and its office tenants, and the unique innovation of the First National Bank will no doubt be followed promptly by other great organizations in view of the pressure of necessity brought about by traffic conditions in busy centers.

A department store in New York City erected a garage for the use of its customers while shopping, but this was located some blocks away, and did not

make it possible for the customers to pass directly into the store without encountering the hazard of foot traffic in crowded pavements and dangerous crossings.

If present plans, as announced by the bank are carried out, preferential storage rates will be given to office tenants of the bank buildings. Customers of the First National Bank and the Central Savings Bank, who are not tenants of the building, will be able to use the garage while transacting business in the bank, a small charge being made if the car remains in the garage over a specified time limit.

A Sporting Man

Nell: "How did he make his fortune?"

Ted: "Horse racing."

Nell: "Not betting?"

Ted: "No. He started a pawnshop just outside the course for people who wanted to get home after the races were over."



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Profit
By Investing
In Foshay Backed
Public Utilities
And
Industrials

For Over Nine Years All Your Money—All The Time—On Time

W.B. FOSHAY CO.

(Incorporated)
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Minneapolis

New York
Boston

San Francisco
Portland, Ore.
Denver

Chicago
St. Paul

Becomes President of Fidelity Trust

Samuel S. Conover, president of the Fidelity Trust Company of New York, recently announced that at the January meeting of the Board of Directors of that company, James G. Blaine would be elected its president.

Mr. Conover also stated that the three chief executive officers of the Fidelity Trust Company, after Mr. Blaine's election, would be Samuel S. Conover, Executive Chairman of the Board of Directors; John T. Sproull, Chairman of the Executive Committee, and James G. Blaine, President.

Mr. Blaine, who is well known in financial circles here, was born in New York City in 1888, and graduated from Harvard College in 1911. He lived in Providence, R. I., from 1911 to 1917, where he was engaged in the insurance and investment business. While there he served two terms in the Providence City Council and was active in state politics.

In 1917 he was summoned to the American Red Cross in Washington, serving under the late Henry P. Davison and Harvey D. Gibson, president of the New York Trust Company.

After the war, Mr. Blaine became vice president of the Liberty National Bank of New York, which later merged with the New York Trust Company, which institution he is now serving as vice president.

From 1920 to 1924 Mr. Blaine was eastern treasurer of the Republican National Committee, and until recently was chairman of the Committee on National Affairs of the National Republican Club.

Mr. Blaine is interested in philanthropy and is a director of the Association for improving the condition of the poor, president of the S. P. C. C. of Nassau county, and treasurer of the National Association of Travelers Aid Societies.

His clubs are the Union League, Knickerbocker, Racquet and Tennis, Manhattan, Harvard, Piping Rock, Meadow Brook and Hope Club of Providence, and he is a member of the Chamber of Commerce of the state of New York.

Mr. Blaine is a son of the late James G. Blaine and the late Mary Nevine Bull, and a grandson of James G. Blaine, who was Secretary of State under Presidents Garfield and Harrison, and the Republican candidate for the presidency in 1884.

Mr. Blaine resides in Old Westbury, Long Island, is married and has two sons.

No Use

Mr. Henpeck: "I am thinking of taking a cottage about here."

Farmer: "But don't you think the climate would disagree with your wife?"

"It wouldn't dare."

At your service—
in Eastern Iowa
and
Western Illinois



Peoples Trust & Savings Bank

CLINTON, IOWA.

Remember it this way—"PEOPLES TRUST"

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 ASAPH BUCK, Vice President
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L. J. WOLF, Assistant Cashier

:: ACCOUNTS OF BANKS AND BANKERS INVITED ::



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.



Hotels MADISON and LENOX DETROIT

Madison Ave., Near Grand Circus Park

IN THE heart of the downtown district, near all public buildings, department stores and theatres, yet away from the noise of the city.

These twin hotels, so conveniently located, offer you accommodations of notable excellence at prices most reasonable.

Delicious foods of choice quality prepared by home cooks.

*Ample parking space.
Good transportation to
all parts of Detroit.*

1927


Bank Advertising Rises to New Standards of Excellence Each Year.

—What will *Your Bank* do during 1927 to establish its *Leadership* in this as in other respects?

—The day when *one bank* could create an advertising campaign of *leadership* is dead:—but *Your Bank* can still control the leading campaign for its entire trading territory.

Send for the full facts on Reed's Mass-magazine Plan for 1927.

P. M. REED
Banker Associates

TRIBUNE TOWER  CHICAGO

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,
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1944 Outside Rooms

Each with bath, running
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Lowest Rates
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P. W. EIGHMEY, Assistant Cashier

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Lawyer.

