

# Northwestern BANKER

DES MOINES

July, 1930

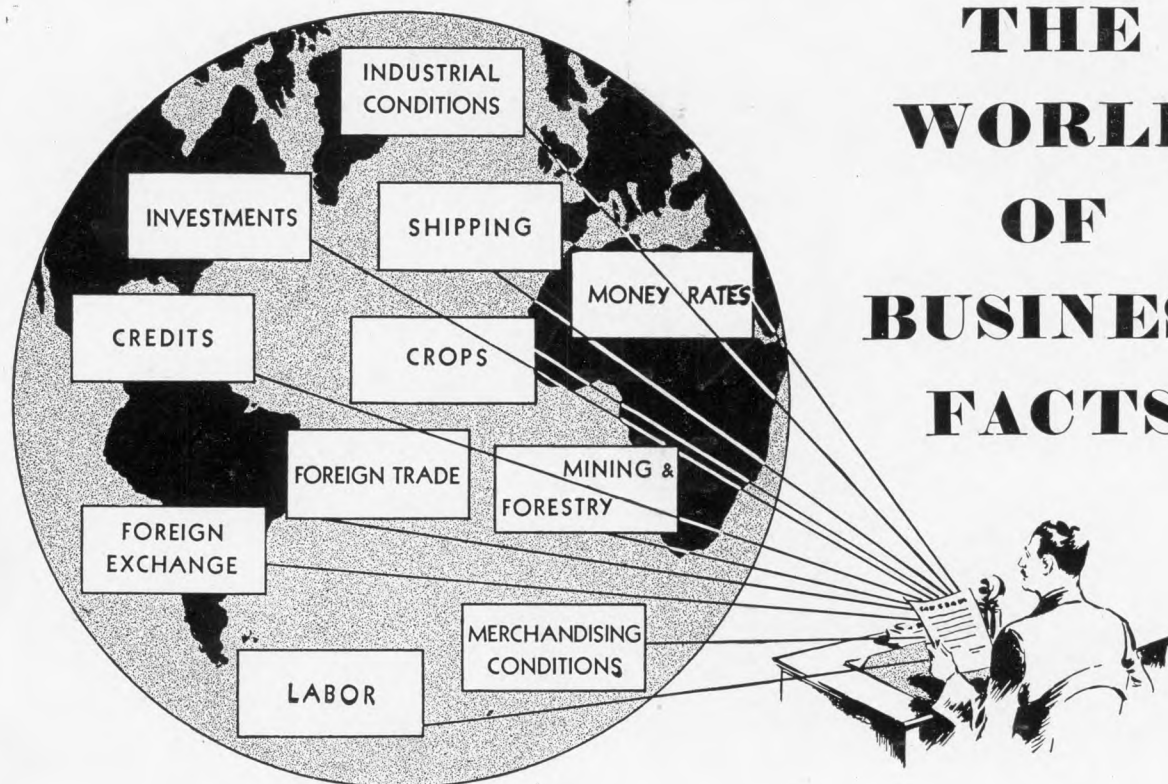
Introducing the President  
of the  
Chicago Stock Exchange

(Page 18)



R. ARTHUR WOOD  
President, Chicago Stock Exchange





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208 South La Salle Street  
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# Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 516

JULY, 1930

35th Year

## Just Between Us

### Congratulations!

We are indeed, happy to congratulate the newly elected officers of various state associations which held their conventions last month. The new leaders were chosen wisely and bankers know that under their guidance association affairs will be carried on in splendid shape.

The South Dakota Association selected an outstanding banker, as president, A. B. Cahalan, of Miller. Mr. Cahalan, an old friend of this publication says: "The NORTHWESTERN BANKER is a publication which I look forward to with interest every month. It covers the banking news in splendid fashion and I want to congratulate you on such a fine publication."

Thank you, Mr. Cahalan, we congratulate you, too!

### Thank You, Mr. Adams!

Clarence J. Adams, cashier of the Farmers Savings Bank of Holy Cross, Iowa, writes in as follows: "Allow me to tell you that the NORTHWESTERN BANKER is a publication that I am more than glad to have our customers read through, after I have finished reading it. You and your staff are certainly to be congratulated on your last issue, particularly!"

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On June 2nd, 1930—The Chase National Bank, The Equitable Trust Company and Interstate Trust Company were formally merged as

# THE CHASE NATIONAL BANK

*of the City of New York*

*Statement of Condition at Close of Business, June 2nd, 1930\**

## RESOURCES

Cash and Due from Banks .....	\$ 592,458,308.83
Loans and Discounts .....	1,435,359,900.64
U. S. Government Securities .....	228,710,596.93
Other Securities .....	106,580,632.51
Real Estate .....	34,771,643.58
Redemption Fund—U. S. Treasurer .....	386,825.00
Customers' Acceptance Liability .....	\$172,184,069.87
Less Amount in Portfolio .....	20,018,289.14
Other Assets .....	152,165,780.73
	1,001,374.98
	<u>\$2,551,435,063.20</u>

## LIABILITIES

Capital .....	\$ 148,000,000.00
Surplus .....	148,000,000.00
Undivided Profits .....	60,723,478.27
Reserved for Taxes, Interest, etc. ....	9,744,827.59
Dividend, Payable July 1, 1930 .....	5,550,000.00
Deposits .....	1,916,236,313.91
Circulating Notes .....	7,736,500.00
Acceptances .....	\$176,775,899.86
Less Amount in Portfolio .....	20,018,289.14
Liability as Endorser or Maker	
on Acceptances and Foreign Bills .....	94,501,162.90
Other Liabilities .....	4,185,169.81
	<u>\$2,551,435,063.20</u>

Each Shareholder of The Chase National Bank is also the holder of a like number of shares of Chase Securities Corporation. Capital funds of Chase Securities Corporation, which are in excess of \$125,000,000, are not included in the bank statement.

*\*This statement does not include the statements of any of the affiliated organizations mentioned below*

*Head Office—Pine Street corner of Nassau · Equitable Trust Branch—11 Broad Street  
Forty-five other branches in Greater New York*

## FOREIGN OFFICES

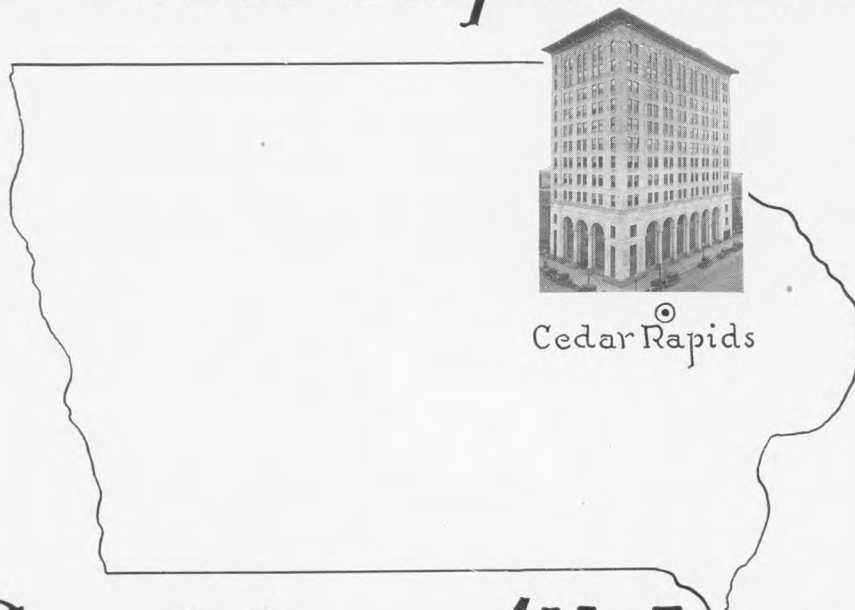
LONDON, England (2)	HAVANA, Cuba	CRISTOBAL, Canal Zone	PANAMA CITY, Republic of Panama
LONDON REPRESENTATIVE: 14 Cornhill, E. C. 3			PARIS REPRESENTATIVE: 1 Boulevard Haussmann
BERLIN REPRESENTATIVE: Unter den Linden 57			ROME REPRESENTATIVE: Piazza Mignanelli, 3

## Affiliated Organizations:

CHASE SECURITIES CORPORATION	·	AMERICAN EXPRESS COMPANY
EQUITABLE EASTERN BANKING CORPORATION	·	AMERICAN EXPRESS BANK & TRUST COMPANY
THE CHASE SAFE DEPOSIT COMPANY	·	THE CHASE BANK (PARIS—MEXICO CITY)



# *A Cedar Rapids Bank*



## *Servicing All Iowa*

The *Merchants National Bank* renders a superior correspondent service. It is broadened and improved wherever and whenever possible, to the end of giving to you the exact representation your requirements may demand.



*We invite your most careful investigation*

## **MERCHANTS NATIONAL BANK**

**Cedar Rapids**

**Iowa**



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## Passing Our Thirty-Fifth Milestone

**W**E had another birthday recently and are now in our thirty-sixth year.

What does that mean?

Nothing as historical periods go—but much as a record of continued progress in our field—of uninterrupted and unchanging service and cooperation to our many correspondents throughout Iowa.

*“Home Owned and Operated for Home People”*

GRANT McPHERRIN  
President

LELAND WINDSOR  
Vice President

LYNN C. FULLER  
Vice President and Cashier

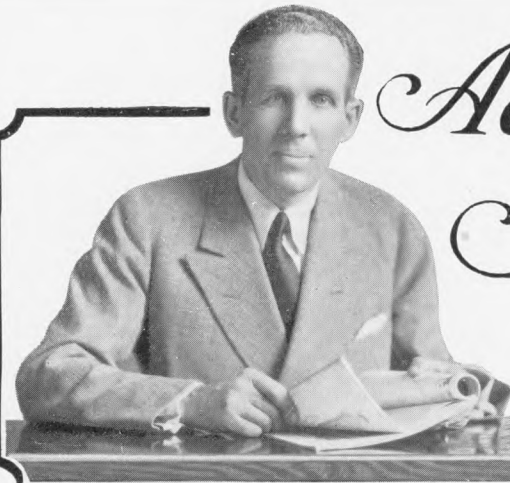
**CENTRAL NATIONAL BANK  
AND TRUST COMPANY**  
— OF DES MOINES —

UNDER U. S. GOVERNMENT SUPERVISION

FORMERLY THE CENTRAL STATE BANK

*Northwestern Banker July 1930*





# Across the Desk from the Publisher

*By Clifford DeLong*

## Study Groups

The NORTHWESTERN BANKER has always believed in doing everything possible to encourage the study and education of bank employes at all times.

The organization which has done this most effectively in the past has been the American Institute of Banking, which has carried on the work in the larger cities through its chapters.

The big problem yet remaining was to work out some plan which would bring the fundamental knowledge of banking to the employes in the smaller towns. This was done with only partial success through the correspondence division of the Institute.

The new plan which is now being considered is the group study plan, whereby a force of field workers will go into the various communities and assist the employes in organizing their own classes.

This is a big task and is far from a solution, but the Institute is composed of energetic and ambitious young men and we are sure this problem will eventually be worked out satisfactorily.

W. J. Evans, former president of the Institute, believes that a special national committee or commission should be created to encourage and supervise the organization of study groups, and that the personnel of this commission should be composed of at least one member from each state in the union. This commission should then work in close cooperation with the national secretary of the American Institute of Banking, and with the secretaries of the various State Bankers Associations, with the object in view of organizing an adequate number of study groups in every state in the union, just as they have done so successfully in Wisconsin.

With an increasing emphasis being placed on better bank management such a program as suggested by the Institute should meet with the hearty approval and cooperation of bank executives every-

where, because an increased knowledge of banking would return dividends to the individuals themselves, and also to the banks which they represent.

## Better Understanding

The Bank of International Settlements should be the basis for a better understanding by all the nations of the world, and if so, will bring each country nearer to international peace and good-will.

Melvin A. Traylor, president of the First National Bank of Chicago, spoke on this subject before the Iowa Bankers Convention. Mr. Traylor pointed out that "Whatever may be the difference in customs and practices; whatever may be the national viewpoint on the monetary interests nationally on finance and business, on underlying principles of economics, there is no difference in the viewpoint or conviction of an intelligent business man, no matter from what part of the globe he comes. Also, without understanding and sympathy, international peace and good-will is a dream impossible of realization. The Bank of International Settlements, through its boards and committees, is a forum for the fostering of such understanding."

With the financial interests of every country increasing throughout the world it is to be hoped that the Bank of International Settlements may be the means of encouraging good-will and increased harmony among all the powers represented in this institution.

## Shall We Merge?

The question as to how far bank mergers should be carried is always debatable.

Where a community is over-banked the NORTHWESTERN BANKER believes that consolidations are advisable and beneficial to both depositors and stockholders.

This tendency, however, might be carried too far, in the belief of H. W. Koenke, Bank Commissioner of Kansas, because mergers which have a tendency to centralize control of our financial structure would retard the development of the various communities now served by local institutions, and managed by local men, who have the development of their respective communities at heart — these mergers are not bettering the banking business.

“Only a few years ago,” says Mr. Koenke, “our national government enacted Anti-trust laws and proceeded to break up the large combinations, but today it is encouraging consolidations of railroads and other industries.

“In order to preserve the present unit system of banking we must take every opportunity to make our banks more profitable for the stockholders and to accumulate reserve funds to take care of any unusual losses.”

There is just as much likelihood that the idea of mergers and consolidations can be carried too far, with detrimental results, and for this reason careful consideration should be given to each individual community when the subject of mergers and consolidations is being considered.

## **The Independents**

In the discussion of advantages and disadvantages of independent banks and their relationship to the community, there are some points which are interesting to analyze in considering the trend of independent stores and chain stores.

That there will always be a place for the independent bank is being realized more and more by those who are considering the entire banking proposition.

That this same thing holds true for independent stores is also recognized.

George E. Roberts, vice president of the National City Bank, discusses this proposition by saying: “There is no need to ask if the ‘independents’ can survive. The better class of merchants all over the country are not only surviving but prospering.

“A certain balance between independents and chains tends to be maintained by the action of numerous chain store managers going into business for themselves.

“There is no need to glorify chain stores’ methods as invincible and still less reason to fear the passing of the independent. Ideas of the progressive independents originally supplied practically all of the principles of chain stores which in turn have made better merchants of all.”

The independent merchant, like the independent

banker, who gives good service and satisfactory treatment to his customers, will always be a factor in merchandising and in banking in this country.

## **A Community Debt**

Much has been said in the past about the obligations of financial institutions to the community, and not so much has been said about what the community owes the bank.

This point, however, was very well developed in an address by L. A. Andrew, Superintendent of Banking for Iowa.

When we consider that many banks closed their doors because they were overzealous in endeavoring to care for the needs of their community, certainly this shows a community consciousness on the part of financial institutions which is not often appreciated.

As a matter of fact, if many of these banks had not loaned all of their money to local borrowers they would still be open today.

Mr. Andrew says: “I doubt if there is any class of business men who feel their obligation to the community more seriously than do the bankers. But, remember that the community owes something to the bank and the bank owes the community far less than the community does to the bank.”

It is our opinion that too many communities have overlooked the real service which their financial institutions have rendered them in times of stress and storm.

## **Foreign Control**

Just what the future of chain banking may be in the United States will not be settled definitely until the next session of Congress, but one thing is sure—that there is a steady resentment against chain banking which is owned and controlled by outside or foreign interests.

A group or chain of banks owned within a particular state by individuals within that state will no doubt receive better cooperation and support by the citizens of that particular commonwealth than will a chain owned by outside interests.

At the meeting of Group Six of the Iowa Bankers Association at Indianola recently they passed a resolution covering this point, which reads as follows: “To the end that our true, respective banking needs will be met and maintained, and in view of our present fixed control and supervision of individual banks, we favor the continuation and maintenance of the home owned banking units as against the present movement towards chain banking under foreign control.”





**"A LOYAL GUARDIAN"**

One of the best known works of Arthur J. Elsley, probably the best known of contemporary English artists.  
His first canvas appeared in the Royal Academy when he was only 16 years old.

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The Thos. D. Murphy Company  
Red Oak, Iowa

*Northwestern Banker July 1930*



*If there is one subject that should interest a group of bank directors and stockholders more than others, that topic is profit. So why not*

# Make Profits NOW Instead of "NEXT YEAR!"

**I**F THERE is one subject that ought to interest a group of bank directors and stockholders more than any others, that topic is profits.

It is not a secret, of course, that for some time bank profits have not been what they should. The ratio of net profits to deposits has declined from 2.12 per cent in 1910 to 1.13 per cent in 1929. This is almost a 50 per cent decrease and it comes in the face of unheard-of prosperity and per capita wealth.

If there ever was a time when general business conditions were ripe for adequate profits in banking, it has been during these very years in which the decline has come. And the end is not yet. This decline in profits, of course, is reflected in lower dividends. The analyses of the banks of Illinois published in a report distributed at the convention last June shows the stockholders of more than 85 per cent of Illinois banks would have been better off as far as dividends were concerned, if their money had been invested in their own savings department at 3 per cent interest. Not only would the cash return have been the same or better, but they would not have been subject to the double-liability hazard of owning bank stock.

## *Banking Must Change*

**I** AM not trying to draw a pessimistic picture of the banking business. Certainly the banking business as a profession is going to survive. Its service is vital and essential to the conduct of modern business and personal finance. But business is changing and banking, because it serves business, must change also. Less than any other business intuition, perhaps, can a bank lag behind the needs of the times and still produce satisfactory profits. Some banks, refusing to see or to act upon the changed conditions will fall by the wayside. That is unfortunate and tragic but inevitable.

However, the bank that does survive will be a profitable one because a really profitable bank cannot fail, short of misappropriation of funds. In a profitable bank, each department and each account stands on its own legs. Proper cost analyses show where charges should be

By **WALTER E. DEVLIN**  
*President Devlin & Bennett, Inc., Chicago*

made or improvements in operation that will make each function pay its way.

I do not call a bank profitable simply because it pays a dividend to its stockholders. I have heard of such a thing as a board of directors borrowing money with which to pay dividends.

A bank is profitable when, and *only* when, it produces a fair and reasonable profit on all operations, sufficient to keep the capital investment in proper ratio to deposits; sufficient to pay the stockholders a good return in line with the double-liability hazard of their investment; and sufficient to pay the personnel salaries commensurate with the services rendered.

That means a growing bank, an active bank, a progressive bank. It means a bank manned by personnel as good or better than the best ones in successful banks today.

*"To improve earnings in 1930 and 1931, a banker must change his mind and some of his practices, and he must take decisive, courageous action. For it's going to be even more difficult to make money in banking than during 1929!"*

Wise financial counsel is a vitally important part of a bank's service to its community, and it takes high grade talent to cope with the financial problems facing individuals and business institutions today, but in order to attract and hold the right kind of talent, better salaries must be paid; for as things stand today a man who is good enough to be a capable bank officer, is good enough to earn in some other business, a salary that is anywhere from 10 to 50 or 100 per cent more than he is getting in the banking business. However, that is only one incidental factor which serves to sharpen the point that net profits are going to be more difficult to secure during 1930 than they were during 1929.

## *Looking at Profits*

**T**O SECURE the same earnings as 1929, not to mention improvement, there must be a change in the banker's point of view. He must look at business

from the standpoint of profit from the individual transaction. Revenue must be increased without additions to operating expense. And that means a change from the past 10 years or more. Banks have had no trouble getting more business, but they have had a lot of trouble trying to keep expenses from eating up the entire gross revenue from that increase. A bank that makes \$1,000 from \$100,000 deposits is no better off when it makes \$1,000 from \$200,000. That's what has been the matter for years. That's what's the matter right now.

To improve earnings in 1930 and 1931, a banker must change his mind and some of his practices. And he must take decisive, courageous action. For it's going to be even more difficult to make money in banking than during 1929.

In the first place, it is a reasonably safe conclusion that money rates will be lower the greater part of the year. The regular profits on earning assets may therefore be expected to reflect this decline directly. This one factor alone is enough to cause a setback unless some broad, constructive measures are instituted to offset this anticipated lowering of earnings.

Another factor which deserves the careful and thoughtful consideration of every banker is the steady decline in savings deposits. It is not sufficient to say that the stock market is the only, or even the principal cause of this decline in savings. The handwriting has been on the wall for a number of years for those who cared to read it.

In the face of a tremendous increase in the national income which even in 1926 showed a 25 per cent gain over 1917, savings deposits have not begun to keep pace with a proportionate growth. The recent announcement that savings deposits finally showed a falling off is therefore only another step in the trend which has been apparent for several years.

I mention these factors not to paint a gloomy picture of banking, because I have unshaken confidence in the stability of banking as a whole, but nobody who is at all familiar with conditions as they exist today, could review the simple fundamentals which I have outlined above,

*Northwestern Banker July 1930*



without recognizing immediately the need for more than ordinary vigilance and care in making plans which will safeguard the profits which your stockholders will be expecting next December.

### *Act Now!*

**N**EXT December, however, will be too late to do anything about it. The profits to be presented in your annual report read in January will have to be made on the basis of plans and activity formulated *right now*, and put into effect immediately.

In my observation it would seem that bankers in general are looking for some mixture of cures all shaken together in one bottle which will remedy the whole situation at one gulp. I do not believe that there is such a panacea in the market at the present time. The earnings which are going to provide satisfactory profits for 1930 are not to be picked up in any one place. "Here a little, there a little," is the policy which will show the best results at the end of the year.

There are, however, some major sources of revenue which can be tapped without any appreciable demand upon the expense till. One of these is an adequate and proper system of charges.

The service on low balance checking accounts has become a familiar subject on the tongue of almost every banker in the country. Yet there are very few banks where one or all of these steps cannot be used to add materially to the year's income with no increase in expense.

1. More strict application of the rule. Unless the charge is on a NO EXCEPTIONS basis, there really *is* no charge.

2. Changing the basis of the service charge from a flat rate charge to a Measured Charge based on activity.

Accounts in the upper brackets will also warrant careful study. The problem involved in putting these accounts on a more profitable basis requires a somewhat different form of solution, but the basic principles remain the same and the foundation of the solution remains the same. Namely, thorough understanding on the part of the depositor and absolute conviction on the part of the banker that he is justly entitled to a reasonable profit on the majority of transactions which take place in his institution.

Then there is the problem of "float" which after all is only an unauthorized loan of bank funds to a depositor. When your bank accepts a check drawn on a Pacific Coast bank for example, the depositor feels he is giving you money just as much as though the deposit had been United States currency or gold to the same amount, and the banker has, tacitly at least, encouraged him in this belief.

Even a superficial analysis will show that almost any bank can make a very substantial increase in its net profits without additional expense whatever by the



WALTER E. DEVLIN

Walter E. Devlin, author of the article on this and the preceding page, is a nationally known writer, financial sales and advertising counsel, and his firm, Devlin and Bennett, Inc., is now acting as Advertising and Sales Counsel for the Wisconsin Bankers Association. His wide experience in the financial and advertising field has given him a splendid background for the work in which he is now engaged, and the NORTHWESTERN BANKER is happy to announce that this article is the first of a series of half a dozen articles that will appear under his signature in this publication. The second article is to follow in the August edition. —Editor's Note.

correction of this practice. Either requires no small amount of education before the depositor will accept it as fair.

### *Building Up Deposits*

**T**HEN there is another important source of additional revenue, which is the building up of deposits. Here is a phase of banking that has come upon us all-of-a-sudden and one which most bankers have not consciously recognized. As a matter of economic fact, banks are not actually in competition with each other. They are in competition with investment dealers, building and loan associations, radio manufacturers, real estate dealers, automobile salesmen and the thousand and one other varieties of salesmen who are fighting to get your share of the consumer's dollar as well as their own. And I should like to call your attention to the fact in no uncertain language that here is to be found the key to most of the other problems which I have mentioned above.

If the banker can educate himself or be educated by others to the point where

he is able to make a first class presentation of the advantages of his services, he will have developed a degree of salesmanship which is good enough to overcome the obstacles presented by the other problems. For in the final analysis, all of these problems can be solved by salesmanship of the right kind.

One reason that savings deposits have fallen off is because bankers have not been good enough salesmen to present to the depositors the fundamental truth about a savings account. And to present it forcefully enough to make that individual depositor keep his money in the savings bank rather than to buy another automobile or make an outside investment, or do some of the other things which depositors have been doing with their money during the last ten years.

There are absolutely sound and convincing reasons why nearly everyone ought to maintain savings accounts. One bank that I know of, added about 840 new savings accounts totaling \$480,000 initial deposits in the thirty days which began right when the stock market crash was at its most hectic worst. In the face of declining savings deposits all about them, in spite of the holiday season, in spite of bad weather, this bank achieved these results by presenting a real sales story, based on the selfish interests of the depositor. And the results answer for themselves.

Bank profits for 1930 are inseparably tied up with salesmanship and salesmanship of the highest variety. Not high-pressure selling, but the solid, substantial type of educational material which presents cold, hard facts sugared with human interest so that the average depositor will see his own selfish advantage in building up his business with the bank as the bank wants him to do. This is the foundation on which all successful business rests and the sooner the banking fraternity recognizes this problem and its solution, the more rapidly will be its rise from the slump which undoubtedly stares us in the face.

The few banks which made satisfactory profits in 1929 can hold their position by the wise use of sound sales methods during 1930 and 1931. The thousands of banks whose earnings were *not* satisfactory can use the same methods to walk out under their own power.

It takes some reversal of policies. It requires a new line of thinking. Above all it calls for a new and somewhat unaccustomed form of action. For in banking as elsewhere, we have a buyers' market. The successful tactical procedure in a buyers' market has always been the development of better salesmanship plus more intelligent and more active sales work. That's what holds up sales and profits in the world of merchandising. That's what will hold up and increase profits in the banking business in 1930.

# POOR ROSCOE'S ALMANAC

[For July, 1930]

By ROSCOE MACY

*Being a true and accurate forecast of the life and career of any banker born in the month of July.*



Flower: Rose. Birthstone: Ruby.  
Gallstone: Too bad.

## HOROSCOPE

If your birthday occurs during the month of July (see July 19th, below), you were born under the sign of Taurus (meaning bull), and all your life crass people will refer to your perseverance of spirit as "plain bull-headedness." You will be frequently called upon to address public gatherings (a different one each time) during which members of your audiences will be seen to turn and whisper to their neighbors: "What a lotta Taurus." Pay no attention to such whisperings; go right ahead and spread your message.

## CALENDAR

July 1st—Interest due on savings accounts. Pay it if you can, but do some close figgerin' along the way.

July 2nd—Sun in perihelion; New York account in the red.

July 3rd—Third quarter. Display ice card. Repaint your golf ball again; you'll need it tomorrow.

July 4th—Independence Day—rake wife over coals. (If you have no wife,

let well enough alone). Notary commissions expire in Iowa.

July 5th—John Smith cured of an incipient headache, 1607. *An ounce of prevention buttereth no parsnips, thank God!*

July 6th—Nine (9) holes before church.

July 7th (and continuing to 13th)—Paint-Up Week—unless you are a governor. *Candidates for office may paint only lilies or pictures—barns, never.*

July 8th—Pay grocery bill due July 1st. If you have a box of Roscoe's Little Liver, Kidney, and Duodenum Pills in the house, take two (I mean pills, not boxes; ha! ha!) immediately before or after each meal, if you have meals. Good for what ails you.

July 9th—Make deposit to cover check to grocer. *A stitch in the side is worth two in the broth.*

July 10th—Full moon. Renew pen points on customers' desk, if you can pull the old ones out of the holders.

July 11th—Xerxes threw dollar bill across the Rapahannoek, 238 B.C.—but a dollar, of course, would go farther (Oh, all right; all right—if you're going to be that way about it, we'll let that one go).

*One man can lead a horse to drink, but ten can't make him water.*

July 12th—Bank examiners in the offing. Try Roscoe's Nerve Tonique—guaranteed to make you thumb your nose and wiggle your fingers at examiners. (WARNING: 72 per cent alcohol.)

July 13th—Torrential rains. Practice putts on living room rug. *Many an expensively lithographed check is drawn against a fourteen-dollar bank balance.*

July 14th—Failure of the Great Home Bank, 1929, KINGFISH—*De Great Home Bank ain't got nothin' left in the cash drawer 'cept tickets; an' yuh can't run a bank on tickets.* (The Kingfish is a young and inexperienced man; he doesn't know us bankers out here.)

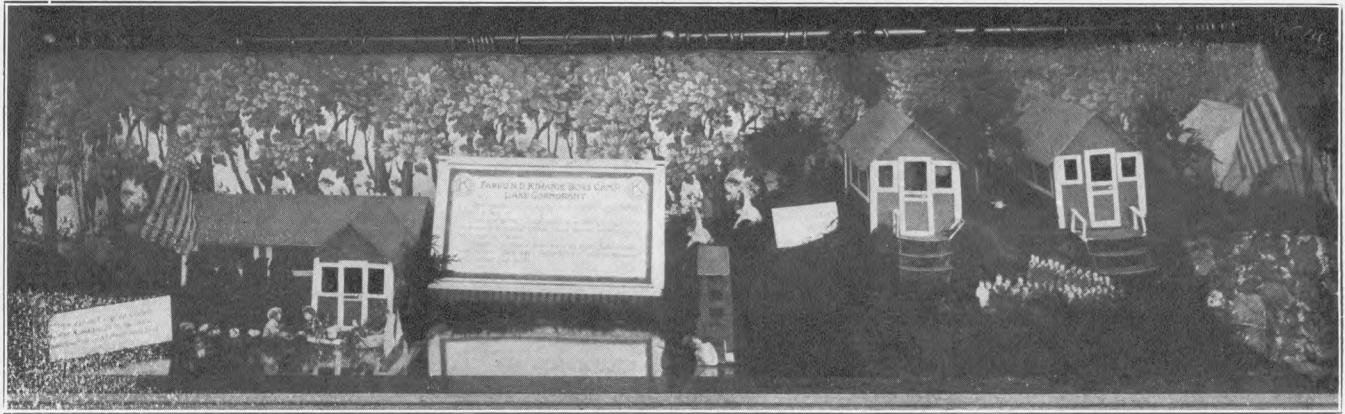
July 15th—Apply for renewal of Notary Commission. Month half over; this almanac half finished.

July 16th—Yes, we had no bananas, 1920. Poo-Poo-Pah-Doop, 1930. Ten short years of progress!

July 17th—Heinrich Spitzenkopfen born, 1808. Well, neither do I, but we had to have something for the 17th, ain't (Turn to page 26, please)

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Above in Photo Number 1, a display featuring a summer home at the lake, which may appeal to those who want a cottage of their own for summer purposes. The grass is moss, the lake a mirror, and the cottages are made of brown card board. The rock wall is formed of small stones and plaster paris.

## SUMMER WINDOW DISPLAY for BANKS

By ALICE MOSHIER  
*Window Display Specialist*

**B**ANKING is a man's field and young men employes usually get the "breaks," and while young women serve often conscientiously, few are able to assume much responsibility. Window displays, with a need of proper color combinations and artistic arrangement, offer an opportunity for the girls in a bank to truly serve. Through suggestions such as the NORTHWESTERN BANKER gives from time to time and other mediums featuring bank advertising, ideas are furnished, and this work may be handled by any young woman sufficiently interested in her institution to plan to keep the bank windows "working" through displays. Posters are inexpensive but should be used plentifully. There is no point in attracting with a display, unless the bank's message is

gotten over through posters. These should carry only a few words but the message is very necessary. How often to change a bank display depends upon the number of people passing the window but to get the best results, a weekly change is best. To make your windows interesting enough to draw people out of their way to see each change, a new decoration each week is necessary.

To make a bank window ready for display purposes does not require anything, in many cases, except the widen-

ing of the window ledge. The only real obstacle is in case a window is too high. No window can be too low, however. In many bank windows there are wire screens, often bearing the bank's name. This screen can be brought back to rest at the extreme back of your widened window floor space and securely fastened, thus serving as a background. However, compo board backgrounds may be easily made, or a bronzed rod used to support a curtain background.

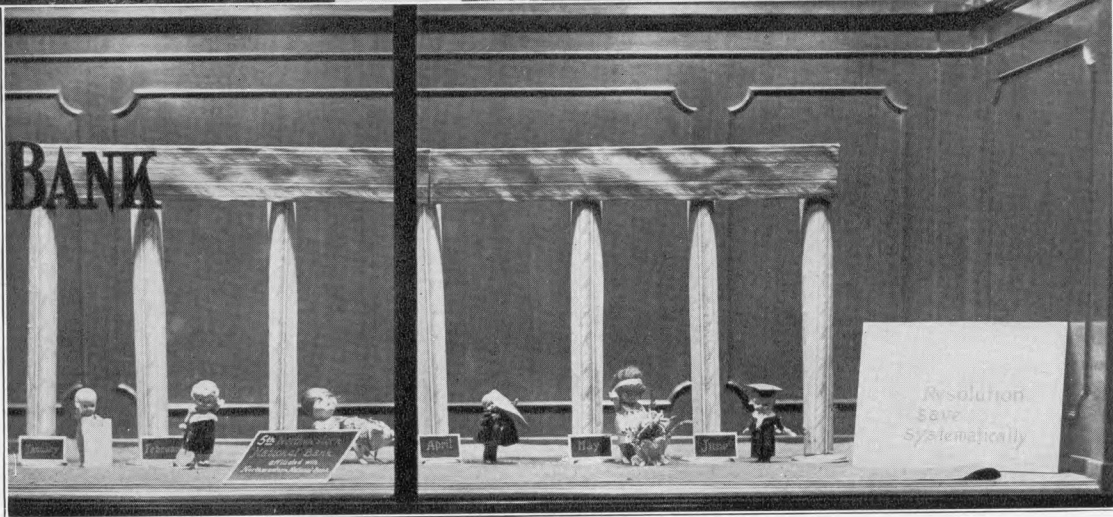
### *When Savings Are Needed*

**S**UMMER is a special time for featuring savings department displays, since it is the season we realize most the need of surplus funds. Also, summer is the time of yeggs and the rental of safe deposit boxes should be especially



Photo Number 2, the display "The Evolution of Photography" always proves interesting and your local photographer will help you with it.

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In Photo Number 3, above an educational story on what happens to a check, which the bank can tell in a most interesting way. This shows a clerk "modeling" in the bank window, at the same time carrying on his regular bank work. This sort of a living display is excellent for any bank.

Photo Number 4, below, shows a display which is aimed to strengthen our New Year's Resolution to "Save Systematically."

brought out, for the storing of valuable papers, etc. Then, window shopping in general is greatly stimulated in summer, when a young man's fancy lightly turns to serious matters. For instance, it is difficult to feel the need of a home in winter, when coal bills and the taxes are discussed in awed tones, but the desire to own a home originates when the apartment seems stuffy and when you long for the coolness of a porch, of a lawn, an' everything. So the time to present a display featuring saving for a home is in summer. For variety, let our display use, instead of the usual house and lawn, a cottage at the lake. This, too, may appeal to a second group, who already own their town homes but are longing for a cottage of their own. The background in the illustration is a piece of scenic wall paper border. The grass is moss; the lake a mirror and the cottages are made of brown cardboard. All the figures are cut-outs. The rock wall is formed by small stones and plaster paris. This window could easily carry the poster "Save for Vacation," if desired, or "Any cottage is a 'home' when it is yours. Save for that home of your own."

Photographs always attract and the display "The Evolution of Photography," has proved most interesting. The pictures in the display may run from the silhouette, the oldest form of photography, down to the modern photograph. Your local photographer will be glad to assist in the collection. Family albums add to the interest, and the poster reads, "Methods in photography change, just as they do in banking, but the need of the services of a strong institution increases with the years. Make this bank your bank."

If living models bring crowds to the windows of department stores, why need a bank miss out in this medium of attracting attention? Besides a bank has a story to tell, an educational story. To the average depositor it is interesting to know the steps through which a check passes while in the bank. The accompanying picture shows a statement clerk "modeling" in the bank window, and at the same time, carrying on his regular bank work. A poster gives this information, "A customer's check passes through the hands of eight trained clerks from the time it is cashed until returned can-

celled to the customer. This prevents errors.

First Clerk—Cashes the check and lists on the daily check lists.

Second Clerk—Verifies the listing, signature, date, endorsement and enters on ledger.

Third Clerk—Enters on the statement.

Fourth Clerk—Verifies the statement balance with ledger balance.

Fifth Clerk—Files the check in the vault.

Sixth Clerk—Verifies the checks in the files with those on the statement.

Seventh Clerk—Wraps the statement.

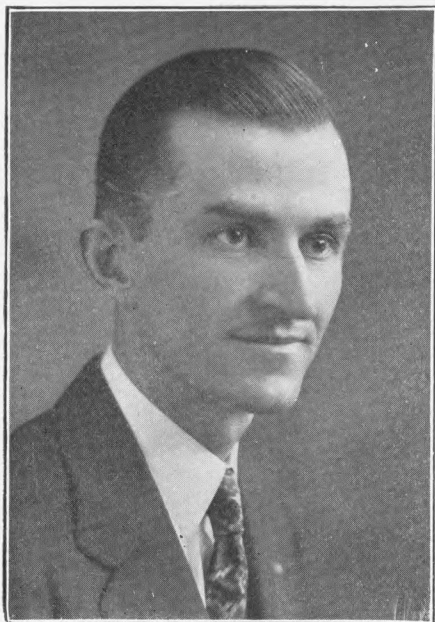
Eighth Clerk—Hands it to the customer."

Another poster was worded: "Machine used for making our bank statements;" while still a third was used only in the absence of the statement clerk and read, "Watch your bank statements being made in this window each day. Hours 9-12 and 1-3." The window was made attractive by the use of floor lamp, pillows, rugs and flowers, and the "display" caused favorable comment. The explanation of the "system" inspired confidence in the crowds attracted by the

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D. R. WESSLING

# Eight Ways to Make Advertising Help

*The country banker has a number of pressing new problems and intelligent advertising is one of the tools that will help him solve them.*

By D. R. WESSLING  
President, Wessling Services

foremost economists and statisticians, with Herbert Hoover as Chairman. It is the most comprehensive and authoritative survey of its kind ever published. It should be profitable to review briefly some of the more significant trends, demonstrated by facts and figures, in this and other recent studies.

Then, with the effect of these trends on the country bank clearly in our minds, let us ask: "What things can advertising do to help us country bankers meet the new problems which we are facing?"

## Based on Farming

THE country bank, of course, stands on a base of agriculture. The merchants in small cities and towns are usually directly dependent on the farmer. Therefore, we inquire what are some of the fundamental changes affecting agriculture?

In recent years the average farmer has been receiving only about two-fifths as much net income as the average person in

in the farmer's purchasing power. To confine our attention to factors for which figures are available, we may mention very briefly three that seem fundamental.

1. Changes in demand for American farm products. The foreign market for our cotton has about held its own, but the foreign market for our wheat and meat has declined. While American exports of wheat have dwindled to only one-third the amount exported in 1900, Canadian exports have increased ten times and Argentine exports three times. The home consumption of cotton has dropped off, due to style changes and to the invention of rayon. The home consumption of wheat is 20 per cent less per capita than in 1900. This is due to changing eating habits, especially of women. While laborers in industry have more money now to buy food, they are actually eating less per capita because machinery has eliminated much outdoor life and heavy-appetite-producing manual labor. Meat consumption is holding its own, but the decline within 13 years of

one-fifth of the horses and mules on farms has closed an outlet for over 15,000,000 acres of corn, oats, and wheat, by no means offset by the increase in people who manufacture farm machinery. On the other side of the ledger, the demand for poultry products, dairy products, trucking crops, and orchard crops, has been increasing.

2. Changes in the supply of American farm products. In spite of the decreased demand for the great staple farm products, new land has been opened up rapidly. For example, the cotton acreage of Oklahoma and Texas has increased 50 per cent since the war, adding to the havoc already wrought in the Southeast by style changes and the boll weevil. Even more important, machinery and scientific methods of seed selection, rotation, stock raising, etc. have increased the productivity of the average farm 15 per cent in less than ten years. Since the war, the number of tractors has increased ten-fold. There were

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*"I think that the future is full of promise for the country bankers who recognize that new economic conditions require a new progressive, constructive program. Advertising is, of course, only one of the tools which will build the prosperous country bank of the future. But it is one of the most powerful tools, if used in the right psychological way."*

the general population. In 1927, when the pay check of the average wage earner in industry could buy 20 per cent more commodities than just before the war, the net income of the average farmer could buy 15 per cent less than just before the war. At the same time, good roads, automobiles, and movies, radio, and daily newspapers have shaken the farmer out of his isolation and given him a new taste for cities luxuries which too often he can not afford to buy. There are farmers who are making good money, of course, but the plain figures only prove that such farmers are exceptions.

Nobody as yet has succeeded in measuring all the deep-lying causes in the decline

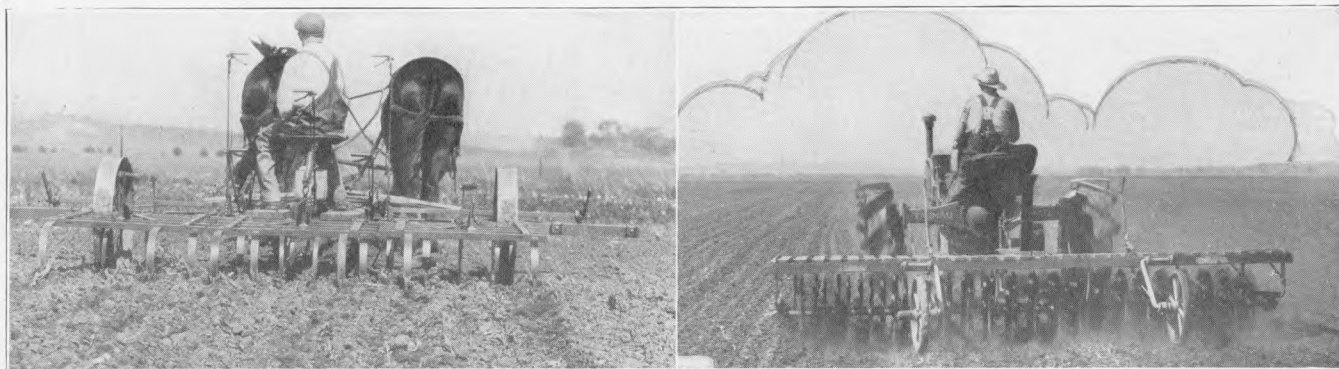
THERE was a factory in New England which had been making black cotton stockings for half a century. A few years ago sales began to slip. The head of the factory called in the directors and advised overhauling the factory with a view to making rayon stockings in a variety of tints. The directors objected. "Women have always worn black cotton stockings and always will." Six months later the factory closed.

This incident, reported along with others by Will Irwin in the *American Magazine*, illustrates the truth that social and economic changes can not be met by looking back to the good old days. Unseen, impersonal economic forces are no respectors of an honorable past. Today the social and economic changes affecting the work of the country bank are the most rapid in the history of American finance. Most of us have watched the drift of events in our home communities. But are we taking a long view? How fully are we appreciating the effect on banks of the deeper influences which are working a revolution in farm life and in life in our smaller cities and towns?

As an optimistic country banker and as an advertising man, I have been studying the trends as carefully as I could. There have been many magazine articles on the changing role of the country bank, but usually they have been based on a few personal experiences and general theories rather than upon cold, but crucial, facts and figures.

Last year there was published a two-volume report on "Recent Economic Changes in the United States." It was prepared by a committee of the nation's

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Corn belt farmers have found a more effective and speedier way to cultivate corn than the old-fashioned plowing process. Here are shown a couple of methods coming into wide use. On the right is the tractor-drawn rotary hoe in operation and on the left is the weeder or light draft harrow

## FARMS *and* FARMING

By C. A. CRAIG

*Farm Editor*

THERE WAS A TIME when the man who did the best job of cultivating corn—according to popular belief—was the one who set his plow shovels deep and ridged up the ground, stirring it five to six inches deep. An evolution or even a revolution in the matter of cultivating corn has been taking place the last few years, however, and the 1930 season has seen in the corn belt a radical difference apparent in practices used by progressive farmers.

The conception regarding the purpose of cultivation has been largely responsible for the changing methods. This has been brought about in turn by discovery at leading middlewest agricultural experiment stations that the primary purpose of plowing corn is to kill weeds.