J. O. TRUMBAUER
Vice President Farmers Loan and Trust Co.

H. A. MAINE
President H. A. Maine & Co.

WILL A. LANE
Cashier

Chartered 1865

Plan Liquidation Iowa Loan & Trust

AS THIS issue goes to press, efforts are being made by the members of the Des Moines Clearing House Association to hit upon some plan for liquidation which will insure for the depositors of the closed Iowa Loan and Trust Company, an early dividend of substantial proportions. They are working in conjunction with the state banking department and expect soon to announce a plan whereby the closing of the bank will not seriously retard local business.

The closing of the bank came as a surprise to the Iowa banking fraternity. The bank has deposits of approximately seven million dollars and had nearly fifteen thousand depositors. The immediate cause of its closing is said to have been the attempt of the state treasurer to withdraw at least a part of the half million dollars in deposits the state had in the closed bank.

During the Saturday and Sunday preceding the bank's closing strenuous efforts were made by the Clearing House to effect a merger with one of the larger banks, probably the Iowa National Bank. The deal was about completed when it was discovered that the Iowa Loan and Trust had indorsed about five million dollars worth of city mortgages for the Metropolitan Life Insurance Company and that this constituted a real liability on the part of the bank, although Metropolitan officials were said to have notified the bank's

officers that they would not hold the bank liable under any circumstances.

According to the last statement of condition of the closed bank, capitalized at \$500,000, it had more than a half million surplus, with deposits then around eight million and loans and discounts of five and one-half million. Officers were D. H. McKee, president; C. S. Howard, George Williams, and H. T. Fuller, vice presidents; J. E. Morton, cashier, and A. C. Wahl, A. L. Hammerstedt, A. Oppedahl, J. E. Atwood and R. W. Leriche assistant cashiers.

SEE ANOTHER YEAR OF PROSPERITY

(Continued from page 13)

perity will be projected over into the new year. General business ought to be good for the next six months at least, for three of the outstanding factors that help to make and sustain prosperity, namely, construction work, a sound banking position and ample available credit, are quite favorable. A fourth important element is the confidence with which people view the future."

Charles B. Mills, president, Midland National Bank and Trust Company of Minneapolis: "Business conditions in this district are fair. Crops were not all that was to be desired this year, and as a result, some sections are rather quiet. In other districts, however, where diversifi-

cation has been developed, conditions are good.

"There has been some activity in farm land sales. When farms now held by mortgages are sold to experienced people who intend to live permanently on the land, values are bound to increase and general conditions improve.

"The movement of wheat to market in this district was approximately one-fourth smaller during August, September and October than during the same period last year. Prices of Durum wheat, barley, rye and oats were slightly higher than last year.

"Retail stocks generally are smaller than last year, as is the amount of outstanding notes and accounts receivable.

"The most encouraging reports come from districts where diversified farming has become a permanent institution. These districts are not being limited to one large pay day each year and are able to keep abreast with changing conditions by means of the regular income that comes from the dairy cows. Creameries when well managed, seem to be profitable enterprises, and the farmers who are able to sell their products to creameries contribute much toward maintaining a fair volume of business in the country towns.

"The Northwest is recovering slowly but surely, and each year finds this district nearer that sound basis which prevailed quite generally prior to the World war."

"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

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"A CASHIER'S CHECK" for \$3.00 is all that is required to secure the monthly visits of the Northwestern Banker for an entire year. Each issue contains from 108 to 200 pages of mighty interesting matter pertaining to banks and banking interests in the territory covered by the magazine.

"OUR CORRESPONDENTS." Every bank in the northwest is invited to a place on this list. Send us items of local interest, tell us about your bank and its growth, prospects, etc., also any other financial news of interest to bankers in your section. We are always glad to hear from our friends.

"SIGHT DRAFTS." We always carry a large "Reserve" of good will and additional service, and will promptly honor drafts made upon same by any bank. This department is for your special benefit. It may be made of very great benefit to your bank. Do not fail to avail yourself of its privileges.

"A CLEARING HOUSE." Our columns are a clearing house for all our readers. Express your views on any topic of interest to

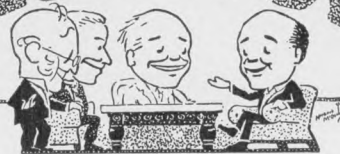
the banking fraternity and submit same for publication. You do not have to agree with us, or with anyone else. We learn things by an interchange of ideas, and people with whom we disagree often prove valuable teachers. We shall be glad to hear from you.