Accordingly there has been a decided shift to the use of the rotary hoe, the weeder or light draft harrow and the ordinary drag harrow. In other words, the main offensive against weeds is based on the assumption that they must be checked or killed just as they are coming through the ground if their growth can not be prevented instead of letting them get a good start and then trying to stamp them out.

Many farmers instead of plowing corn three or four or even five times are finding that it is even more effective to make use of such tools as the harrow and rotary hoe before and just after the corn is up and then actually plow the corn only once or twice.

RAISING CORN without plowing it sounds revolutionary when suggested to a farmer of a generation ago but just as astounding is the assumption that hogs can be marketed efficiently without recourse to a terminal market or public stockyards. Yet in Iowa last year approximately 60 per cent of the hogs produced in the state—and Iowa produced

a fourth the hogs slaughtered in the United States under federal inspection—were sold direct to packers without.

Several important developments have taken place in the corn belt recently regarding the official recognition of the fact that many sales of hogs are going direct to the packer and that the waning influence of the public stockyards as a factor in serving farmers who take this means of selling their hogs.

In the first place the proposed plans of cooperative livestock marketing call for the establishment of a nationwide service to bridge this shortened gap from producer to processor and packer.

In the second place the federal livestock market news service is to expand to include news on sales of hogs direct to packers. The first instance of this kind will take place in Iowa and southern Minnesota and government men will take up this work in the near future.

DISSENSION among existing cooperative livestock marketing organizations undoubtedly has slowed up progress of the establishment of a national marketing plan but recent developments indicate that the majority of the organizations are eventually going to find satisfactory the plan as sponsored by the federal farm board and embodied in the organization of the National Livestock Marketing Association. Following the organization of this association in Chicago, however, dissenting groups including the Farmers Union associations, withdrew from the meeting and later announced their intention of establishing a national organization of their own. A later meeting was held at Des Moines, Iowa, and a still more recent meeting was held in Chicago.

Out of it all, backers of a cooperative livestock marketing program are confident that a unified front can be presented by the producers although concessions on both sides obviously are necessary if this is accomplished successfully.

THE FIRST REGIONAL COOPERATIVE livestock marketing organization is being completed in eastern Iowa following a meeting at Cedar Rapids, Iowa. This group will be affiliated with the National Order Buying company, the direct marketing branch of the National Livestock Marketing Association. It embraces some twenty counties which marketed last year in the neighborhood of \$50,000,000 to \$60,000,000 worth of hogs.

THE OLD STORY of the country "hick" who went to the city and was "slickered" by the city gold brick artist has been told with slight variation following the indictment of thirty-five farmers and cattle dealers at Fairfield, Iowa, recently. Purchasers of feeder steers in more than thirty states are said to have got the worst of the deal when they visited southeastern Iowa to purchase feeders. The grand jury received complaints from numerous farmers in Iowa, Illinois, Missouri, Nebraska, Minnesota, Michigan and Wisconsin and returned indictments against the men for conspiracy as well as additional indictments for false pretense against several of the men.

Seasoned cattle buyers and feeders were among the complainants as well as the novice. One firm of Illinois feeders told of having suffered a loss of \$15,000 on a transaction involving \$50,000 in all.

Many of the buyers who gave checks for the cattle and were dissatisfied with their purchases when they arrived home and tried to stop payment on the basis of having had the cattle misrepresented to them, found that a wire to their home banker

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# Introducing the President of the Chicago Stock Exchange

(See Cover Photo)

**R**OBERT ARTHUR WOOD, president of the Chicago Stock Exchange, was born in Chicago on June 24, 1886. His father, Eneas Arthur Wood, was an old-time Chicago cattle merchant and one of the early associates of Gustavus F. Swift in the pioneering days of the Chicago livestock market. Young Wood was brought up "back o' the yards."

**A**RT," as his friends then called him and still do, attended the University of Wisconsin, at Madison, where he studied agriculture after graduating from the Hyde Park High School in Chicago. Subsequently he went to the state of Washington to put his agricultural training into practice. In the Wenatchee Valley he started an apple ranch, but by 1916 had returned to Chicago virtually "broke." His first La Salle Street connection was with the bond house of C. W. McNear & Company, in 1916. In 1918, while with F. M. Zeiler and Company, he purchased a membership on the Chicago Stock Exchange. From 1919, until he became a general partner of Clement, Curtis & Company, on January 1, 1930, he was a floor trader for his own account. His first official connection with the Chicago Stock Exchange was as the exchange's president.

**I**N June of 1927 Wood became president of the Chicago Stock Exchange, when it was something to talk about when 10,000,000 shares changed hands in an entire year on the exchange. In 1928 Wood was elected to succeed himself, and then in June of 1929 he was elected for a third term. In June of 1930 he was elected for his fourth successive term. It is the first time in the history of the exchange that a president has been elected to a fourth consecutive term, although others have held the office four terms, but not consecutively.

**W**OOD still clings to one thing that came of his course in agriculture—his apple ranch in the state of Washington where he goes every year on vacation and to superintend the harvesting of his apple crop.

**H**E is five feet nine inches tall; mediumly stocky, weighing about 180 pounds; he dominates without being domineering, but is not suave; he has the ability of being hard boiled and brutally frank without hurting the feelings of others, due no doubt to his reputation for keen judgment.

**H**IS hair is sorrel, almost red. He is fearless, honest, energetic, and firm. His avocation is his apple ranch. He likes golf and plays lots of it, but his game is only ordinary; he drives with his irons.

**H**E belongs to two golf clubs, the Bob O'Link and Exmoor, both of Highland Park, a suburb of Chicago, which is his home. He also belongs to the Chicago Athletic Association, in which club he is a director. He is vice president of the Western Golf Association. Wood is a better musician than he is a golfer. He has a good voice and in a crowd chooses the songs and leads the singing. In addition to his golf and athletic clubs, he belongs to the University Club and to the Attic Club, both of Chicago, and to the Highland Park Club. He is a member of the Guild of Former Pipe Organ Pumpers.

had resulted in certification of the checks for payment.

While many of the purchasers charged substitution of inferior cattle of lesser weight than those shown them, many admitted that they had failed to examine the feeders as closely as they wished to.

The strangest thing of all is that men dealing in cattle or any other commodity running into thousands and tens of thousands of dollars will presume to transact business under such slipshod conditions. Whether or not there was misrepresentation or substitution of cattle or whether the purchasers were merely "outsmarted" by unusually shrewd and well organized dealers, the fact remains that a banker or a merchant or a farmer or anyone else spending that much money should be expected to be mighty certain of what he was buying.

If the old phrase of "*caveat emptor*" be employed to describe such a policy it might stand the buyer in stead to be well informed if it is that the "buyer must beware."

THE UNIVERSITY OF MINNESOTA at its annual cattle feeders day program inaugurated an innovation with a "family feeders" program. This was to provide something for the women to do while their husbands were learning to put on two pounds of fat where but one grew before or to avoid the pitfalls of trying to make a profit on a declining market with high priced feeders.

CALF WINTERING experiments carried on by the University of Nebraska last winter showed that the addition of cotton-seed meal to the ration was a paying proposition.

At the annual cattle feeders day at Iowa State College it was found that while all lots of cattle fed during the winter showed a loss those fed cottonseed meal as a protein supplement made the best showing. The steers were bought last fall for \$12.50 a hundred laid down in the feed lot and the selling price in Chicago was but little more than the purchase price per pound.

CORN MAGGOTS have been a serious menace to the crop in South Dakota this last spring and much replanting was necessary. It has been pointed out that the seed corn maggot gets in its most effective depredations when the spring is damp and cool.

COD LIVER OIL is great stuff for chickens, according to specialists at the University of Minnesota, but care must be used in feeding broilers during the last two weeks of the fattening period. There is a possibility of giving the meat a fishy taste.

*The crying need of agriculture today is not for more credit but for some method of getting farmers out of debt. In our eagerness to help the farmer we have helped him borrow beyond his ability to repay.*

THE crying need of agriculture today is not for more credit but for some method of getting farmers out of debt. Our total farm debt is greater than ever, it is increasing and admittedly our position is precarious. Congress in its eagerness to help the farmer has through various governmental credit agencies extended too liberal a line of credit within the grasp of the farmer. The commercial banks have done the same thing. About the worst thing that may happen to any industry or any individual is to make it easy for him to involve himself in debt.

The main reason for our agricultural predicament is over expansion of credit facilities, but there are many other contributing factors. When a farmer makes a profit he will not invest these surplus funds in some line of secondary reserve such as good bonds or stocks, but will buy the adjoining farm or sell out and buy a larger farm and go back to his bank the next spring for a loan that can be considered nothing more than a capital loan. No policy is worse for a bank than to make a practice of advancing loans consistently the proceeds of which are used for working capital by the borrower.

Another factor that has proven of detriment to the agricultural class is that perhaps no other industry has as many individual producers who know so little about their costs. Agriculture has not shared proportionately with other industries in the improved efficiency of its purely business organization nor has it applied scientific principles and discoveries and inventions on the same basis. This is caused by the individualistic character of the industry and the resultant difficulty of securing cooperation and appreciation of the importance of better business methods.

Weather conditions have played a great part in the production of farm products. When agriculture over-produces it is unlike the manufacturing industry. It cannot shut down and curtail production for a long period to let consumption create a demand for its product. Another cause of the agricultural problem is that buyers of land have been misled by unearned increment of farm properties and have jumped in at peak prices and bought much to their sorrow, and also to the

# The Remedy for Too Much FARM CREDIT

By THOMAS G. WILSON

*Assistant Cashier, Bank of Conway,  
Arkansas*

sorrow of many banks that loaned money to them to purchase land at from \$400 to \$600 per acre and to pay rentals from \$10 to \$20 per acre. When these faulty land values came back to earth it demoralized agriculture as well as ruined many of our banks.

## *Elasticity Not Great*

THEN the elasticity in demand for farm products is not very great as it is in some industries. An extensive advertising campaign or reduction in price does not materially increase the demand. For instance if the price of wheat should fall 50 per cent it would not greatly increase consumption. Again the individualistic character of agriculture does not allow large-scale buying as in other industries and up to this time has not allowed very much large-scale selling.

When we look over a statement given us by an industrial concern or a merchant we always see what his turnover is, and in many industries it is very high. But in agriculture the farmer can turn over his crop, which is his inventory, but once a year. This is a condition that will be beyond remedy because of the nature of agriculture. This fact forces the farmer to pay a higher rate on the capital used because his loans are less liquid than other industries and are frequently more hazardous.

Let us consider some of the remedies for the situation, for the agricultural problem is probably our greatest one of today. First, let me say that we need to provide ways and means for the farmer to get out of debt, and to do business on a cash basis as nearly as possible. How can we do it?

Let us first take up the work of the Farm Board as a possible remedy for our ills. First, this board will endeavor to minimize speculation; second, pre-

vent inefficient and wasteful methods of distribution; third, encourage organization of producers for greater unity of effort in marketing and financing farm

marketing systems; fourth, aid in preventing and controlling surplus in agricultural commodities through orderly production and distribution.

The motives of the Farm Board are very worthy and I have great faith in their ability to prove successful. The Farm Board, if they carry out their plans, will give to the farmer what the other industries have had all the while,—organization and proper management, plus conservative financial aid. The greatest weakness shown in agriculture today is poor management and unorganized effort to better conditions. Undoubtedly the men who will head these various cooperative associations have far more business judgment and skill than the mass of our farmers have demonstrated. Through their guidance I expect to see much accomplished.

However, we must look on the Farm Board as an experiment until it has proven its actual worth, so let us consider things that we as bankers can do. First, we should not make capital loans to farmers unless we are certain that the risk would be able to acquire sufficient production to accumulate enough working capital to take care of that factor of his production. Let us encourage the farmer to have more business organization on his farm, more thrift and more diversification.

The governmental agencies should advise the farmer, at least sixty days in advance of planting time, what percentage of his average acreage it would be prudent to plant. Many of them would follow this advice coming from the government. By world surveys this information could predict the demand for the various agricultural products with comparative accuracy, just as other industries can estimate the demand for their products.

Costs of production must be lowered. The adoption of modern farming machinery and studying of agricultural methods as advocated by our governmental agencies and agricultural colleges would be profitable. We must produce at a cost that will enable us to sell cheaper than other nations.

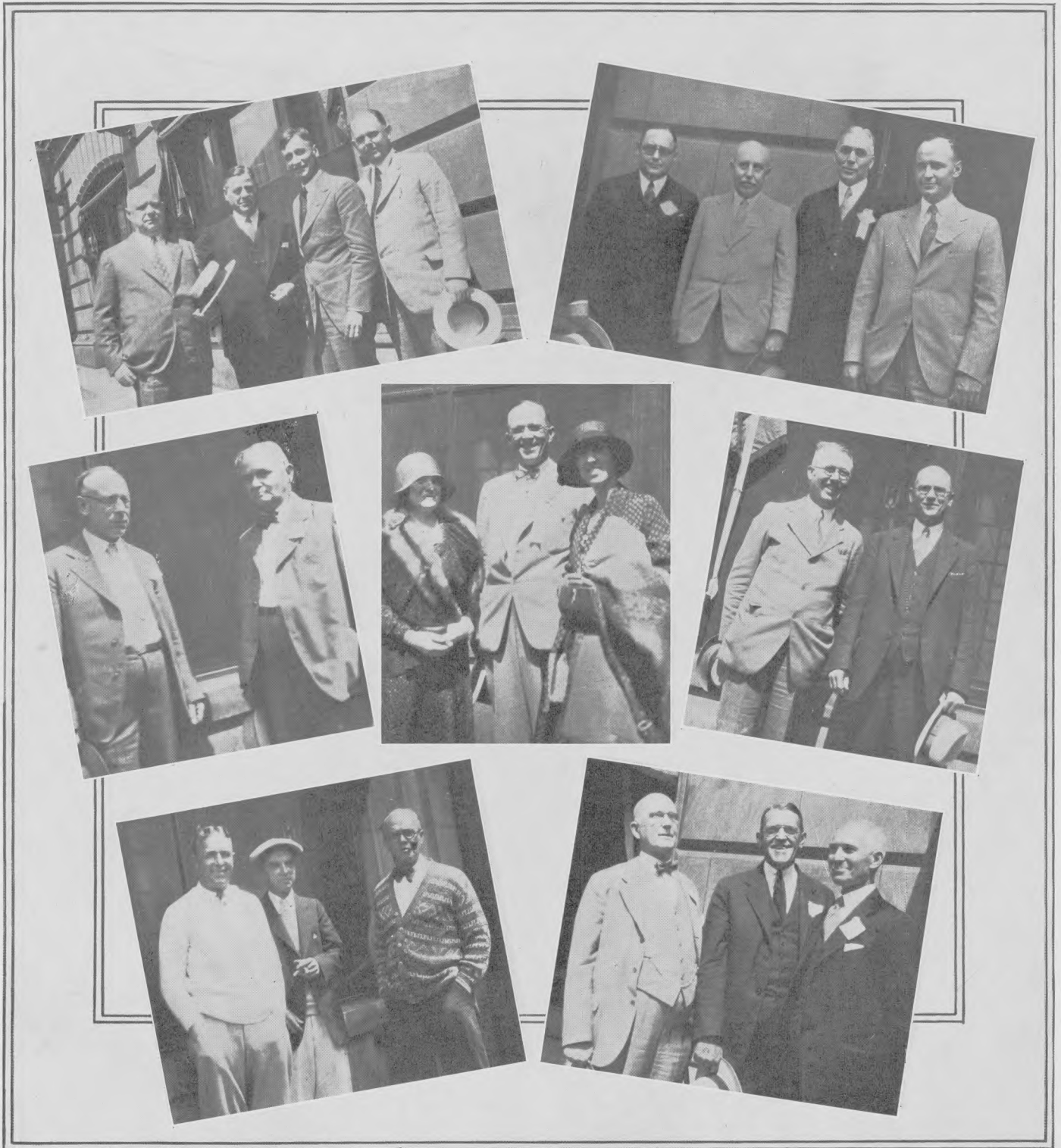
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*From address before Bank Administration Conference, Convention, American Institute of Banking, Denver, Colorado.*

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# SNAPPED AT DAVENPORT



Snapshots, taken at the Iowa Bankers Association Convention, in Davenport. **Above, left** (left to right)—E. H. Furrow, vice president, and H. N. Boyson, vice president, Merchants National Bank, Cedar Rapids; John Sieh, vice president, Farmers Trust and Savings Bank, Spencer, also president, County Officers Association, and Louis G. Bein, cashier, American and Commercial Savings Bank, Davenport. **Above, right**, left to right—George A. Malcolm, vice president and cashier, Drovers National Bank, Chicago; C. R. McKay, deputy governor, Chicago Federal Reserve Bank; Irvin J. Green, president, First National Bank, Davenport; Robert W. Turner, president, City National Bank, Council Bluffs. **Center, left**—Ira Rodamar, president, Pioneer National Bank, Waterloo, and Henry M. Carpenter, president, Monticello State Bank. **Center photo**—Mrs. Ray Nyemaster, Davenport; Frank B. Yetter, vice president, American and Commercial Savings Bank, Davenport, and Mrs. Frank Warner, Des Moines. **Center, right**—John L. Mitchell, president, First National Bank, Sioux City, and A. B. Darling, vice president, Toy National Bank, Sioux City. **Lower left**—George W. Young, Jr., cashier, Bank of Clarion; B. G. McCloud, vice president, First National Bank, Chicago, and Charles C. Kuning, vice president and cashier, Cedar Rapids National Bank. **Lower right**—Col. W. G. Edens, vice president, Central Trust Company of Illinois; B. F. Kauffman, president Bankers Trust Co., Des Moines, and Clarence Diehl, vice president, Iowa-Des Moines National Bank and Trust Co.

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# Practical Bank Problems Get Attention at Iowa Convention

**T**HIRTY star speakers in a carefully arranged ninety minute program discussed and "settled" a majority of the present day banking problems at the tenth annual state conference of officers of County Bankers Association which featured the opening day of the convention. The speakers, without exception handled their subjects in brief businesslike fashion the talks being a condensation of addresses delivered on the same topics at recent Iowa Bankers Association group meetings.

**G. W. Young, Jr.**, cashier, Bank of Clarion, retiring president of the Association, presided and introduced **W. G. C. Bagley**, who extended a welcome on behalf of the Iowa Bankers Association and who also introduced **Arthur Reynolds**, chairman of the board, Continental Illinois National Bank and Trust Company. Mr. Reynolds discussed briefly the present business situation. Excerpts from his talk will be found on another page.

## Macy Starts Program

**R**OSCOE C. MACY, cashier of the First State Bank of Lynnville, popular contributor to the NORTHWESTERN BANKER, started the program with a discussion on the subject of "Farm Mortgage Exchange." He propounded the question as to the feasibility of such an exchange covering Iowa to create a ready market for Iowa farm mortgages. He pointed out that bonds pay 4½ per cent, while farmers are paying 5½ and 6 per cent on their farm loans. He wanted to know "why the spread" between the bonds and the farmer's credit. He said that farm loans ought to have an established market the same as is now the case with bonds and other securities.

"Chain Store Accounts"—**J. E. Bach**, cashier, Grinnell State Bank, said that in practically every instance the chain store account is unprofitable. He said that for the most part chain stores draw their trade from outlying territory and bring in outside checks, necessitating a "float" of three to five days until the bank gets the money back. The subject of "railroad pay rolls" was discussed by **C. S. Rye**, cashier Manly State Bank.

"Service Charges"—**Wesley T. Heckt**, cashier of Lincoln Savings Bank, thought that the state banking department should require all banks under its jurisdiction to install a standardized list of reasonable service charges for services ren-

By **WM. H. MAAS**

Chicago, Vice-President, Northwestern Banker

## Waterloo in 1931

The 1931 convention of the Iowa Bankers Association is to be held in Waterloo. This was decided upon at the Davenport meeting. Des Moines and Sioux City were the other two cities which received consideration as possible convention cities next year.

dered by the bank to its customers. "Savings Accounts Withdrawals"—**Hoyt R. Young**, cashier of American National Bank, Arlington, took a negative viewpoint, saying "We should use all reasonable methods to discourage withdrawals. The penalty on withdrawals should be quite severe and should be explained to each depositor when his first deposit is made. All checks should be deducted from the balance at the start of the interest period and if that balance is used up then from the next deposit. If a large check is to be drawn shortly before an interest date, it is well to suggest loaning money until the interest date with the savings bank as collateral and at the usual collateral of about 6 per cent."

The "float" and "per item charges" was discussed by **C. A. Walhof**, vice president, State Bank of Rock Valley, and **Harold V. Bull**, cashier, First National Bank of Mason City. **R. H. Sawyer**, assistant cashier, Shenandoah National Bank, discussed the trend and method of computing interest. He inquired as to whether it would be feasible to standardize in a state-wide way. He presented a report of a survey made among seventeen Iowa banks on the subject.

"Farmer's Credit Statement"—**R. M. Moehn**, president, Commercial Savings Bank of Carroll, said, "We do not know our customers today as well as we knew them before the use of the automobile. Loans should be based on facts, and the only way this can be done is by a proper financial statement. Something should also be known about the character and ability of the prospective borrower."

**Harris G. Pett**, manager, division of Research and Statistics, Federal Reserve Bank, Chicago, a guest speaker, talked

on "Earnings and Expense Charts of Iowa Banks." **H. W. Van Horn**, cashier, Dunlap Savings Bank, had as his subject "Chattel Mortgage Loans." He inquired as to whether banks as a rule and as to banking policy should take chattel mortgages as collateral.

**M. R. Selden**, assistant cashier, Cedar Rapids National Bank, talked on "character and partial payment loans."

## "Bank Revenue Sources"

**B**ANK REVENUE SOURCES—This subject was discussed by **Theodore Rohwer**, president, Farmer's State Bank, Schleswig, and **E. R. Kronk**, cashier, First National Bank of Montour. Mr. Rohwer pointed out that a profit might be made by eliminating a part of the losses. He quoted figures taken from the Bank Analysis Report. Mr. Kronk said, "Bankers are putting into practice new methods that will increase the bank's revenue, these are: Sale of securities, real estate loans, trust departments, service charges of all kinds, float charges and standardizing of a reasonable method of computing interest on time deposits, many of these profitable sources of revenue were handled for years by the banks at a loss, the increased cost of operation of the banks of Iowa since the war has brought about the general practice of making a profit from each transaction in all departments of the bank."

"Monthly Reports to Directors"—**Walter T. Robinson**, cashier, Citizens National Bank, Hampton, discussed the subject. **C. M. Dopler** of Chicago, manager, Banking Division of Edward Burt & Company, was a guest speaker, using as his theme "Correcting Unprofitable Practices in Banking." **I. O. Hasbrouck**, cashier, Iowa State Bank of Jefferson, spoke on "Interim Receipts." The subject of "Bank Advertising" was discussed by **J. F. Traer**, vice president of the Farmer's National Bank of Vinton. He advocated newspaper advertising, saying, "Tell them what you have to sell and ask them to come in and talk it over with you."

**M. E. Tate**, vice president of the Security State Bank of Keokuk, discussed the subject of "Bank Employees." **R. Schroeder**, cashier, Iowa County Savings Bank, Marengo, talked on the subject of "Banking Hours."

Concluding subjects and speakers were "Discount Rates" by **H. N. Reints**, cashier, Kesley State Bank; "The Present Day Country Banker" by **E. M. Duroe**,

Northwestern Banker July 1930





WALTER T. ROBINSON  
Cashier, Citizens National Bank, Hampton,  
new vice president, Iowa Bankers  
Association

vice president, First National Bank, Sioux Rapids; "Bank Mergers" by **H. E. Qualheim**, executive vice president, Crawford County Trust & Savings Bank of Denison; "Power Farming" by **Henry Moore**, cashier, Glidden Savings Bank, and "Insured Bonds" by **O. A. Otto**, vice president, Whitney Loan & Trust Company, Atlantic.

With four well know Chicago bankers as speakers on the question of proper investment of a bank's funds, the first annual "Investment Conference" was inaugurated on the second day of the convention. The past few years have seen a new but ever increasing investment problem for all banks and it is generally conceded that the future bids fair to see this investment change remain for an indefinite period. The Chicago speakers were, Alfred T. Sihler, assistant vice president, First Union Trust & Savings Bank; Harold E. Wood, vice president, Foreman State Corporation; Clifton H. Merry, sales manager, Continental Illinois Company; G. I. Bell, assistant vice president, Harris Trust & Savings Bank. In addition to the Chicago speakers, L. A. Andrew, superintendent of banking, delivered an illuminating talk on the subject of "Legal Investments for Iowa Incorporated Banks and Trust Companies."

"The amount to be invested in bonds and the division of the bond account cannot be fixed by hard and fast rules," said Mr. Sihler. "A bank with a large amount of time money, savings deposits and certificates of deposit, can buy a larger amount of long time and less marketable bonds than a bank with a large percentage of commercial deposits and a strong commercial demand. The same applies to a bank which may have a considerable

amount of temporary funds, such as tax money.

"Again, like so many other factors in the banking business, the matter of the bank's bond account cannot be entirely separated from some of the other operations of the bank. For example, if banks continue to pay 4 per cent on savings deposits, year after year, irrespective of the fluctuation in interest rates, they will no doubt be tempted to try to make their bond account earn more than is compatible with safety and marketability.

"A bank should, first of all, decide what portion of its assets should be kept in an extremely liquid condition. In arriving at this figure, consideration should be given to the service which the bank may properly be expected to render to its particular community, and likewise to the demands which may be expected to arise at any particular time of the year for withdrawal of deposits above the normal rate. In deciding upon what its real obligation and responsibility to its particular community is, the bank should, of course, not impair its liquidity for the sake of service because, in the final analysis, the most serviceable bank is the one which so handles its affairs that it is able to keep its doors open every day excepting Sundays and holidays.

"Investment of such funds should be made in high grade commercial paper, acceptances, U. S. Government Certificates, call money and high grade, readily marketable, short term bonds. We have not included Liberties in this group because the longer term government bonds are subject to more or less fluctuation and while they are very liquid, it might be that they would have to be sold at a loss if they are included in this particular part of a bank's investment account. In fact, it is nearly always during a period of tight money and low bond prices that the bank finds it necessary to liquidate."

#### "The Good Banker"

**M**R. ANDREW said that the good banker realizes that laws governing his business are necessary, he welcomes supervision, and desires to work in close cooperation to make the investments of his bank as safe as possible. "The good banker," explained Mr. Andrew, "does not wish to have a liberal interpretation of law as regards investments. It is far from his thoughts to take advantage of any law which would give him the right to make unsafe loans. He has in mind only at all times to keep his investments so good and so liquid that he can meet his demand liabilities promptly. The older we grow and the more experience we have in the supervision of banks, the more we realize that good bankers run good banks by the



JOS. W. MEYER  
Cashier, Consolidated Nat. Bank, Dubuque,  
newly elected treasurer Iowa Bankers  
Association

most strict rules of good banking governing their investments. The note case, including the investments and securities, is the heart of the bank. It has been truly said that no bank is better than its note case and the more strict a bank is in regard to its investments, the better the bank is and the safer in every way."

Twelve speakers participated in the program at the second annual conference on trust business held on the second day of the convention. Figures have been revealed showing that approximately one-half of the nearly one thousand state incorporated banks and over one-third of the two hundred and forty-four national banks in Iowa have qualified under the Iowa Trust Company Act to do a trust business. The last Iowa Legislature adopted a bill initiated by the legislative committee and officers of the Iowa Bankers Association enlarging the investment privileges and authority of fiduciaries.

There was also displayed at the meeting a set of suggested advertising copy prepared by the trust company division of the American Bankers Association. Various publishing and printing houses had on exhibit suggested record systems for the handling of trust business.

J. M. Hutchinson, trust officer, Cedar Rapids Savings Bank & Trust Company presided at the meeting. The other speakers included F. H. Shimanek, cashier, Oxford Junction Savings Bank; R. L. Block, American Trust Company; C. F. Harris, cashier, State Bank of Gladbrook; C. W. Stafford, cashier of Ames National Bank; L. B. Bartholomew, trust officer and vice president, Bankers Trust Company of Des Moines; G. F. Miller, trust officer, Cedar Rapids National

(Turn to page 75, please)

THE OLDEST SAVINGS BANK IN IOWA



THE LARGEST SAVINGS BANK IN IOWA

# COLLECTIONS AND REMITTANCES

*Thru-out the World*

It is often a convenience to bankers of this section to send their remittances and collections for us to handle, along with their other items. It simplifies their out-of-town transactions. The speed and efficiency of American service in this regard may be of advantage to you, and we invite you to use it.

AMERICAN COMMERCIAL AND SAVINGS BANK  
DAVENPORT, IOWA

## LET US HELP

No matter in what part of the world you have business to transact, we are in immediate touch with it either directly or through time-tested and reliable connections.



*Northwestern Banker July 1930*



# NEWS AND VIEWS

## OF THE BANKING WORLD

By Clifford De Puy

"THE FINANCIAL SEDUCER" is the name of the official publication recently issued by the Nebraska Investment Bankers Association which recently held their annual field day at the Happy Hollow Club of Omaha.

The official announcement by the editors stated that, "It has been our avowed intention to insult everybody or at least one representative of every organization in the Nebraska Investment Bankers Association. If you have been overlooked it was due to oversight or press of business. We trust that you will not be offended, however, if you are it doesn't make a damn bit of difference to us. Signed—The Editors."

Judging from the snappy remarks which the publication contained everybody was properly and sufficiently insulted to make everybody happy or unhappy, as you prefer.

ALVERTON H. ASELTINE, second vice president of the Chase National Bank, attended the Iowa Bankers convention last month and also the Illinois convention. To his friends Mr. Aseltine is better known as "Bert" and the friends he has made for the "Chase" are manifold. The fact that "Bert" now represents the largest bank in the world did not in the slightest change his usual good nature, or winning smile.

C. E. MITCHELL, chairman of the National City Bank of New York, in testifying before the Committee on Banking and Currency of the House of Representatives expressed the opinion that group banking lacks the flexibility and the effectiveness and the economies of the branch system. He also believes that, "as a measure of prudence the holding companies should be under the inspection powers of the office of the Comptroller of the Currency."

PRESTON E. REED, executive secretary of the Financial Advertisers Association of Chicago, gave a very interesting address on, "How to Build an Advertising Budget for a Bank," before the advertising departmental sessions of the American Institute of Banking convention, which was held at Denver last month. Mr. Reed points out that there can be no definite method of measuring an advertising budget, and that it must be worked out on the basis of the needs and requirements of each individual institution.

"Just as there is no universal percentage yardstick," says Mr. Reed, "to determine an advertising budget, neither is there a percentage basis upon which an individual institution can determine the amounts to be spent on various media."

W. J. EVANS, assistant Federal Reserve agent, of Dallas, Texas, and president of the American Institute of Banking, emphasizes the need of additional work on the part of the Institute, "when we realize that there are something like 100,000 bank people in our small banking towns and communities where the Institute has not yet penetrated, and where the need of banking education is greatest. We must recognize that our organization will never fully perform its mission until it finds some better way to reach this large army of under-privileged bank people than is afforded by the ordinary individual correspondence system of instruction."

The Institute is now working on a group study plan which they hope will overcome this defect.

J. K. DEMING, president of the Consolidated National Bank of Dubuque, suggested at the ex-presidents' dinner at Davenport that the solution of the farm problem might be found through limiting the acreage each year for each crop, based on the surplus of the previous year, and that such limited acreage would be regulated by the United States government and would be compulsory.

A. M. HENDERSON, cashier of the First National Bank of Story City, is known as one of the best story tellers in Iowa, and in responding to the toastmaster at the ex-presidents' dinner at the Iowa Bankers convention, gave the following very touching piece of poetry:

There was a little Banker-Man  
Who gently smiled as he began  
A Widow's husband's will to scan.

Thinking of his coming fee  
He said to her quite tenderly  
You have a nice fat legacy.

Next morning as he lay in bed  
With plasters on his broken head  
He wondered what the h— he said.

LAVERNE M. BARLOW, Des Moines, resident manager of Babcock-Rushton & Company, sends out a very interesting

daily market letter from the statistical department of his organization.

In a recent letter they said, "Certain very able economists believe that the end of the decline will have been reached by the end of August or very early September. They have the support of a very considerable body of precedent for this opinion. It is a fact that in over seventy per cent of the major business declines which this country has suffered in the last forty-five years, a gap of twelve to fourteen months has measured the interval between the peak of good-times and the bottom of the valley of depression. If the current depression keeps in the seventy per cent category, then August or September should see the bottom."

We certainly hope that this analysis of the present business situation is correct, and personally we believe it is, and that from now on conditions will show a gradual and steady improvement.

FRED H. WRAY, vice president and cashier of the Pioneer National Bank of Waterloo, tells the interesting story of a customer of theirs to whom they had just explained the various service charges which are in effect in their institution. After this long discourse the customer started to leave the bank and stopped at the bubble-fountain to get a drink. He then walked back and put a dime on Mr. Wray's desk, and Fred said, "what is this for," and the customer replied that it was the service charge for taking a drink of water. It is not known whether Fred kept the dime and started a savings account for him, or whether he returned the money and told the customer "the drinks" were on the bank.

ARTHUR REYNOLDS, chairman of the board of the Continental Illinois Bank and Trust Company, while not officially on the program of the Iowa Bankers convention, made one of the most interesting talks at the noon-day luncheon on Monday. He spoke on business conditions and expressed the belief that 1930 would equal 1928 in net profits by the time the year was over.

And, as Mr. Reynolds points out, 1928 was a good business year.

E. W. MILLER, president of the Commercial National Bank of Waterloo, tells the golf story about the man whose wife said to him: "If you don't stop playing golf I am going away and leave you."

To which the inveterate golfer is said to have replied: "I am sorry, because really I will miss you, old girl."

THE ANNUAL EX-PRESIDENTS' DINNER of the Iowa Bankers Association is always a most interesting occasion, and this year the hosts were: **M. H. Calderwood** of Eldridge, (president 1919),



## Banks Throughout America Are Buying More Bonds

Leading banks in the ten weeks ending early in June increased their investment holdings by over \$360,000,000. This recalls the days of 1924 and 1927 when banks were heavy bond buyers. Some banks sold bonds during 1928 and most of 1929. Late in 1929, there was a short wave of buying. But during the last three months banks have been heavy bond buyers.

This investment trend is based on a sound view of the future, for money is easy the world over, with no change in this regard in sight. Other conditions, also, are favorable to fixed income securities. While this institutional buying has had little discernible effect on the market thus far, stronger prices appear inevitable.

Iowa bankers who agree that this is an excellent time to add to their investment portfolios can profitably consider the sound offerings of this well-established investment house. Our list is broad enough to permit wide diversification and contains many bonds entirely suitable for bank investment.

Also, bankers tell us they value our service. We believe that you will, too. Please address our Burlington office for our July list. No obligation.

## W. D. Hanna and Company

BONDS FOR INVESTMENT

Burlington, Iowa

Pioneer Bank Building, Waterloo

The Higley Building, Cedar Rapids

The Laurel Building, Muscatine



and **Frank B. Yetter** (1922) and **Ray Nyemaster** (1929), of Davenport.

The delightful dinner took place at the Davenport Outing Club where **Frank Yetter** acted as toastmaster, and at the conclusion of short talks by those present **Ray Nyemaster** presented **W. G. C. Bagley**, the retiring president, with the official ex-president's pin.

Among those in attendance were the following: **E. J. Dougherty**, president, Citizens Trust & Savings Bank, Davenport; **Walter Lucht**, cashier, Eldridge Savings Bank, Eldridge; **C. R. McKay**, deputy governor, Federal Reserve Bank, Chicago; **W. G. C. Bagley**, president, First National Bank, Mason City, Iowa; **Ray Nyemaster**, vice president, American Commercial & Savings Bank, Davenport; **M. H. Calderwood**, president, Eldridge Savings Bank, Eldridge; **George J. Schaller**, president, Citizens First National Bank, Storm Lake; **Emil Webbles**,

Burlington, Iowa; **William Heuer**, president, Union Savings Bank & Trust Company, Davenport; **H. M. Carpenter**, president, Monticello State Bank, Monticello; **C. J. Wohlenberg**, president, Holstein Savings Bank, Holstein, Iowa; **Irvin J. Green**, president, First National Bank, Davenport, Iowa; **C. H. Merry**, Continental Illinois Company, Chicago; **C. B. Mills**, president, Midland National Bank & Trust Company, Minneapolis; **J. K. Deming**, president, Consolidated National Bank, Dubuque, Iowa; **Frank Warner**, secretary, Iowa Bankers Association, Des Moines, Iowa; **Frank B. Yetter**, vice president, American Commercial & Savings Bank, Davenport, Iowa; **L. A. Andrew**, Superintendent of Banking of Iowa; **H. W. Koeneke**, Commissioner of Banking of Kansas; **C. F. Schwenker**, Commissioner of Banking of Wisconsin; **J. M. Dinwiddie**, president, Cedar Rapids Savings Bank & Trust

Company, Cedar Rapids, Iowa; **A. M. Henderson**, cashier, First National Bank, Story City, Iowa; **S. L. Cantley**, Commissioner of Banking of Missouri; and **Clifford DePuy**, publisher of the NORTH-WESTERN BANKER.

### Poor Roscoe's Almanac

(Continued from page 13)

so? Try to make one of these almanacs yourself, and see how you like it.

July 18th—First quarter. War of 1812 continued, 1812. *Look not on the wine when it is pink; let it stand a few days longer.*

July 19th—Poor Roscoe born, 1893. NOTICE: If you must send something, please don't send flowers; send flour.

July 20th—Have lawn mower repaired; that will give you another day's respite, and maybe a plague of locusts will appear, or somebody will give you a goat.

July 21st—Ice cream for supper. If your typewriter is noisy, try one of Roscoe's patent corn pads under each foot (of the typewriter, I mean; ha! ha! Fooled you again.) N. B.: I said "typewriter," not "Stenographer." Tee! hee! I seem to be on a streak today.

July 22nd: Moon in Gemini—no relation to Giannini. Show me a banker without any enemies, and I'll show you a bank with fallen arches and bearing-down pains.

July 23—D. A. R. Society founded, 1832. Can't be helped now.

July 24th—St. James' Day. Saw mah babe a-lyin' there, 1930.

July 25th—New moon. Send notices for payment of notes due in July. Let thy mortgagor make his sheep to lie down in green pastures; let him lead them beside still waters, nor barter away the wool clip for a mess of gasoline.

July 26th—Wm. J. Bryan died, 1925—honest!

July 27th—Sixth Sunday after Trinity. Oil fishing reels. Count days to August first.

July 28th—Put up screens and have winter ashes hauled away.

July 29th—Practiced a few casts in the back yard, 1927. Hooked the dog, the oldest boy, and one pair silk bloomers.

July 30th—Lost appendix, 1922. *Who steals my purse steals trash.*

July 31st—Samuel Pepys married, 1637.

And so to bed.

### Getting on Nicely, Thank You

"Tell me, Margaret," said Mrs. MacGuire, "how do you and your husband get along together?"

"Very nicely, indeed," replied Mrs. Murphy. "Here, Mrs. MacGuire, we've been married goin' on seven months, and I haven't had to call the police in but twice."

# BLOTTERS

—for counter use

—for statement publication

—for letter insert service

—to build savings accounts

—for trust advertisements

are a necessity. These little *desk billboards* give *long life* to your business message because of *utility*. Murphy art blotters get *attention* because *attractive*. The average letter can carry a blotter *without extra cost*.

How about it? Does your bank need a supply?

## The Thomas D. Murphy Company

Red Oak, Iowa

*The Birthplace of Art Calendars*

NEW YORK

CHICAGO

TORONTO

LONDON

Calendars — Direct Mail — Blotters — Holiday Greetings — Booklets

Fans — Maps — Gift Leather — Advertising Pencils

## Summer Window Displays for Banks

(Continued from page 14)

man at work and they became familiar with this important process in the routine of a bank.

### Renewing That Resolution

NOT long ago the NORTHWESTERN BANKER carried a story featuring the need of a bank backing the fellow who made New Year's resolutions to save. Now these same resolutions have "run" for six months and a window display with the caption, "With half of 1930 gone, let's renew our New Year's resolution to save systematically." Between pillars stand figures typifying the different months; with January clothed in nothing at all but holding a tiny scroll bearing only the words "New Year." February is dressed in red and holds in her hands ribbons to which are attached red hearts or valentines. March is gowned in green and in the picture leads a bright green pig, but she too, might carry green shamrocks, in the same manner that February does hearts. April is dressed in a black (oilcloth) slicker and carries an umbrella. May is daintily attired in pastel shades and holds an immense May basket, while June is a graduate. A bride and groom could be used as well. Beside each figure is a tiny marker bearing the month represented. The top panel is made of heavy cardboard, covered with an appropriate design of wall paper border. This is also used in covering the pillars. As a foundation for the pillars, tubes, such as are used for enclosing calendars, may be used.

"Seeing is believing" and where a message is visualized it is retained. Take for instance the beautiful ads in our monthly magazines. The picture attracts and when we question "What is it all about?" the printed matter tells us in a few words. In displays exactly the same is true. An attractive set-up surprises attention and to find out "what it is all about" we read the poster and the message reaches us, but without the display no poster, however attractive, could have arrested our attention or made a lasting impression.

Finally, saving as a habit has a great impetus during what we term "hard times." Perhaps the reason is "fear," which is said to be our strongest tendency. Perhaps we fear being "broke" and so lay aside a little, but that little grows. Just now, when "unemployment," "bread lines" and "hard times" are on every tongue, let us make the most of displays featuring, not the effect of failure to save, but the glorious thrill of accomplishment in systematic saving.



BACK OF YOUR  
CHECK STANDS  
YOUR NAME AND  
REPUTATION

You can effectively capitalize the pride you have in both through checks made on La Monte National Safety Paper—crisp . . . distinctive . . . safe.

By embodying your individual emblem in this standard check paper, you can gain added prestige for your institution and give new force to advertising its service.

Your checks have a hidden value . . . a double value . . . and you can realize a handsome return on them, if they are made on La Monte National Safety Paper.

We'll gladly prepare sketches of a special design for you, free of cost. George La Monte & Son, 61 Broadway, New York City.



FREE—An unusual sample book of checks, G-14, made on La Monte National Safety Paper.

Northwestern Banker July 1930



**I**F in idle fancy you should undertake, in your own selfish interests, the organization of a nation-wide branch banking system based solely on strength and service, would you not add to your own institution, as branches, a list of the largest and strongest banks in every city and town?

Yet your imagination can picture no higher degree of service nor greater potential strength than is in fact already at your command through an account with this bank. To our own unexcelled facilities there is added the service of 1,500 correspondents . . . among the best managed banks of the country.



...THE...

## PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital and Surplus \$50,000,000

PHILADELPHIA'S LARGEST BANK

## Eight Ways to Make Advertising Help

(Continued from page 16)

10 times as many harvesting combines sold in 1927 as in 1923. New land, new efficiency, new machinery—these factors are tending to ruin the unprogressive one-crop farmers on small tracts, especially in unfavorable regions. The price of industrial revolution in any industry, agriculture not excepted, is great distress to those least fitted to survive.

3. Changes in marketing. The rise of the industrial wage level has, of course, increased freight rates and handling charges. What permanent help the new federal farm board will be in promoting more orderly and economical marketing remains to be seen. The growth of cooperative marketing associations and the development of the federal land bank system have, incidentally, taken away from the country banker's portfolio some of his best securities. In the long run, some believe, if agriculture is thereby strengthened, this may work for the country banker's own good.

### *A Rapid Transition*

**B**UT the problems of the country banker are more than problems of agriculture. The smaller town is passing through the most rapid transition in all American history.

The invention of the automobile has wrought changes greater than any other invention of modern times. It has promoted good roads and widened the farmers' trade area. At the same time the movies, radio, and an increase of 50 per cent in newspaper and magazine advertising in five years, have created new wants which the small town often is unable to supply. Even stores selling groceries and other staples in some towns are finding less customers, because the number of mouths to feed in the territory is declining. As farm machinery replaces hand labor, some 400,000 people are leaving the farms for cities each year. Moreover, the number of children born in farmers' families is decreasing.

The rapid growth of installment buying also has shifted the farmers' dependence on the small town near which he lives. He no longer has to establish credit with a merchant who knows him personally or to build up a savings account in his bank in order to accumulate cash for some large purchase. He can buy his farm machinery, automobile, radio, or household equipment with a small down-payment and pay a big city finance company while he enjoys the use of what he bought.