"NO PROTEST" has ever been offered to the statement that the field covered by the Northwestern Banker is the money-producing section of the American continent, rich in hogs, cattle, corn, etc., and dotted with thousands of prosperous banks, all doing a good business, and the majority of them are readers of "The Northwestern."

"SURPLUS AND UNDIVIDED PROFITS" increase very rapidly with those banks whose advertisements appear regularly in the columns of this magazine. Full information as to rates and our special service will be promptly furnished on application. Your business solicited and appreciated. The "Banker" has been twenty-nine years in its present field.

IN THE DIRECTORS ROOM



Positive Proof

"Are you positive the defendant was intoxicated?" queried the magistrate.

"No doubt," growled the officer.

"Why are you so almighty certain?"

"Well, anyhow," replied the policeman, "he put a cent in the patrol box and looking up at the town clock, groaned, 'Hie, I've losht 14 pounds.'"

He Raised Him

Man in elevator: "Fourth floor, please."

Operator: "Here you are, son."

"How dare you call me son? You're not my father."

"Well, I brought you up, didn't I?"

Presence of Mind

A few minutes after an alarm of fire was given in a hotel, one of the guests joined the group that was watching the fire, and chaffed them in their apparent excitement. "There was nothing to be excited about," he said. "I took my time about dressing, lighted a cigarette, didn't like the knot in my necktie, so tied it over again—that's how cool I was."

"Fine," one of his friends remarked, "but why didn't you put on your trousers?"—*Everybody's Magazine.*

Another Version

They were driving home. The night was black, the road unfrequented and it was past two o'clock. Suddenly the motor gave some convulsive sobs and the car stopped. The young man, visibly embarrassed, made an earnest effort to start the engine, but failed. After getting out and looking over the engine he turned to the girl and said:

"This is most unfortunate. The gasoline tank seems to be full of water and we can't move a foot."

The girl was far less perturbed. She said: "Come on inside and stop looking worried. This has happened to me before. All we have to do is sit in the back seat about an hour and the water turns right back into gasoline."

Fifty-Fifty

Pat was taking his first flight in an aeroplane. The pilot was taking him over New York City. When they were up about 3,000 feet the plane suddenly went into a nose dive. "Ha, ha," laughed the pilot, shouting to Pat. "I'll bet fifty

per cent of the people down there thought we were falling."

"Sure," admitted Pat, "and I'll bet fifty per cent of the people up here thought so too."

Coming Up to the Average

A commercial traveler recently asked a Pullman porter the amount of his average tip. The negro replied that the average amount was one dollar, and the traveler handed him a dollar. The porter caressed the silver coin affectionately and said: "Yessah, boss, but you is de fust puhson what has come up to the average."

Speaking About Pines

The teacher had been reading to the class about the great forests of America.

"And now, boys," she announced, "which one of you can tell me the pine that has the longest and sharpest needles?"

Up went a hand in the front row.

"Well, Tommy?"

"The poreupine."

Salvation Free

Parson Johnson: "De choir will now sing, 'I'm Glad Salvation's Free' while Deacon Ketcham passes de hat. De congregation will please 'member, while salvation am free, we hab to pay de choir foh singin' 'bout it. All please contribute accordin' to yo' means an' not yo' meanness."

Inconsistent

Stage Manager: "My dear, I wish you would wear a different gown in the second act."

Ritta Ravenyelp: "But that is the latest style, and I paid \$200 for it."

Stage Manager: "That may be true, but when your husband says, 'Woman, you are hiding something from me,' the audience can't figure out what he means."

Literally

"What did you say the crowd up at McGinty's was doing to interest you so long?" asked Mrs. Elderberry, severely.

"They were telling antidotes," replied Mr. Elderberry.

"You mean they were telling anecdotes."

"Nope. Just what I said. It seems they started discussing home brew recipes and

then drifted naturally on to antidotes."—*Judge.*

Bribed

First Chorus Girl: "What are you doing now, Mazie; I never see you in the theater any more?"

Second Chorus Girl: "Oh, an automobile insurance company is paying me \$500 a month not to wear a short skirt on streets where traffic is heavy."

Action

A tourist stopped at a lonely cabin in the Tennessee mountains. He noticed four good-sized holes in the door.

"I don't like to be inquisitive, but what are the four holes in the door for?" he inquired.

"We got four cats," answered the mountaineer.

"But why didn't you have one good sized hole?"

"Hell, stranger, when I say 'Scat,' I mean 'SCAT!'"

Was Ever Thus

Teacher (in grammar class): "Willie, please tell me what it is when I say 'I love, you love, he loves.'"