Farmers and dwellers in small cities and towns always have been exploited by blue sky salesmen. But it was not until the Liberty Loan and War Savings Stamps drives during the World War that many people became accustomed for the first

time to buying *legitimate* securities in small denominations. Investment houses have been quick to capitalize these new habits and cultivate the small investor. Building and loan savings also have grown at an unprecedented rate, while life insurance companies have called increasing attention to insurance as an investment as well as protection. It is unfortunate for the country bank that, just at the time this new competition was gathering momentum, confidence in all country banks was weakened by the failure of thousands of small banks which had loaned too much to farmers during the post-war boom. This loss of confidence is probably merely temporary, but deposits lost by good banks will be recovered rather slowly, and then only as the result of a business-like, tactful campaign of education.

### Old Methods Out

AT THE same time as these and other fundamental economic changes have shifted the activities of customers of the country bank, the overhead expenses of country banks have increased, and state and federal regulations, as well as good banking judgment, cut down profits by requiring a heavy secondary reserve.

In 1906, according to the last report of the Comptroller of the Currency, only 16 per cent of the total loans of country national banks were in bonds, stocks, and

other investment securities, exclusive of government bonds to secure circulation. In 1928 the figure had risen to 34 per cent. (In Minnesota, the figure rose from 5¼ per cent in 1906 to 41 per cent in 1928.) In view of the fact that the 5,000 banks which have failed since 1920 generally were the weaker banks, the large secondary reserves now carried show that American country banks are in a stronger position now than for many years.

But banks are not making the profits that they should. In 1927, 966 national banks, for example, operated at a loss, and 38 per cent of all national banks in the country earned less than 5 per cent on their capital.

What we have written would seem to make clear why the country banker *no longer can expect to pay good dividends by the passive methods in vogue in years gone by*. He must not only put his house in order. He must also step out aggressively, yet tactfully, after *new sources of income*. These sources can be found. They can pay substantial profits, as hundreds of able, progressive bankers already have discovered.

### Eight Suggestions

IN THE light of these underlying economic trends, let us ask, "*In what ways can advertising help us country bankers to make more profits?*" I shall

suggest just a few ways, out of a number of ways whose value has been proved by experience.

1. We can make checking accounts pay more profits, by educating the public to the many real advantages of good-sized checking account balances.

2. We can educate the public to the need of a service charge on small accounts, and to the necessity of other fees for services which banks have been furnishing free.

3. We can strike up certain definite new motives for savings.

4. We can show the public why the rate of interest which we pay on time deposits is high and adequate, considering their liquidity and convenience. Publicity of this type is needed now to counterbalance the propaganda of investment houses, building and loan companies, stock salesmen, and others.

5. We can educate the public to the importance of making a will with the banker or bank as executor.

6. We can create a desire for trust service. The country banks who are entering this field are finding that it pays, in both direct and indirect new business. The growth has been phenomenal. In 1923 there were 5,899 testamentary trust appointments in the United States. In 1929 there were 60,036 such appointments. For

## IN TWO MINUTES YOU CAN DEMONSTRATE THE SUPERIORITY OF SUPER-SAFETY PAPER FOR ALL CHECK PURPOSES



YOU'RE BUSY. Too busy, perhaps, to read the reports of research laboratories which prove the unique qualities of Super-Safety Check Paper. Too busy to look over the enthusiastic letters from your brother bankers who have used this first true check paper since its introduction a year ago. All right. We understand.

But wouldn't it be good business to see and test Super-Safety? You can do it in two minutes, at your own desk, with no other equipment than your fingernail, a sharp knife, ink eradicator and the free samples of Super-Safety that the coupon below will bring you.

The average check, during its lifetime, is folded and refolded by seventeen different pairs of hands. Try folding Super-Safety. Crease it over and over with a sharp, ungentle thumb-nail. It will outlast, without breaking, any check you can bring against it—and probably outlast your patience. . . . Checks are subject to strong pulls from stubs and sudden yanks from spindles. Tear Super-

Safety and notice the unusually long fibers which make each check strong enough to support the weight of a man. . . . Write on Super-Safety's satin-smooth surface. Ink is almost instantly absorbed without the slightest blur or feather. . . . Use ink eradicator, knife or eraser and a glaring spot results.

Super-Safety is offered in six pleasant pastel shades. It lithographs and prints superbly. Depositors appreciate this distinguished check paper. And it costs no more than other kinds! The Todd Company, Bankers' Supply Division, Boston, Brooklyn, Rochester, Buffalo, Chicago, St. Paul, Des Moines, Birmingham, Dallas, Denver, Spokane.

THE TODD COMPANY, Bankers' Supply Division  
1149 University Avenue, Rochester, N. Y.

Please send me complete information about Super-Safety Checks made of the new Super-Safety Paper.

Name of Bank \_\_\_\_\_  
Name of Officer \_\_\_\_\_  
Street \_\_\_\_\_  
Town \_\_\_\_\_ State \_\_\_\_\_ 7-30

## TODD SYSTEM OF CHECK PROTECTION

Northwestern Banker July 1930



the life insurance trust, like the regular testamentary trust, there are prospects in every community.

7. We can systematically encourage poultry raising, dairying, seed selection, diversification, year-round farming, and more efficient agricultural methods in general. This advertising may or may not pay immediate profits to the bank, but it is vital, I am convinced, to the ultimate future of the bank, in view of the economic trends discussed above. The inefficient one-crop small farmer seems doomed, and the bank must, for its own welfare, take the initiative in helping build a prosperous clientele for the future.

8. We can create new confidence in the bank as a friendly, competent adviser in finance, performing a professional financial service similar to that of a doctor in

medical matters or a lawyer in legal matters.

## The Remedy for Too Much Farm Credit

(Continued from page 19)

### *Diversification Will Help*

**D**IVERSIFICATION should be practiced and we can force that by telling our farmer customers that they must not place all of their crop in one commodity and must be as nearly as possible self-sustaining.

I dare say the majority of you are unit bankers. You have been watching the inroads of branch, group and chain banking into your field. Did you ever think of this, that if, for example, the

whole of the South were dominated by two or three group or branch banks and an urgent need for a reduction in cotton acreage was evident, they could send out orders from their head office instructing branch managers to curtail credit to the extent they wanted cotton acreage reduced, you would see a substantial reduction? But can we as unit bankers do that? We can, but whether we will is another question. We have in some instances made progress along these lines, but not as much as we could have. The bankers of a section or of a state should organize in such efforts when need be.

Lastly, we could remedy the farm credit situation by actually placing the farmer on the same basis of credit that we do a business house or industrial plant. Let the farmer submit a statement, compare his current ratios, see what his net worth is, and what his working capital is, analyze his statement and grant credit on it just as you would any commercial borrower. Would that have saved any of our banks from failing during the past ten years? I believe you will agree that it would have.

In summary, the credit available to farmers through Federal Land Banks, Intermediate Credit Banks, Joint Stock Land Banks, the Federal Reserve Banks, commercial banks and credit merchants and individuals is far more than is best for the agricultural borrower. This credit has been over expanded. This fact, along with the farmers placing surpluses back into fixed assets in the form of land, their poor knowledge of costs of production, the varying and uncertain weather conditions, the speculation on unearned increment of farm values, the inelasticity in demand for farm products, the individualistic character of the industry and the slow turnover, causes trouble for the agricultural class. To remedy this situation we have the new Farm Board with its management and central organization, which are elements heretofore not existing in any great amount in the farming industry and which are necessary to success. We must stop making capital loans and must encourage thrift and diversification and advise through governmental agencies as to acreage to plant. Costs of production must be lowered. Organized force must be brought when necessary to reduce acreage. Lastly, we must place the agricultural borrower on the same basis as we do our commercial accounts.

Medical Examiner (to young student):  
"Suppose there were a gun-powder explosion and a man were blown into the air. You, as the nearest doctor, are called in. What would you do?"

"Wait for him to come down again," was the prompt reply.

# Steadfast

**Steadfast adherence to the intelligently applied rules of diversification by type, maturity, and geography must bring to your bond purchases a resultant freedom from worry, fair return on your capital, and an appreciation in line with the balance of the market. This appreciation should come if the fundamental conditions surrounding the bond market continue to react as favorably as they have in the immediate past.**

**May we suggest some recommendations for the purchase of securities for your bank's investment account?**

*Iowa Representative*  
**MAURICE F. LEAHY**

*Manager of Trading Service Department*  
**THOMAS F. FORD**

# B R O K A W

AND COMPANY

105 South La Salle Street

CHICAGO

## Two New Plants Opened

The opening last month of two additional check imprinting stations is announced by the Bankers Supply Division of The Todd Company of Rochester, New York, makers of safety check paper and other bank supplies, and check protecting devices. These new plants are located in Detroit and Cincinnati.

The Detroit plant is located at 310 Congress Street, and serves banks in the territory embracing Central and Southern Michigan (except for the southwestern corner) and is known as the "Detroit Division."

The address of the Cincinnati plant is 659 East Sixth Street. It is known as the "Cincinnati Division" and will serve the banks in the states of Kentucky, West Virginia, Southern Ohio and Southern Indiana.

During the past year the Todd Company has doubled its imprinting facilities by opening plants in Boston, Buffalo, Birmingham, Des Moines and Spokane. The new plants in Cincinnati and Detroit make seven new imprinting stations established within the past year—a total of twelve in key cities throughout the country.

The steadily increasing list of Todd-Bankers Supply Division customers in the Mid-West necessitated the opening of these two plants. The location of these cities with their excellent railroad facilities, and the proximity of the plants to the post office combine to offer excellent advantages for rapid service.

No factor to maintain the fine delivery record of Todd Bankers Supply plants has been overlooked by company officials. The personnel has been carefully chosen. A. T. Jensen has been appointed manager of the Detroit plant; Emmet McCleary will be the Cincinnati plant manager. Both of these men have had long experience in this work. J. M. Lewis, division sales manager, will cooperate with Messrs. Jensen and McCleary in their contact with the customers of the Bankers Supply Division of The Todd Company, and will supervise the activities of the territorial representatives. In the Detroit Division, R. R. Baugh will serve Eastern Michigan; R. W. Shaner, Western Michigan. In the Cincinnati territory, W. B. Hackett will serve Southern Ohio; W. D. Haughton, Kentucky and Southern Indiana, and E. M. Abbott, West Virginia.

Necessity reforms the poor, and satiety reforms the rich.—*Tacitus.*

If people would only avoid long words and stick to monosyllables as much as they can, they would all get on better.—*Stanley Baldwin.*

The apt slogan will put over anything from a war to a peppermit.—*Samuel Chotzinoff.*

**D**UTRO & COMPANY was formed pursuant to a plan of reorganization to acquire the assets and business of E. Raymond Dutro & Company which has since its incorporation been successfully engaged in the underwriting and distribution of high grade securities.

Among the assets so acquired were valuable natural gas properties in Illinois, which E. Raymond Dutro & Company had acquired in anticipation of the present rapid development in the natural gas industry.

These properties are now held by the Illinois-Kansas Natural Gas Company which under the plan of reorganization is a subsidiary of Dutro & Company. Also Dutro & Company acquired 22% of the common capital stock of the Arkansas Valley Natural Gas Company which controls valuable natural gas properties in Arkansas, Oklahoma and Texas.

Dutro & Company will specialize in the underwriting and distribution of the securities of the Arkansas Valley Natural Gas Company and the Illinois-Kansas Natural Gas Company to meet the varied requirements of individual investors.

Complete information will be mailed upon request.



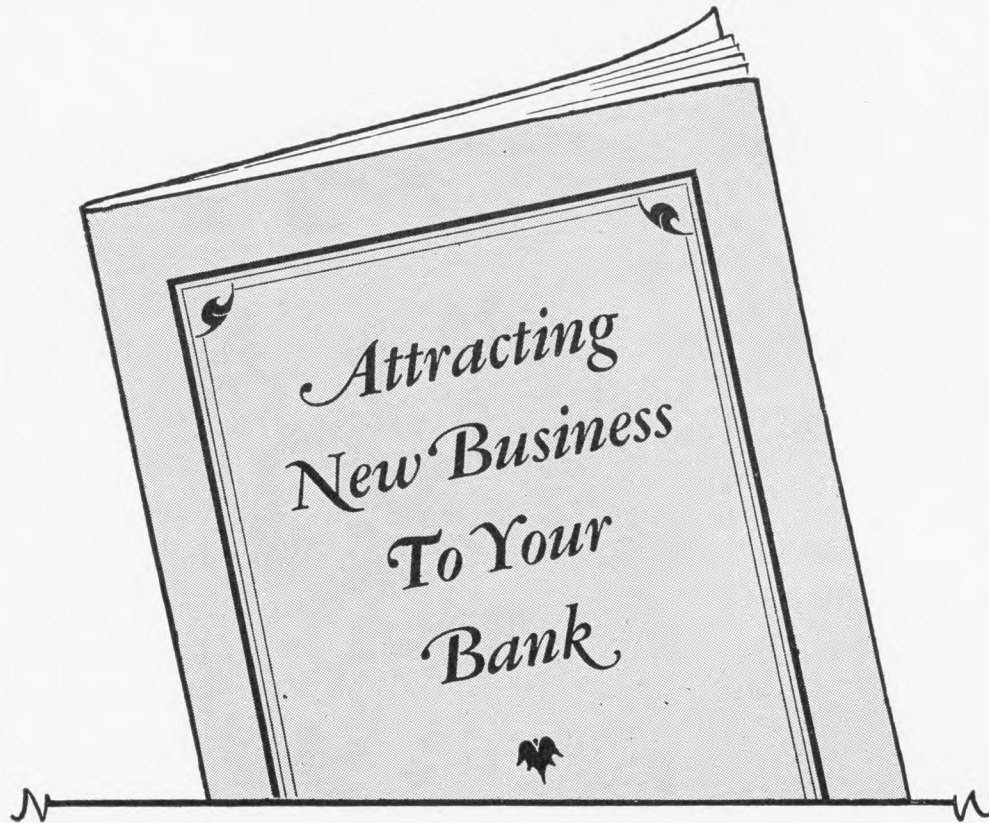
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FINLEY P. DUNNE  
*Secretary & Treasurer*

# Bonds and Investments

## What Is Back of FEDERAL LAND BANK BONDS?

By WOOD NETHERLAND

(From address before A. I. B. Convention, Denver)

WITH the exception of government bonds there is perhaps no one class of outstanding securities which has obtained a more general distribution in the investment field than Federal Land Bank bonds. As the so-called "war debt" is retired from year to year, for which there must be substituted securities having certain preferred features, it is reasonable to assume that Federal Land Bank bonds will forge gradually to the front and become more and more in demand. Since present market prices afford an attractive yield to the investor who looks into the future, it is quite fitting that an investment division of a group of bankers such as this should give consideration to the history of these bonds and their future importance in your investment account.

Federal Land Bank bonds, both as to principal and interest, are exempt from federal, state, municipal and local taxation. They are lawful investment for fiduciary and trust funds under the jurisdiction of the United States, and eligible for investment by savings banks in most states. They are also acceptable to the United States Treasury as security for government deposits, including postal savings.

The basic and underlying collateral insuring their eventual payment is the first mortgages on selected farm units. From time immemorial land used for agricultural purposes has been regarded as offering the best of security, and, notwithstanding the unhappy era through which we have passed during the last ten years with respect to agriculture, man must always depend upon the products of the soil for sustenance. The collateral, therefore, sustaining these bonds represents a lien on a national asset which has been the foundation of our republic and which constitutes a guaranty of its continuity.

Since each Federal Land Bank bond is not only the primary obligation of the bank of issue but, under the conditions stated in the law, is likewise the liability of the other eleven Federal Land Banks, both as to principal and interest, a history

of these securities must to a large extent be interwoven with a history of the Federal Land Bank system itself.

### How Issued

FEDERAL LAND BANK bonds are issued with the approval, both as to form and security, of the Federal Farm Loan Board. The law requires that they be secured, dollar for dollar, by the deposit of first mortgages on farm lands, representing not more than 50 per cent of the appraised value of the lands and 20 per cent of the appraised value of the permanent, insured improvements, or by United States Government bonds. Under the conditions stated in the Federal Farm Loan Act, they are guaranteed jointly by the twelve Federal Land Banks, with total capital, reserves and undivided profits of approximately \$100,000,000.

Federal Land Bank bonds have all the safety of a first mortgage plus the guar-

anty of the twelve banks. Aside from the "amortization" payment, which annually or semi-annually reduces the principal, each bank may charge borrowers interest at a rate not in excess of 1 per cent above the interest rate borne by its last issue of bonds, at the time the loans were made, to provide for operating expenses, the absorption of losses, and the creation of reserves.

The farms upon which loans are made through national farm loan associations have been twice appraised; first by a local committee composed of members of the national farm loan association which guarantees the loan; second by an appraiser appointed by the Federal Farm Loan Board.

The set-up of the Federal Land Bank system is somewhat analogous to that of

the Federal Reserve system. For each there is a board at Washington acting in a supervisory capacity, and in each system the country is divided into twelve districts, which, however, do not cover the same areas. National farm loan associations take stock in and do business with the Federal Land Bank of their district in a manner somewhat comparable to that in which state and national banks have an interest in the Federal Reserve Banks. There are 4,657 (May 29) national farm loan associations having stock in the banks—one or more association to practically every agricultural county in the United States.

Each association appraises the security back of, endorses, and becomes liable for, each and every loan accepted through it by the Federal Land Bank of its district. These associations vary in size from ten member borrowers with a total of \$20,000 in loans to more than 1,000 members with loans aggregating \$5,000,000. Each borrower is required to take stock in his local association in an amount representing 5 per cent of his loan, and is equally and ratably liable for the association's obligations in an amount equal to his stock holdings. In other words, the stock carries the double liability feature as does stock in national banks.

The national farm loan associations have acquired \$64,723,607.50 (March 31) of the capital stock of the twelve Federal Land Banks. The initial capital of the twelve banks was \$9,000,000 of which \$8,892,130 was subscribed by the government, and all but \$292,519.25 (March 31) of the latter amount has since been retired. The legal reserves and undivided profits of the Federal Land Banks approximate \$17,760,000 and, in addition, the banks have reserves set aside against particular assets such as real estate, delinquent installments, etc., amounting to more than \$16,400,000. They have paid dividends aggregating more than \$25,000,000.

Each national farm loan association has its officers and board of directors the same as any other corporation, and each

*"The stock market operations in the past two years and their influence on all fixed investment securities are too recent and well known to come under the heading of history. Even government bonds failed to escape the influence of these operations. Federal Land Bank bonds, however, have staged a substantial recovery which has demonstrated the conviction upon the part of the bond buying public and investors that the system is sound!"*



is a distinct entity. The association receives applications for loans and makes such investigations as it may deem necessary as to the character and solvency of the applicants and the sufficiency of the security offered, and makes a written report of the result of such investigations. Upon receipt of this report the application is either rejected or is sent, with written approval of the association, to the Federal Land Bank. The bank in turn refers the application and report received from the association to a trained appraiser appointed by the Federal Farm Loan Board. This appraiser then in-

spects the property and makes his report thereon in writing. The application, together with the report of the association and the land bank appraiser, is then submitted to the officers of the bank for approval or disapproval. The land bank officials cannot make any loan which is not approved by the association or which is reported on adversely by the land bank appraiser; nor can it grant any loan for an amount in excess of that which either has recommended. After the loan has been made by the Federal Land Bank it is submitted to the Appraisal Division of the Federal Farm Loan Bureau at Wash-

ington where it must receive final review before it is approved as collateral security for Federal Land Bank bonds.

The Federal Land Banks are examined at least twice each year, and the national farm loan associations at least once, by the examining division of the Federal Farm Loan Board; and out of an experience of some twenty years in both state and national banks, I think I can say with some degree of certainty that the Farm Loan Board as now constituted is fulfilling its duty most efficiently in this respect, and the manner in which the board and the banks cooperate in following out suggestions for improvements made by the examining division, augurs well for the system.

Such, briefly, is the background of the Federal Land Bank system which on March 31, 1930, had bonds outstanding in the amount of \$1,184,686,640, aggregating \$1,196,131,126 mortgage loans, and combined capital, reserves and undivided profits totaling more than \$100,000,000.

All these loans have been made on an amortized basis, and since a relatively small percentage of the loans now outstanding were made when prices of farm lands were the highest, it is reasonable to assume that, having withstood such radical changes in economic conditions affecting agriculture as have obtained in the last ten years, they are for the most part "seasoned" loans. Appraisals made in more recent years have been on a sounder basis than those in the early years of the banks' operations. This has been due in part, of course, to the general deflation in values that has occurred, but primarily to closer supervision of this important work through reviewing appraisers in the field, through the selection and maintenance of a high-grade corps of appraisers, and through a more careful investigation of drainage, irrigation and related problems which sometimes present unusual hazards with respect to farm lands.

#### *In Earlier Days*

IN THE early days of the Federal Land Banks the United States Treasury subscribed to practically all of the initial stock of the banks, with the provision that when the volume of loans reached a certain point, the treasury would be reimbursed by the banks—each institution setting aside for this purpose one-fourth of the funds derived from sale of stock to national farm loan associations. But the banks at that time were confronted with a more serious problem than the sale of stock. Not only was cooperative first mortgage credit new in this country but the banks had not been long in operation before the bond market was upset by the entrance of the United States into the World War and the attendant government financing. A temporary syndicate of investment bankers and brokers was formed, and between the first and second



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Last year over \$12,000,000 in municipal securities were purchased through this company by banks, insurance companies, corporations, and individual investors. Our specialized analytical and advisory service is at the disposal of Iowa and midwestern bankers, without charge, at all times.

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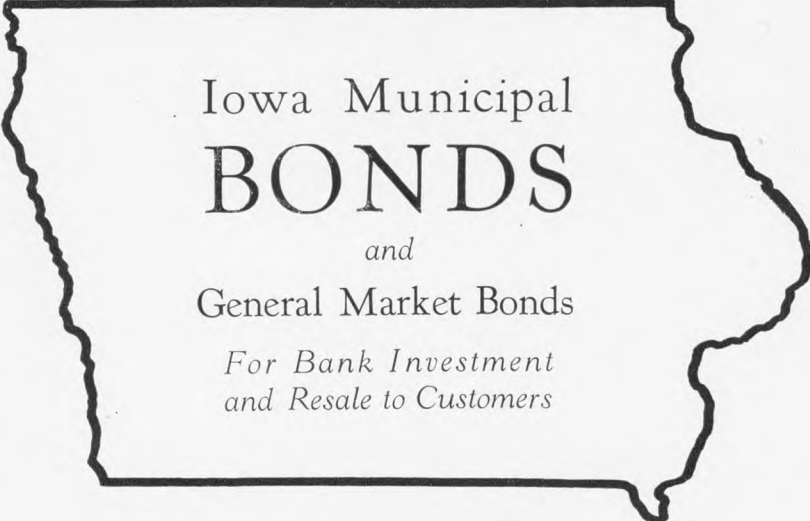
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Liberty Loan issues, \$30,000,000 in farm loan bonds were sold easily at a substantial premium.

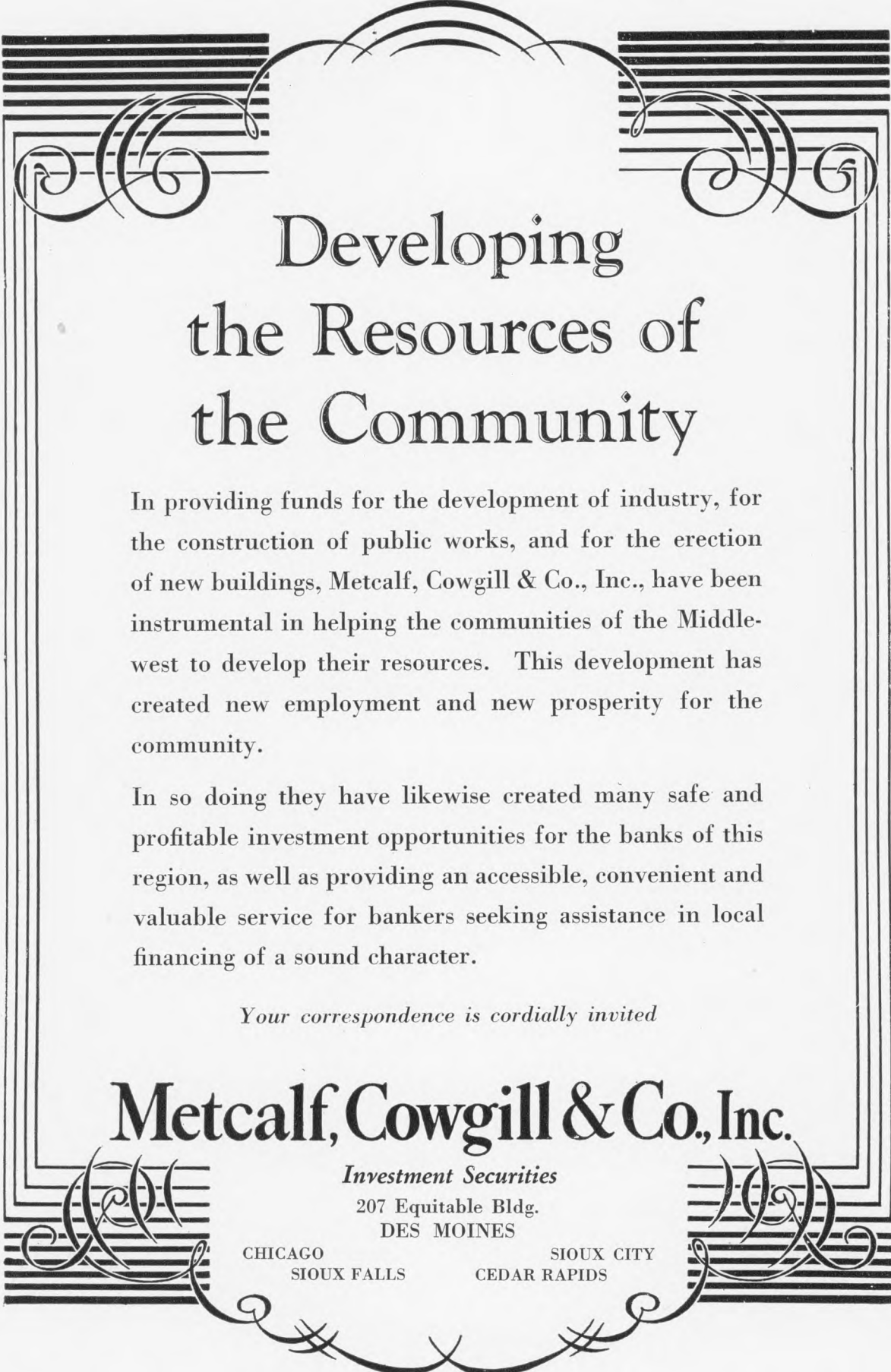
When the United States actually entered the war the treasury department recommended to the Congress that it be granted authority to purchase farm loan bonds from time to time for the succeeding two years, subject to redemption and sale by the banks at the same price. This request was repeated in November, 1917, and on January 18, 1918, the amendment was approved making \$100,000,000 available in the treasury for each of the two fiscal years. Under such authority the banks sold to the treasury, not counting those repurchased during the period, approximately \$60,000,000 in bonds, and between the third and fourth Liberty Loan issues the banks sold, through a syndicate of 100 or more large investment houses, \$56,000,000 in bonds.

In 1920 the loaning activities of the banks practically ceased because of litigation pending in the Supreme Court involving the constitutionality of the Federal Farm Loan Act, and were not renewed until after February 28, 1921, at which time the Supreme Court confirmed the constitutionality of the Act. Concerning this litigation the secretary of the treasury said, "The effect of this decision was to establish the Federal Farm Loan system firmly as a part of our financial system."

Loaning activities were resumed in June, 1921 with the sale of \$40,000,000 in bonds bearing 5 per cent interest. At this time Congress made it possible to sell bonds with a 10-year instead of a 5-year callable period. Later in that year another offering of \$60,000,000, 5 per cent bonds was quickly absorbed by the investing public.

During the period of litigation above referred to the interest rates on farm mortgages were high and there accumulated in the banks a large demand for loans. During 1922 the banks sold \$278,650,000 of bonds. This was somewhat in excess of the demand for loans, so that \$70,150,000 was used to repurchase bonds held by the treasury, reducing its holdings to \$112,885,000. Of the bonds issued in 1922, \$75,000,000 of 5 per cent bonds were quickly taken by the public at a premium of 1½ per cent. The offering of 4½ per cent bonds in May of that year was oversubscribed and a portion of the funds derived from that sale used to make further purchases of bonds held by the treasury department. On March 31, 1930, the treasury department held Federal Land bonds in the amount of \$101,750,000, representing an investment of United States Government life insurance funds.

In 1923 bonds were sold to the amount of \$232,945,000, a part of which was used to retire treasury holdings, and since that time the remainder of the bonds bought by the treasury during the war has been



## Developing the Resources of the Community

In providing funds for the development of industry, for the construction of public works, and for the erection of new buildings, Metcalf, Cowgill & Co., Inc., have been instrumental in helping the communities of the Midwest to develop their resources. This development has created new employment and new prosperity for the community.

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repurchased by the banks. As I stated before, all of the capital stock originally subscribed by the treasury has been retired in the manner provided by the law, with the exception of small holdings in two of the banks. Since 1923, the banks have continued to sell their bonds in amounts dictated by their needs for loan funds, their issues in November, 1927 and May, 1928, bearing the record low coupon rate of 4 per cent.

### A Substantial Recovery

THE stock market operations in the past two years and their influence on all fixed investment securities are too recent and well-known to come under the heading of history. Even government bonds failed to escape the influence of these operations. Federal Land Bank bonds, however, have staged a substantial recovery which has demonstrated the conviction upon the part of the bond-buying public and investors that the system is sound.

Such is the history of the sales of Federal Land Bank bonds which have aggregated in a brief thirteen years \$1,599,465,850. But a mere recital of the sale of these bonds, convincing as it may be of the conviction of their desirability on the part of the investing public, is only a part of the history after all. The growth of this, the greatest cooperative farm mortgage institution in the world, would provide a first-class human interest story, indeed, had I the time to develop it. To my mind there is one outstanding fact that towers above all others as indicating the soundness of the twelve Federal Land Banks as a system. These institutions started from "scratch," and, after launching out on an uncharted course and before they had an opportunity to accumulate reserves in any volume, the farmers of the country were plunged into the most depressing era agriculture has experi-

enced for over 50 years. Under such conditions some delinquencies and foreclosures were inevitable. The banks, however, not only have been able to withstand the resulting losses but their loan mortality record compares most favorably with that of other farm mortgage agencies, some of which have been in the farm mortgage business for three quarters of a century.

Life insurance companies constitute one of the most important classes of competition of these banks. Data for eight of the largest companies having substantial investments in farm mortgage loans have been obtained from their reports for the year 1929 made to and on file in the Insurance Department of the District of Columbia. These eight companies on December 31, 1929, held farm mortgage loans aggregating \$1,333,000,000, which exceeded the net mortgage loans of the twelve Federal Land Banks by only about \$100,000,000. The reports of these companies showed that on the same date they held acquired farm real estate having a current market or reappraised value of over \$57,000,000. The ratio between this amount and the total farm mortgages in force was 4.3 per cent. On the same date the twelve Federal Land Banks held real estate owned outright in which they had an investment of \$23,200,000 less than one-half the market value of the real estate owned by these insurance companies. The ratio between this investment and the banks' net mortgage loans was only 1.9 per cent.

The value of the real estate owned by Federal Land Banks corresponding most closely to that given for the insurance companies is the carrying value before deducting reserves. Namely, \$16,687,000 which represented a ratio of only 1.4 per cent to the loans outstanding. On the basis of the figures it is evident that in proportion to the amount of loans held by

Federal Land Banks, insurance companies owned over twice as much real estate measured on the basis of either the carrying value or the investment. It should also be specifically borne in mind that the combined statement of the Federal Land Banks as of March 31, 1930, discloses sufficient reserves and undivided profits on hand to wholly charge off not only all real estate acquired but all sheriffs' certificates and judgments as well, without impairment of capital stock.

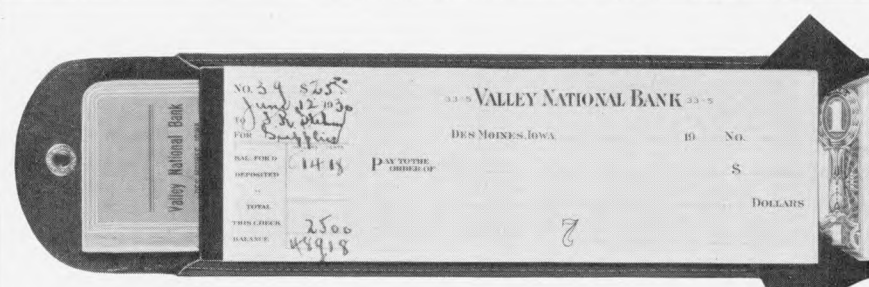
### A Comparison

I SHALL not ask your indulgence to quote additional data which will show that if the statistics concerning these eight life insurance companies which, according to available evidence, hold over one-half of the total amount of farm mortgages held by all insurance companies, are typical of all insurance companies, then the record of the Federal Land Banks is much better both with respect to foreclosures, real estate on hand, or present rate of acquisition.

The Federal Farm Loan Board was reorganized on May 10, 1927, and during the intervening period of over three years its supervisory organization, the Federal Farm Loan Bureau, has been practically reconstructed and placed in a position to meet its responsibilities, both in the discharge of its daily duties and with respect to some unusual situations which arose in the system. The magnitude and importance of this work cannot be overestimated, and the sacrificial manner in which the present members of the board have addressed themselves to the task of improving the system entitles them to the support and gratitude of all those who are interested in its future.

In the thorough reorganization that has taken place the functional structure of the bureau has been materially changed. New divisions have been created, old ones strengthened and reformed, and the personnel of the system, both in Washington and in the field, has been enlarged, improved and mobilized into a trained and energetic force so that as a result the board is now equipped to give the system that close and constant supervision contemplated by the Farm Loan Act. The reorganized board has viewed the system as a great business institution and has felt that its supervision should be conducted in accordance with the principles of sound business administration and practice.

Unquestionably, the reorganized board has been fully aware of the difficulties that have confronted and still confront agriculture as the result of the inevitable readjustment that followed the war. They realize that the fundamental problems of this great industry are varied and complex and are rightly matters of national concern. On the other hand, it must be remembered that constant and sweeping



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From the very beginning, it has followed the policy of looking beyond its own immediate profit to the continuing interest of its customers. It is this policy which is behind the very searching investigation that every Municipal Bond issue offered to the house is subjected to, before being accorded the recognition of a bid.

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Each party carried money to defray traveling expenses and each, therefore, was a logical prospect for Travelers Cheques.

It is probable that as many automobile travelers will enter Canada in 1930. If these motorists withdraw their travel money from banks as cash, the banks will make nothing and the travelers will run the serious risk of loss or robbery (and motor robberies are increasing). If, however, American Express Travelers Cheques are sold, the bank makes a profit on the transaction that is the equivalent of 6% for thirty days' use of the money and the motorists' funds are made secure.

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declarations of pessimism during the past several years have tended to convey the impression that *all* farmers are insolvent, which is untrue. The great majority of farmers in this country are upstanding citizens who meet their obligations, as is very clearly demonstrated by the experience of the Federal Land Banks.

While agricultural conditions, as I have said, are an important factor in the operation of a land bank, nevertheless these adverse circumstances have not presented unsurmountable difficulties in well-managed institutions. Foresight and sound judgment in the conduct of the well-managed institution has resulted in the avoidance of much trouble which otherwise would have arisen. The lack of these qualities in a poorly-managed bank had resulted in the acquirement of a large amount of distress. In these latter cases the management has been reorganized and strengthened by the directors of these banks with the cooperation of the Federal Farm Loan Board. Every effort has been made to obtain the best men available and these institutions have been placed in a position to deal more effectively with their problems.

The effects of the reorganization will undoubtedly be of enduring benefit and will tend to insure the strength and stability of the banks in the future. The errors and omissions of the past must serve as guides for the years to come, and in the light of these experiences there should be no recurrence of the conditions existing prior to the reorganization. It is reassuring to be able to say that while some of the banks, as previously indicated, are faced with difficult problems, most of them are in a sound and healthy condition. The system has weathered trials that have tested its strength during a most crucial period. Its achievements and services have demonstrated its fundamental soundness and usefulness. Taking all of these factors into consideration, it would seem that faith in our nation, in the fundamental soundness of our farm loan system, and faith in the farmers who constitute the bulwark of our national strength, would fully justify confidence in the future growth and progress of the system.

#### Heads Librarians

Miss Margaret Reynolds, Librarian of the First Wisconsin National Bank, Milwaukee, was elected president of the Special Libraries Association at their annual meeting which was held in San Francisco June 18-21. Miss Reynolds has been an active member of the Special Libraries Association, having served twice as vice president of the Association, twice as chairman of the Financial Group and for many years has been an associate editor and contributor to *Special Libraries*, the monthly publication of the association.

#### Utilities Not Always Suitable

Public utility securities, when sagaciously selected to meet the needs of a bank, are one of the most satisfactory means of investing bank funds, according to Dr. Paul M. Atkins, economist of Ames, Emerich & Co., in the company's most recent Current Bank Brief, but careful consideration should be given to distinguish those which are suitable for the secondary reserve account, from those which are appropriate for the investment account.

Since the only public utility securities which are eligible for the secondary reserve account are those of short maturity, continues Dr. Atkins, it is frequently necessary

to purchase the debentures of holding companies which are secured by a deposit of collateral. Hence it is necessary to analyze the position of the debenture with care. Frequently they are secured by the deposit of the mortgage bonds of operating companies which are controlled by the holding company, and in such cases the credit position of the debenture will usually be found to be sound and the issue well adapted for a bank secondary reserve from this standpoint. However, it frequently happens that the collateral securing such debentures is made up of the stock of operating companies—stock which is junior to a substantial issue of mortgage bonds—and

## FIRST MORTGAGE *Public* *Utility Bonds*

	Due	Yield
NEW YORK WATER SERVICE Co. 1st Mtge. 5s. . . . .	1951	5.10%
OHIO WATER SERVICE Co. 1st Mtge. 5s. . . . .	1958	5.50%
ILLINOIS WATER SERVICE Co. 1st Mtge. 5s. . . . .	1952	5.55%
WEST VIRGINIA WATER SERVICE Co. 1st Mtge. 5s. . . . .	1951	5.55%
ARIZONA EDISON Co. 1st Mtge. 5s. . . . .	1948	5.58%
OKLAHOMA NATURAL GAS Co. 1st Mtge. 5s. . . . .	1948	6.00%

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**\$250,000**

**LOMBARD, ILLINOIS**

**6% Improvement Bonds**

**Serial Maturities 1937-1948**

Lombard (population 6,000) is a well known Chicago Suburb, located 20 miles west of the downtown "loop" district.

These bonds are payable from special taxes levied against 50% of the area of the City, which taxes are a lien ahead of all encumbrances and co-equal with general taxes.

Price: 100 and Interest, Yielding 6%

*Special Concessions to Banks*

**The Hanchett Bond Co.**  
Incorporated 1910

INVESTMENT SECURITIES

39 So. La Salle St.

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Central 4532



thus the credit position of the debentures is not so strongly entrenched as in the foregoing instance, although quite possibly, if there is no bond issue preceding the stock issue, such debentures may appropriately be included in a bank secondary reserve account.

A much wider latitude exists, of course, in the case of the investment account, for long term and comparatively small issues often present attractive opportunities to the bank, both for a substantial yield and possible capital accretion. The mortgage bonds of operating companies, together with those of relatively small independent

companies which have not yet been absorbed by any of the larger groups, frequently may be purchased at reasonable prices, and are most satisfactory components for the investment account.

Dr. Atkins concludes: "Public utility bonds properly rank among the strongest and best of American corporate obligations. The banker should not fail to diversify both his secondary reserve and his investment account by including a proper proportion of such securities in both accounts. He should analyze them before purchasing, however, and select only those whose credit position is inherently sound."

### New Omaha Office

Smith, Burris & Company, 120 South LaSalle Street, Chicago, Illinois, syndicate managers for eighteen central western states on *Basic Industry Shares*, *Corporate Trust Shares* and *Fixed Trust Oil Shares*, are opening up a wholesale office in suite 1000-02 First National Bank Building, Omaha, Nebraska, to better serve their distributors in these investment trust issues.

The officers of the new concern are Cedric H. Smith, Chicago, president; Lloyd W. Phillips, executive vice president, and Nelson W. Burris, Chicago, second vice president. The office will be in charge of Mr. Phillips.

The wholesale business which has heretofore been handled by Lloyd Phillips & Co., of Fremont, will be handled entirely by the Omaha office and the Fremont office will be strictly a retail organization.

The Omaha National Bank has been appointed as the authorized Paying Agent on *Corporate Trust Shares* by the Trustee, the Chase National Bank of the City of New York and in excess of 6½ million dollars in cash distributions were paid out as of June 30th to *Corporate Trust Share* holders.

A meeting of the distributors and dealers of *Basic Industry Shares*, *Corporate Trust Shares* and *Fixed Trust Oil Shares* is planned for Omaha on July 2nd. Cedric H. Smith of Chicago together with Mr. Phillips will have charge of the meeting.

### Member of Omaha Exchange

The Cummins & Morrison Company, Inc., of Des Moines, Iowa, has been admitted to membership in the Omaha Stock Exchange. Officers of the organization are R. W. Morrison, president; James A. Cummins, vice president and Lena L. Black, secretary-treasurer.

### Declares Regular Dividend

That the American investing public is quick to take advantage of "American business at bargain prices" is evidenced by the fact that Selected American Shares, a cross section of America's basic industries in fixed trust form, are in greater demand than ever before, according to an announcement just made by Selected Shares Corporation.

The second regular semi-annual dividend of twenty-five cents a share will be paid on Selected American Shares as of June 30, 1930. This is at the rate of 6.17 per cent upon the average price of the shares from January 1 to June 20. The average price during this period was \$8.10.

Despite the generally depressed condition of industry, nine of the twenty-five companies represented by Selected American Shares made special distributions during the present period. Rights, stock

On June 30th—

**\$6,500,000**

will be distributed to holders of

## Corporate Trust Shares

ON June 30th, The Chase National Bank of the City of New York, Trustee, together with numerous banks in principal cities throughout the country, acting as Authorized Paying Agents, will distribute to Corporate Trust Share holders approximately \$6,500,000 in cash.

And after this payment there will still remain on deposit with the Trustee approximately \$2,500,000 in cash as a Reserve Fund for stabilizing future distributions. Interest earnings on this Reserve Fund accrue to holders of Corporate Trust Shares, just as do 100% of the earnings of the 28 stocks which comprise the portfolio of the trust.

The amount of this forthcoming semi-annual distribution, while obviously gratifying to holders of Corporate Trust Shares, is not as significant as is the fact that Corporate Trust Shares, since their inception, *have consistently led all similar investment trusts in amount of cash distributions actually paid to Shareholders.*

Including the coming distribution, actual payment to holders of Corporate Trust Shares since their inception has been at an average rate of more than 18% on the average price of the shares for the period.

Investors who purchase Corporate Trust Shares now will receive "rights," exercisable during July, permitting the purchase of additional Corporate Trust Shares at a discount under current offering prices.

*Dealer Inquiries Invited*

## SMITH BURRIS & COMPANY

Syndicate Managers—Central United States  
120 South La Salle Street, CHICAGO

## LLOYD PHILLIPS & COMPANY, Inc.

Wholesale Representatives for Smith, Burris & Co.  
Union National Bank Bldg., FREMONT, NEB.

Corporate Trust Shares are distributed at retail by over 200 banks and investment houses in principal cities.

# For Your July Investments Buy Surety Guaranteed Bonds

## *Because—*

The guarantee of two old-line surety companies is endorsed directly on each bond.

The guarantee as to payment of interest and principal runs directly to the bondholder, and is irrevocable and binding on either or both companies for the full term of the bond.

The surety companies add further safety to their guarantee by reinsuring through other approved surety companies.

The bonds yield 6 per cent net over a period of years.

Guaranteed bonds are the safest form of investment for individuals, trust estates, and institutions who cannot afford to lose.

They are secured by properties of such outstanding merit that two surety companies regard them so highly they place their resources squarely behind them.

They are so good they can be insured.