Willie: "That is one of the triangles where somebody gets shot."

Bad Business

One traveling man met another one in Thompson's restaurant.

"What's the matter, Bill? You are eating only crackers and milk. Are you on a diet?"

"No, on commission."

Play may not have so high a place in the divine economy, but it has as legitimate a place as prayer.—Holland.

I should define poetry as the exquisite expression of exquisite impressions.—Roux.

The value which all men put upon any particular pleasure depends on comparison and experience.—Hume.

Every great poem is in itself limited by necessity, but in its suggestions unlimited and infinite.—Longfellow.

None of you can tell where it (the shoe) pinches me.—Plutarch.

WITH continued faith in the financial, industrial and agricultural resources of the great state of Iowa, the officers and directors of the Des Moines National Bank view with full confidence the coming year of 1927.

And throughout the New Year, we can wish for our friends nothing happier than renewed joy and prosperity in their every business enterprise.

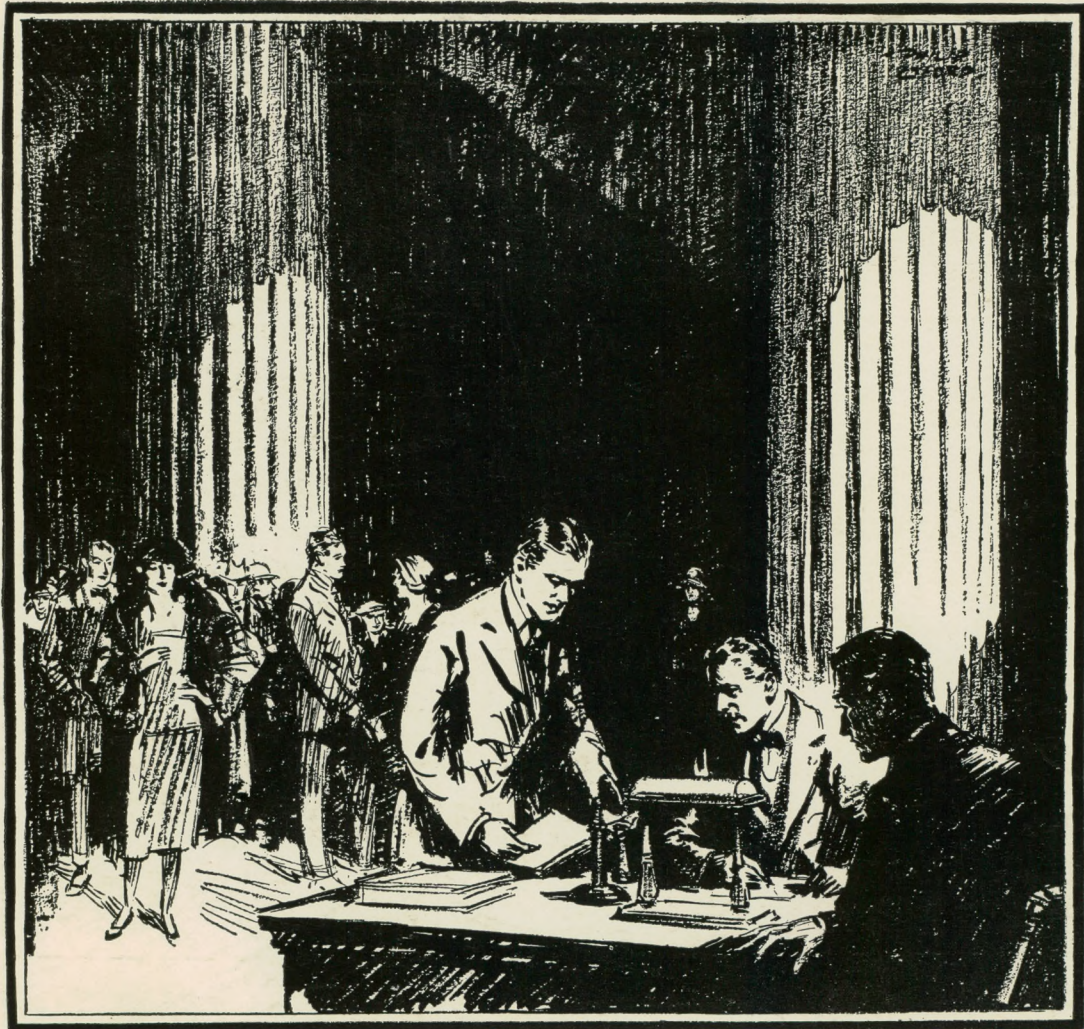


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