*Offering circulars and our booklet "Investment Safety" will be sent upon request.*



## Provident State Securities Company

134 North LaSalle Street  
CHICAGO, ILLINOIS



dividends, fractional shares and extra cash contributed 8/10 as much as regular cash dividends. During a period of low business activity this is a fine record, and indicates the excellent possibilities for extra dividends on Selected American Shares when business gets back to normal.

The following additional directors of Selected Shares Corporation were recently elected to the board:

David Copland, first vice president and director of General American Tank Car Corporation.

J. O. McKinsey, professor of economics, University of Chicago; president, J. O. McKinsey & Co., certified public accountants; director of Phoenix Hosiery.

Conrad Poppenhusen, Poppenhusen, Johnston, Thompson & Cole, attorneys; director, Central Trust Company of Illinois.

### Trend Toward Cities

Ninety-six per cent of the population of Manhattan Island in New York, and 80 per cent of the population of Chicago lives in apartments, according to a study of the trend towards cities which has just been released by Halsey, Stuart & Co. The tendency of people in cities to live in apartments rather than homes is also illustrated by figures covering the entire United States. Contracts for apartment construction advanced, according to estimates covering the entire United States, from approximately \$464,496,000 in 1921 to about \$1,189,258,000 in 1929.

### Opens Des Moines Office

The Utilities Securities Company announces the opening of a Des Moines office with Robert A. Barrowman as manager. Offices are at 211 Fleming Building.

Mr. Barrowman is a native of Des Moines, a member of one of the city's oldest families, and has had many years of executive and managerial experience.



R. A. BARROWMAN

He has been engaged in the investment business the past few years. Prior to that he was with Chase and Sanborn, and was at one time connected with the Des Moines National Bank when Arthur Reynolds was its president. He is also a director in the Iowa State Traveling Men's Association of Des Moines.

The Utilities Securities Company handles Utilities securities, including such well known issues as Peoples Gas, Commonwealth, Midwest, Northern Power and Light, etc. The new Des Moines office will supervise sales throughout Iowa, having salesmen in Dubuque, Sioux City, Ottumwa, Cedar Rapids and all the important towns of the state.

### Grimes Canning Co. Decision

Damage caused by a fire is not potentially complete when the fire starts, but occurs as the flames eat their way, Federal Judge Martin J. Wade, decided in federal district court last week in Des Moines.

The judge's decision came as he directed the Springfield, Massachusetts, Fire and Marine Insurance Company to pay \$16,151.43 for losses incurred in fire which destroyed the Grimes Canning Company plant, at Rockwell City.

The company argued that their policy did not go into effect until noon of the day the fire occurred and that the fire, which started at 11:57 A. M., had potentially destroyed the plant before the policy became effective. Actual destruction of corn insured did not take place until after noon and the policy was in effect at that time, the judge ruled.

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New York Curb (Associate)	And all other principal exchanges

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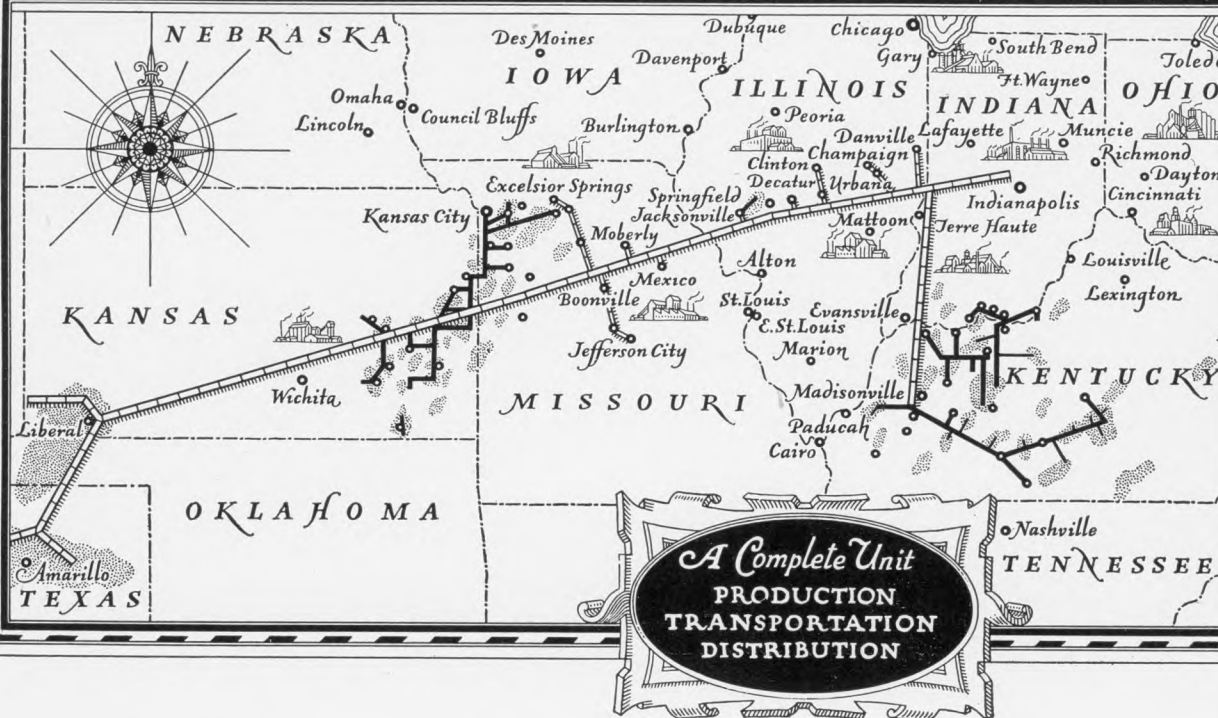
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# MISSOURI • KANSAS PIPE LINE SYSTEM

IN OPERATION      UNDER CONSTRUCTION



## A Super-Gas System

With the announcement of the new 1250 mile pipe line from the Texas Panhandle to Central Indiana, the Missouri-Kansas Pipe Line Company becomes definitely a super-gas system.

The company operates as a complete unit in natural gas production, transportation and distribution.

It owns or controls important proved reserves in five of the nation's major natural gas fields. Additional reserves are constantly being added.

Its financial condition is strong; with large cash reserves and with no bonds, notes or outstanding indebtedness.

Long term market contracts are now in operation. Contracts and applications for service from the new 1250 mile line are more than sufficient to operate it to capacity.

The management of Missouri-Kansas Pipe Line Company is composed of executives who have been identified with the successful operation of mid-continent natural gas and pipe line companies for over 20 years.

Common Stock Listed on New York Curb and Chicago Stock Exchange.

For complete information on the Company and its subsidiaries write:

## Missouri-Kansas Pipe Line Company

Executive Offices: 10 South La Salle Street, Chicago



## To Remedy Interim Abuses

A NOTEWORTHY development in finance that aims at simplifying and standardizing the complex and widely varying practices in the use of billions of dollars of temporary "interims," and that will be of profound interest to every financial institution in this country and Canada has been announced by the Investment Bankers Association of America.

The announcement comes in the form of a preliminary report by the Association's legislation committee, which is concluding a work that has been carried on for several years by various committees. The purpose of the effort is to afford greater safeguards for investors and to provide accepted practices in the use of interim

certificates, interim receipts and similar paper that will eliminate the dissatisfaction of investment bankers toward the lack of uniformity in present methods.

In its analysis of some 300 different specimens of the numerous interim forms which are in use in the United States and Canada and which forms the basis of the report, the committee points out a lack of a clear understanding, on the part of bankers as well as investors, of the true purpose of these temporary documents. The committee also found that "interims" now in use differ widely and materially in their language, terms and conditions, in their security provisions and in the manner of treating such points as transferability, interest and redemption. The committee tentatively recommends the adopting of a number of remedies which

it believes will raise the standards of practice in the use of interims, but it asks that it be allowed until next October to complete its studies and make final report on its proposed remedial measures.

### First Remedy

AS its first remedy, the committee recommends the adoption of a standard terminology to designate the various types of temporary instruments which are necessary in the country's public and corporate financing. The committee also proposes to stamp the use or misuse of these terms as the dividing line between ethical and unethical practice. To this end, it proposes that the term "temporary securities" be "limited to actual securities of the issuer itself, to be outstanding pending preparation of the definitive securities in final form." The term "trust receipts," the report continues, should be "limited to certificates of independent corporate trustees holding temporary certificates, cash proceeds, or other securities for the benefit of the holders of the receipts, such trust receipts to be executed by such independent trustee as its obligation." The term "interim certificates" should be confined "to the advertised interim of the original underwriting bankers or syndicate which has contracted with the issuer of the securities called for by such interim certificate for a definite amount of such securities and for the payment therefor to the issuer, to be the only 'official' interim of the issue."

The term "dealers' receipts" is suggested to include all receipts and all evidences of prepayment given for cash in advance of delivery of temporary securities, trust receipts, interim certificates or definitive securities.

The report further recommends that, in cases where the dealer holds nothing but cash pending acquisition of the temporary or definitive security to be purchased, steps should be taken toward obtaining such security as speedily as possible and exchanging it in retirement of the outstanding receipts. Where dealers' receipts are left outstanding, for justifiable reasons, until the definitives are ready, the committee stresses, "that the official temporary instruments be held segregated from such dealers other assets and earmarked for the benefit of holders of his outstanding receipts for that particular issue."

There are, the committee points out, essential economic reasons for the existence of these temporary instruments, secured and unsecured, in proper form. They are definitely and absolutely necessary to the providing of capital for worthy public and business enterprise and to the conduct of the investment banking business. There can be nothing inherently improper in them, provided the investor knows what he is receiving, understands the credit relationship, and does not labor under a false impression that he

# For July Investment

## ... Bonds of Well-Established Water Companies

Because of the stability of the industry they represent, the bonds of long-established, well-managed water companies are especially suitable for the investment requirements of banks.

Subsidiaries of the Community Water Service Company have been in successful operation for periods ranging up to 77 years. We recommend the bonds of these companies as a sound investment offering an attractive yield.

*We shall be glad to send you  
a descriptive circular upon request*

**P. W. CHAPMAN & CO., INC.**

115 West Adams St.  
CHICAGO



42 Cedar Street  
NEW YORK

is getting a security with a market value and a definite claim on the issuer of the definitives.

The committee believes that an attempt to evolve uniform types of instruments demands most earnest consideration, and to that end suggests certain principles and essentials which each type of instrument should embody. In the case of dealers' receipts, it points out as essential, that the text should clearly indicate that the paper constitutes the dealer's acknowledgment of money received, that in no event should this paper be dressed up in appearance so as to resemble a security, and that it be limited in form to little if anything more than a plain invoice or bill bearing a "paid" stamp.

### Gets Law Degree

Paul Weiner of the trust department of the Foreman-State Trust and Savings

Bank received the degree of Master of Laws from Loyola University at the commencement exercises. His thesis on "Illinois Law of Trust Investments" was accepted by the faculty of Loyola University.

Mr. Weiner received the degree of Bachelor of Laws from the John Marshall Law School. He has been with the Foreman-State organization since July, 1926, and previous to that was on the editorial staff of the Los Angeles Times.

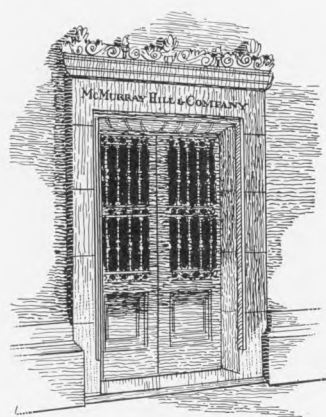
### Growth of German Exports

One of the most significant indices of Germany's return to economic stability, according to Dr. Paul M. Atkins, economist of Ames, Emerich & Co., in the company's latest Current Economic Brief, is shown in her steady growth in exports, which amounted in 1929 to \$3,209,000,000, as compared with \$1,561,000,000 in 1924,

an increase of 105.5 per cent for the six year period, with each intervening year showing an increase over the preceding.

These exports consist, for the most part, of manufactures, continues Dr. Atkins, for Germany is unquestionably the leader in the production of many commodities. She is a veritable industrial giant. Her total exports of chemicals, pharmaceutical products, colors and dyestuffs, for which she is famous, amounted to 6,150,000 tons in 1928 as compared with 5,405,000 tons for 1913, an increase of 13.8 per cent. Of particular interest is the growth in her exports of artificial nitrates, which in 1928 amounted to 5,194,500 tons as compared with 3,873,000 tons in 1913, an increase of 34.1 per cent. Her exports of silk and rayon manufactures in 1928 had a total value of \$84,258,000 as compared with \$61,024,000 for 1913, an increase of 38.1 per cent.

Manufactures of iron and steel fur-



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DES MOINES



ther reflect the advances made by Germany in recent years, the output of pig iron in 1928 amounting to 11,804,000 tons, representing an increase of 139.5 per cent over the 1923 production of 4,941,000 tons. Steel production in 1928 amounted to 14,517,000 tons as compared with 6,208,000 tons in 1923, an increase of 133.5 per cent.

"While Germany still has many problems to solve," concludes Dr. Atkins, "the progress which she has already made, especially in reequipping her industries and in installing modern methods of management, gives every reason to believe in the future welfare of this country. A country possessed of an intelligent, laborious, stable, yet progressive people like

the Germans cannot fail to be a leader. The recuperative powers which the country has already displayed are remarkable; the salutary effects of the operation of the Dawes Plan were great; further steady development may be expected through the application of the Young Plan. The world has good reason to look forward to the future of Germany with confidence."

### To Open New Bank

Organization of the Mercantile-Commerce National Bank in St. Louis with banking quarters to be opened shortly in the new Pythian Building at the northwest corner of Grand and Delmar Boulevards,

has been announced in a statement issued by John G. Lonsdale, president of the Mercantile-Commerce Bank and Trust Company and George W. Wilson, chairman of the board.

The new bank will be owned by the Mercantile-Commerce Bank and Trust Company, as the Missouri laws authorizing trust companies to do business also allow each trust company to own one bank. The new institution will recruit its personnel from the parent bank at Eighth and Locust Streets, and Lonsdale will be its president, in addition to serving in that capacity at Eighth and Locust. George W. Wilson, also will serve both banks as chairman of the board. A list of other officers and a board of directors will be announced later.

The signing of a long-term lease for the new quarters has been concluded. It is expected that the bank will be opened as soon as alterations and installation of fixtures can be completed.

Being a National bank, the new institution will automatically carry a Federal Reserve membership, separate from the parent bank. The quarters will be equipped for a general banking business.

### Group Operation

The advantages of group operation of public utilities under holding company management were pointed out by M. A. Morrison, vice president, Byllesby Engineering and Management Corporation, in an address to the accounting national section of the National Electric Light Association at San Francisco. Summing up, Mr. Morrison said:

"The economic advantages of public utility group management are chiefly secured through the application of basic, governing principles in about the following order:

1. Consolidation of several operating properties bring about an increased volume of business under one management.

2. Such consolidation enables the organization to concentrate production in large units, increase the utilization of plant, transmission and distribution capacity, and employ the services of the best administrative, financial, operating, construction, technical, purchasing, sales, publicity, advertising, and other specialists.

3. The work of these specialists brings two results: continually improved operating efficiency and increased volume of business which react upon each other to bring about improvement in service and decreases in its cost per unit. It is directly manifested in the development and standardization of the best methods of construction, operation, purchasing, rate making, valuation, accounting, sales, advertising, and other work.

4. Each consolidation increases the possibility for interconnection with other systems or groups, thus preventing dupli-

## Investment Securities

—well worth considering

### Railroad—

	Rate	Maturity	Approx. Yield
Cleveland, Cincinnati, Chicago & St. Louis Railroad	4½	1977	4.60%
Boston & Maine Railroad	5	1955	5.09%

### Short Term Securities—

U. S. Rubber Company	6	1933	6.36%
Van Sweringen Corporation (with warrants)	6	1935	6.68%

### Public Utility—

Shawinigan Water & Power Co.	4½	1968	4.76%
Bell Telephone Company of Canada	5	1957	4.80%
Kansas Gas & Electric Company	4½	1980	4.83%
Puget Sound Power & Light Company	5½	1949	5.29%
American & Foreign Power Company	5	2030	5.63%
Gatineau Power Company	6	1941	6.00%

### Industrial—

International Match Corporation	5	1947	4.98%
By-Products Coke Corporation	5½	1945	5.12%
Wheeling Steel Corporation	4½	1953	5.13%
Shell Union Oil Corporation	5	1947	5.31%
Kreuger & Toll Company (with warrants)	5	1959	5.32%
Remington Arms Company	6	1937	5.66%
W. F. Hall Printing Company	5½	1947	5.74%

### Foreign—

Brisbane, City of	6	1950	6.26%
Province of Hanover	6½	1949	7.04%
Consolidated Agricultural Loan	6½	1958	7.82%

## Lee, Higginson & Co.

Established 1848

Jackson Boulevard at La Salle Street

BOSTON

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NEW YORK

Higginson & Co., London

cation of facilities and realizing in full the advantage of quantity production, which is, in general, a better product at lower cost.

5. Due to the consolidation of properties, increase in earnings, economies in operation, and diversification of risks, the financial standing of the group is so increased that capital for refunding, extensions, and improvements can be obtained at much lower cost for the group than would be possible for any individual property standing alone."

### New "Swindling" Schemes

The complexion of swindling schemes that seek industrial employes for their victims has changed since the beginning of the business slump which followed the stock market crash last fall.

According to the National Better Business Bureau, the professional swindler finds ways to profit whether business is in a state of prosperity or depression.

Pernicious swindling schemes, the bureau reports, are thriving on an appeal to unemployed to "earn money at home" by a method which requires the purchase of a kit, set of samples or some paraphernalia from the swindler whose interest lies in selling this equipment rather than furnishing employment. There is usually a promise to refund the purchase price of this equipment after a stated amount of orders have been taken but the "employe" doesn't realize how hollow this promise is until he tries to obtain the refund.

### Issues New Warning

Vendors of "bargains" are finding their trade especially good since business depression set in and when everyone is trying to make a dollar go as far as possible. A nationwide warning is going forward this week from the National Better Business Bureau in its weekly poster to industrial employees regarding the "whispering pedlers" of woolen goods. In this scheme the pedler has several pieces of suiting materials in suit lengths on his arm. He tells his prospect that they were smuggled into the country and since he is short of funds he will sell "the genuine English materials" at about half what they are worth. The bureau's poster announces that these goods are made right here in America and that frequently they can be found in suits selling in low price credit store for about \$25.00.

This scheme does not stop with the swindling of employees, the bureau finds. Executives of the industries and the employers as well are often "taken in" by the clever salesmen.

# PRESENT DAY INVESTMENTS

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INVESTMENT SECURITIES

American Bank Building

DAVENPORT, IOWA



## Resources Total \$2,551,435,063

Total resources of the Chase National Bank of the City of New York at the close of business on Monday, June 2, the first business day after giving effect to the consolidation of The Equitable Trust Company and the Interstate Trust Company with the Chase, amounted to \$2,551,435,063. Deposits of the enlarged institution totaled \$1,916,236,313.

In its first financial statement, the enlarged bank reported cash on hand and due from banks of \$592,458,308, loans and discounts of \$1,435,359,900, U. S. Government securities of \$228,710,596 and other securities of \$106,580,632. The complete statement follows:

The National City Company, investment affiliate of The National City Bank

of New York, is now added to the small list of prominent banking firms that make a specialty of trading and dealing in United States Government securities at net prices. By far the largest part of this highly specialized business in recent years has been done by half a dozen large houses in Wall Street. The National City Company on June 16 was added to the list when William P. Neacy, formerly of the Bancamerica-Blair Corporation, became associated with the company as an active trader in government securities under the supervision of Arthur F. Thompson, manager of the department, and H. C. Sylvester, Jr., vice president.

Mr. Neacy has traded actively in Governments for more than ten years and he is regarded as one of the best posted men

in Wall Street in this field. Previous to his recent connection he was associated with C. E. Quiney & Co., C. F. Childs & Co., and the Bank of Italy.

The National City Bank of New York and its affiliate in the past have always maintained an active position in government securities, the last statement showing in the portfolio of the bank more than \$160,000,000 of United States Government obligations.

### Need New Methods

New methods and qualifications especially along the line of investment analysis are demanded of the modern commercial banker as a result of fundamental changes that recent years have brought about in loans, credit practices and relations with customers, departmental conference speakers told the American Institute of Banking convention delegates last month in Denver.

Loans on securities by commercial banks during the past seven years outran commercial loans more than 5 to 1 and outdistanced deposits almost 3 to 1, and if "this continues it will involve changes in loaning technique, bank policies and management and the very structure of the American banking system," Fred J. McCauley, cashier, Packers National Bank, Omaha, Nebraska, pointed out before the Investments and Investment Banking Conference.

"Commercial bankers have been forced to recognize that business is getting its money more from profits and the sale of its securities and less on the old 60 to 90 day basis," he said. "This transition deserves attention so that we may adjust ourselves to it, may look into it deeper and see what safeguards are necessary. If we are to keep collateral loans in good condition we must have the collateral itself kept equally so. The slump in the bond and collapse of the stock market have tended to emphasize the importance of more care in accepting stocks and bonds as collateral.

"We must have a broader knowledge of securities, a deeper understanding of the fundamentals affecting their suitability for bank loan purposes. Bonds and stocks vary considerably in acceptability and we must make sure they measure up to requirements. The purpose of taking collateral is to have something to liquidate in the event of inability of the borrower to pay his note. It will not serve the purpose to accept a perfectly sound bond or stock if there is no ready market for it or a restricted market which exacts a heavy discount. Therefore the market for the security must be definitely ascertained.

"We must also decide the loan value of the security. Since market value depends on supply and demand, whims of the buying public and individual circum-

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# Investment Advice

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Advice is a term often used and often misunderstood. Analysis rather than advice, should be the first step in any investment decision. Every corporate investor, before purchasing any type of securities should analyze thoroughly its own financial position.

Then when its individual problems are clearly defined and understood, a competent investment organization should be consulted

The National City Company, with its international buying and distributing organization, is well qualified to act in such consultant capacity. In its list of offerings will be found high grade securities of widely different classifications. From them, with the help of a National City man, investments that conform to specific needs may be selected.

## The National City Company

NATIONAL CITY BANK BUILDING, NEW YORK

INVESTMENT



SECURITIES

*Offices in Principal Cities throughout the United States and Canada  
and in London, Amsterdam, Geneva, Tokio and Shanghai.*

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Northwestern Banker July 1930

stances, loan value must be a variable figure established with full protection to the lending bank. If we are enjoying a so-called 'normal' market, the issue is not subject to broad fluctuations and the borrower can supply additional collateral or reduce his loan, we can loan on a basis of 70 or 80 per cent for stocks and 80 to 90 per cent for bonds. If the market is unsettled or a continuous advance has been going on and prices have reached high levels, or the borrower is incapable of supplying more collateral or cash, we should insist on more generous margins and demand increased protection as the need arises.

"The time to prevent losses on stock loans is at the time the loans are made. It takes considerable profit on a stock loan to pay for a bad loss which might have been avoided by more care and firmness at time of making the loan. It is good banking if we let a borrower get his money elsewhere if he feels that we are too strict and refuses to pledge the amount requested," Mr. McCauley declared.

Ratio analysis of securities to determine a company's progress, present condition and comparison with other similar concerns was described by John Stevenson, statistician Kidder, Peabody and Company, New York, N. Y., before the same conference.

"One very useful ratio in determining operating efficiency is the 'margin of profit ratio,' computed by dividing operating income by sales," he said. Generally speaking the best managed companies will have the highest ratio which should be studied to determine any unfavorable trend. A decreasing margin may be the result of increasing competition, decreasing sales or laxity in keeping down expenses.

#### Credit Position of Chile

AMERICAN dollars are yearly playing a more important part in the economic development of Chile, according to a recent credit position study of that republic issued by the Institute of International Finance, which finds that the movement of the Chilean public debt indicates a very decided shift from British to American loans. The institute, a fact-finding body organized to study foreign credit conditions, is conducted by the Investment Bankers Association of America in cooperation with New York University.

In 1929, the study points out, dollar obligations represented about 54 per cent of the total direct debt and guaranties of the republic, as against 42 per cent in 1926. In the same period sterling obligations declined from 50 per cent to 35 per cent of the total. At the end of 1929 the public debt of Chile, including debts guaranteed by the government, amounted to \$455,897,495, an increase of \$133,101,622 within the three years. Service upon

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Prince & Whitney

*as manager of their*

Bond Department



VICTOR J.  
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203-205 Fleming Building  
DES MOINES, IOWA



this debt amounts to approximately 258,000,000 pesos or about 22 per cent of the total ordinary expenditures. As a result of a governmental policy to reduce external borrowing and to rely more largely upon its own resources for its financial needs, the proportion of the public debt held internally increased from 6.5 to 10.3 per cent within the three-year period.

The increase in the Chilean public debt, the Institute notes, was occasioned to a great extent by expenditures for public works and by consolidation of the internal debt. In 1928 and 1929, under a plan which provides for the expenditure of 1,575,000,000 pesos in a six-year construction program, 425,000,000 pesos were spent for public works. Increasing at the rate of 25,000,000 pesos per year, these expenditures for public works will attain a maximum of 325,000,000 in 1933. In

accordance with the law providing for these outlays, all construction expenses are to be met by means of loans which, in turn, are to be serviced out of the surplus of the ordinary budget.

This public works program, the Organic Budget Bill of 1925, and the monetary reforms adopted upon the recommendation of the Kemmerer Commission have altered very radically the budgetary system of Chile. As a result, the budget has shown during the past few years a continuous excess of revenues, the most important single source of which is duties on imports. Revenues from the tax on the export of nitrates, which amounted to 50 per cent of total revenues in 1920, have shown a very consistent decline. In 1929 they amounted to 22 per cent of the total, and it is estimated that they will amount to about 15 per cent this year. It is apparent, the Institute points out, that

the equilibrium of state finances is becoming less dependent upon conditions affecting the nitrate industry.

The national wealth of Chile, the Institute says, is based, to a considerable extent, upon the sodium nitrate industry. Sodium nitrate is its principal export product, usually representing from 40 to 50 per cent of total exports. Since 1920, however, the nitrate industry of the country has been adversely affected by the increased production of synthetic nitrates. To protect home industry and governmental revenues the Chilean government adopted several remedial measures, the first of which was the granting of a subsidy and, later, a bonus to nitrate producers. In 1928, at the suggestion of the government, a sales corporation was organized by the Nitrate Producers Association to obtain better control of sales and to eliminate excessive profits of distributors. Later, an agreement was reached between producers of synthetic and natural nitrates which provided for the formation of a Producers Association to fix nitrate prices in all countries except the United States. One of the most recent developments is an agreement between the producers of the natural product and the Chilean government which proposes to consolidate the Chilean nitrate industry into a \$375,000,000 corporation through which the industry would operate as a unit. It is proposed that the Chilean government hold half the stock of this corporation, and that the balance be issued in exchange for the shares of the existing concerns.

"The Government," the Institute continues, "is to abolish the tax on the exportation of nitrates and, in addition, is to sell the remaining undeveloped nitrate deposits, estimated at 150,000,000 tons, to the company whenever needed by the latter at a price to be agreed upon later. During the first three years, the company is to guarantee to the government an income of \$23,000,000, \$20,000,000 and \$17,000,000, respectively. After that time the government will relinquish its right to priority to the revenues of the company and will rely exclusively upon income from its shares in the company as a source of revenue from the nitrate industry. The company is authorized to issue debentures in order to obtain the above mentioned amounts."

Although production and the value and volume of exports of nitrates have increased, the importance of nitrates in the foreign trade of Chile has declined steadily since 1913. The exportation of copper, on the other hand, has increased from about 5.5 per cent of total exports in 1913 to 31.7 per cent in 1928. Chilean production of copper is increasing at a more rapid rate than that of the world; during the 1920-28 period the total world production of copper increased by 74 per cent while that of Chile increased by 192

## NORTH AMERICAN TRUST SHARES

*The Largest Fixed Trust in the United States*

The larger investor seldom is interested in "buying quotations" but is more concerned with proven values. He knows that a quarter century's record of performance, in spite of economic changes, has demonstrated the ability of certain companies to survive unusual conditions and periods of stress such as panics, wars, etc.

He also knows that a long unbroken record of dividends in the past lends a certain actuarial expectancy to future dividend payments.

The 28 common stocks underlying North American Trust Shares have a record of 33 years of continuous dividend payments on average. These stocks are all listed on the New York Stock Exchange and North American Trust Shares are given a composite rating of A by Moody's Investors Service.

North American Trust Shares are being purchased logically by larger investors.

The trust service charges are lower than the usual cost of maintaining a similar private trust. "A Statistical Record" covering these 28 leading stocks from 1912 to 1930 has just been prepared.

We offer an attractive arrangement for bankers desirous of handling these shares. Write.

*Price about \$9.50 per share*

### HARRY H. POLK & COMPANY

*Investment Securities*

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per cent. In 1928 Chile accounted for 17 per cent of the world's production, as compared with 10 per cent in 1920.

Production of copper in Chile is concentrated in the hands of six companies, most of which are controlled by American capital. Although the number of companies in operation has been reduced from 23 in 1913, production has been increased by almost 600 per cent since that time.

### Warns Against Stock

A warning against fraudulent brokers and promoters who are offering stock in foreign Ford motor companies was issued by the Better Business Bureau of Detroit, in conjunction with the National Better Business Bureau and affiliated offices throughout the United States and Canada.

Relying on the goodwill and integrity of the Ford name, thousands of persons throughout the country have purchased stocks which either turned out to be spurious or were not delivered at all, the warning said. There is no way of estimating the financial loss involved.

"There are a number of fraudulent concerns in various parts of the country that represent themselves as brokerage houses and that offer stocks in various foreign Ford companies," the statement from the Better Business Bureau said:

"Several of these companies sell on the

partial payment plan. They offer stock for stipulated down payment and a fixed sum per month. Before the final payment becomes due and before the stock is delivered to the purchaser, the company goes out of business and its officers disappear only to begin operations at another location and under another name.

"Stocks of the Ford Motor Company of England, Ltd., and the Ford Motor Company of France are listed on the New York Curb market and the prices at which they are currently selling are printed in the financial pages of the newspapers. Nevertheless many persons are being led by unscrupulous brokers to pay far in excess of the market prices.

"The majority of stock brokers, of course, are honest. Our warning is di-

rected solely against the fraudulent concerns that carry on their fleecing of the public under the guise of reputable concerns. Anyone contemplating the purchase of stocks should first consult his local Better Business Bureau."

### Correcting Jimmie

James: "Papa, I ain't got no butter."

Papa: "John, correct your brother."

John (looking over into James' plate): "Yes, you is."

To love and win is the best thing; to love and lose is the next best.—*William Makepeace Thackeray.*

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OUR OFFERING LIST  
WILL BE MAILED REGULARLY UPON REQUEST

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## G M A C obligations

enjoy the protective background of highly liquid assets, with credit factors widely diversified in region and enterprise. Long regarded as a national standard for short term investment, they have been purchased by thousands of banks, institutions and individuals the country over.

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Becoming the customer of an investment house which is both large and experienced is a very effective way of building for yourself a sound investment viewpoint. You are kept in touch with a wide range of conservative issues and the values upon which they are based.

### The White-Phillips Co., Inc.

Investment Bankers  
DAVENPORT, IOWA



# A 100 Per Cent Prospect Field



*Royal Union Life Building  
Corner Seventh and Grand Avenue  
Des Moines, Iowa*

The Royal Union offers policy contracts at every age from one day old to age 60.

Our Juvenile policies, written on children as young as one day old, go into full benefit automatically at age 5—big winners!

We write women on equal basis with men.

We feature a special low-rate policy to business and professional men.

Under a Royal Union liberal general agency contract you are thus privileged to serve a 100% prospect field.

## Royal Union Life Insurance Company

Des Moines, Iowa

A. C. TUCKER, President

**S**UBSCRIPTION to capital stock is one of the first steps in the active organization of a company, and the amount stated for capital usually represents the amount paid in by stockholders to start the company. These shares represent the sole ownership of the company and represent also the investment of the owners in the business, the interest of each share being identical. A majority interest would correspond to a majority ownership.

Sometimes stock is sold at a premium, or more than the stated par value to provide additional working funds. Such additional amount is described as having been paid into surplus, and the effect is to accumulate assets in the form of cash with no offsetting capital liability.

The stockholders are the owners of the company and choose a governing committee referred to as the board of directors. This board directs the affairs of the company, delegating active authority to officers chosen by it. As the business progresses and profits accrue, it is customary to pay the stockholder or investor a portion of these profits as a return for his investment. These are known as dividend payments. They are declared by the board of directors and may be paid in cash, stock or both. Where dividends are paid in stock the effect is to increase the outstanding capital liability.

When there is but one issue or class of stock, fully subscribed and paid for, as is the case with the Aetna Insurance company, whether such capital stock does or does not have a stated par value is of little consequence. This is for the reason that in case of liquidation, shareholders are entitled only to a pro rata portion of what is left after all other claims have been satisfied. In the event of liquidations when both preferred and common stock issues exist, after all other claims are satisfied, the preferred stock would come first, after which the common would participate.

The total capital stock of a company should be reasonably relative to the earning power of the corporation. If it is too large in proportion, then a fair rate of dividend per share paid from the normal earnings would likely deplete the earnings; while, if the capital be too small, a fair dividend payment from normal earnings would make the rate appear too high.

# How to Analyze an Annual Statement

By FRANK G. BUSH  
Comptroller Aetna-World-Century  
(From article in the "Messenger")

## Assets

**T**HE assets or resources of an insurance company consist of cash, bonds, stocks, buildings, real estate, agents' balances and sundry other receivables, and reflect the gross worth of the company.

The total assets standing alone mean little. It sounds big to read of a corporation with one or two hundred millions of assets, but even such a staggering figure does not reflect stability if the liabilities are correspondingly large. It is the net difference between these items—assets and liabilities—which gives the true test of stability, and this figure is referred to as Surplus.

*"The total assets standing alone mean little. It sounds big to read of a corporation with one or two hundred millions of assets, but even such a staggering figure does not reflect stability if the liabilities are correspondingly large. It is the net difference between these items—assets and liabilities—which gives the true test of stability and this figure is referred to as Surplus!"*

## Liabilities

**B**EFORE arriving at surplus it is necessary to set up the liabilities, which represent the total indebtedness of the company.

The policyholders' interests come first and are therefore given first consideration. To this end two liability accounts are set up, one to cover the unearned premiums and the other the unpaid losses. The unearned premiums are the proportion of the premiums received which have not expired, hence were not earned at the date of the statement; the unpaid losses represent anticipated payment of losses which have occurred prior to the date of the statement. These liabilities are referred to as reserves, the one being reserve for unearned premiums and the other reserve for unpaid losses.

Further liabilities may exist, such as unpaid taxes, unpaid commissions, etc.

These are likewise provided for by setting up reserves in ample amount. All unpaid indebtedness having been provided for, the residue belongs to the stockholders.

## Surplus

**S**URPLUS is the barometer of an insurance statement, and when compared from year to year tells the story of progress or retrogression. If the business is showing constant growth, assuming no additional funds were received from capital changes or other unusual transactions, then the surplus will increase from year to year. The surplus must be sufficient to safeguard the stability of the corporation under adverse, unforeseen or most unusual conditions. It is the last line of defense, so to speak, and brings us to a consideration of:

## Policyholders' Surplus

**S**URPLUS to policyholders is somewhat different than just "surplus." The policyholders come first and their claims extend to all of the assets of the corporation. Therefore, even though specific reserves previously mentioned have been set up to take care of their interests, should these prove inadequate, the capital and the residue of assets called surplus become theirs, thus originates the term "policyholders' surplus" and it means the total of the capital and surplus—an additional available interest over and above the amount already set aside for their protection.

## Premium Income

**P**REMIUM income is the "hoped for" source of revenue of an insurance company; it reflects the amounts collected in consideration of the policy contracts issued, and the revenue is used as liquid working capital to defray current losses and expenses. An increase or decrease in premium income naturally discloses the changing trend of the business.

A large volume is of course desirable, but it must be regulated to conform to the financial capacity of the company, as the relationship between the two is of paramount importance.

## Asks for Rural Efforts

A plea for a concentrated cooperative and scientific effort to reduce the fire loss of life and property in rural and

Northwestern Banker July 1930



# A NEW WAY

to Round Out a Life  
Insurance Program

WHEN the NwNL underwriter has shaped up a client's program to provide a clean up fund, a mortgage policy, and educational funds, he may find that the family's income for living expenses is too small.

But that is easily repaired, as he has in his kit the Income Indemnity Policy. For an annual premium of but \$50.00, he can provide insurance that will increase the family's income \$25 a month after the insured's death until the date at which he would have been 65 years old.

*The Income Indemnity Policy provides that an income be paid to the beneficiary from the date of the insured's death until the time when he would have retired had he lived, i. e., age 60, 65, or 70.*

*It has no cash surrender values, and is issued at the same rate for all ages of issue.*

**NORTHWESTERN NATIONAL  
LIFE INSURANCE COMPANY**  
O. J. ARNOLD, PRESIDENT  
**STRONG - Minneapolis, Minn. - LIBERAL**

semi-rural property in the United States was made at the annual meeting of the National Fire Protection Association by David J. Price, chief of the chemical engineering division of the United States Department of Commerce. Over 1,000 members of the N. F. P. A. heard Mr. Price declare that more than one half of the total fire loss of 1928, and one third of the loss of lives, occurred in rural sections or in towns of less than 2,500 population. When the 1929 loss results are tabulated, the same results will be found, he said.

Reduction of the farm fire loss is one of the greatest problems the association could undertake, the speaker asserted. He pointed out that rural property to the extent of \$100,000,000 was destroyed and that in cities and towns of less than 2,500, \$170,000,000 was lost through fire. This total of \$270,000,000 is more than half of the \$464,607,102 for the year 1928.

It is not fair, he believed, that fire prevention efforts be concentrated in the urban districts. More attention must be given to the farm communities and the small towns.

At a meeting of the fire marshal's division of the association the members went on record as favoring establishment of a National "rogues' gallery" of known arsonists as a means of reducing fires of incendiary origin.

## Accident Statistics

One million persons are under sentence of death by accident during the next ten years.

There is an accident in the United States every two seconds all day and all night.

There are at least 150 accidents each year per thousand persons and only eight fires each year per thousand persons.

Every year over 100,000 persons lose their arms, feet or hands as a result of accident.

The number of persons killed or injured in the United States each year is greater than all casualties of the Napoleonic wars covering seventeen years.

Each year 15,000 in every 100,000 suffer accidental death, total dismemberment, temporary impairment of earning power; in some cases for only a few hours, some for weeks, months and years.

Only about one-fourth of all accidents can be classed as industrial accidents, one-fourth are accidents occurring at home and the remaining one-half may be classed as public accidents.

One person in every seven meets with some form of accidental injury each year.

One death in every ten results from an accident.

More than 15,000 persons are killed and 50,000 injured each year as a result of fires; 8,000 drown.

One person is accidentally killed every five minutes, eleven every hour, 273 every day, 100,000 every year.

Accidents cost America \$2,250,000,000 a year.

The largest accident insurance company pays 200 non-fatal claims to every death claim. On this basis, 38 persons are accidentally injured every minute, 2,280 every hour, 54,800 every day, 20,000,000 every year.—*From Pacific Mutual "News."*

## Room for Future Expansion

The income of the people of the United States in 1929 will probably total \$95,000,000,000, compared with \$89,400,000,000 in 1928 and about \$26,600,000,000 in 1909, when all data for last year are tabulated, according to the monthly Outline of Business of the Chatham Phenix National Bank and Trust Company for February.

"Such a rise in aggregate and individual income," the review says, "is without parallel in economic history. Yet most authorities are agreed that the general up-trend will continue. This is because the gains are felt to be soundly based upon natural resources of the country and the energy and industry of the people."

About the middle of 1929, the Life insurance fraternity and the entire country was thrilled to learn that the \$100,000,000,000 mark in life insurance in force had been reached. At the end of 1929 it is estimated that \$103,000,000,000 life insurance was then in force.

Impressive as this great figure is, it is interesting to note that it is equivalent to only about one year and one month's income of the American people.

No man can consider his life adequately insured if his insurance would continue his present income to his family for only about thirteen months. Thus, in spite of the huge amount of life insurance now in force, the American public is yet inadequately insured.

Life insurance authorities confidently predict that more life insurance will be written in the next ten years than has been written from the beginning of life insurance history to the present day!—*From Travelers' "Protection."*

## Gain for Five Months

While new life insurance purchases last month were 4.7 per cent below those of May, 1929, the cumulative total for the first five months of this year was 1.3 per cent greater than the purchases for the same period a year ago.

This is indicated by a report forwarded by the Association of Life Insurance Presidents to the United States Department of Commerce for official use. The compilation aggregates the new business records—exclusive of revivals, increases, and dividend additions of 44 member com-

panies which have 82 per cent of the total volume of life insurance outstanding in all United States legal reserve companies.

For May, the total new business of all classes written by the 44 companies was \$1,097,740,000 against \$1,152,026,000 during May of 1929—a decrease of 4.7 per cent. New Ordinary insurance amounted to \$776,394,000 against \$801,698,000—a decrease of 3.2 per cent. Industrial insurance amounted to \$230,083,000 against \$240,501,000—a decrease of 4.3 per cent. Group insurance was \$91,263,000 against \$109,827,000—a decrease of 16.9 per cent.

For the first five months, the total new business of these companies was \$5,512,771,000 against \$5,441,616,000 last year—an increase of 1.3 per cent. New Ordinary insurance amounted to \$3,944,050,000 against \$3,769,113,000—an increase of 4.6 per cent. Industrial insurance amounted to \$1,166,467,000 against \$1,268,381,000—a decrease of 8.0 per cent. Group insurance was \$402,254,000 against \$404,122,000—a decrease of 5/10 of one per cent.

#### In Chicago

Ed Mays, president of the Continental Life Insurance Co. of St. Louis, with other officers of the company, was in Chicago negotiating for the purchase of a life insurance company of that city when the Grand National Bank of St. Louis of which Mr. Mays is president, was burglarized on May 25. The proposed purchase of the Chicago company and its merger with the Continental Life have been submitted to the Insurance departments of Missouri and Illinois.

#### New Loan Offices

The Aetna Life Insurance Co. of Hartford has recently opened two farm loan offices in Iowa, at Algona and Des Moines.

#### Missouri Decision

The Missouri Supreme Court, reversing the Circuit Court, has upheld the constitutionality of a state law requiring that all automobile tires sold must bear the factory serial number. The law is intended to aid the police in tracing stolen tires. The Star Square Auto Supply Co., of St. Louis, attacked the law on the ground that the title was defective and that it also extended an arbitrary use of the state police power. The court held the law a "reasonable and legitimate exercise of the police power of the state."

#### Damage in Nebraska

Windstorm damages in Nebraska during May mounted to large figures. Estimates made on the reports of the larger mutuals and the stock companies indicate that at least \$3,000,000 worth of property was destroyed. The mutuals suffered least because their risks are largely rural, but



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Insurance?  
**Yes!**

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Service?  
**Absolutely!**

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**Federal Surety Company**

W. L. TAYLOR  
President

Home Office, Davenport, Iowa

*Northwestern Banker July 1930*



the largest, the Farmers' Mutual of Nebraska, had 500 claims filed during the month, ranging from \$10 to over \$9,000. One mutual company, operating in the vicinity of Hastings, where the city loss exceeded \$1,000,000, has had claims totaling \$120,000 filed with it.

## Choose Keynote for F. A. A. Convention

**T**HE Challenge of the Next Decade" will be the keynote of the Financial Advertisers Association convention which will be held in Louisville, September 17 to 20, it was announced by Mr. A. E. Bryson, president of the Association, and vice president of Halsey, Stuart & Co. Several new ideas will be used in the handling of the convention, which will be under the direction of H. A. Lyon, advertising manager of the Bankers Trust Company, New York, as general chairman, and A. Douglas Oliver, advertising manager of the Provident Trust Company, Philadelphia, as general chairman of the Program Committee.

In an effort to make the sessions at the convention of the greatest practical use, there will be three divisions for discussion of a number of subjects. Instead of being divided by the type of financial service which the institutions render, the division will be according to the size of the cities. This grouping was decided upon because of appreciation of the fact that an institution in a large city has more to gain from the experience of another like institution than it has from the experience of some small city bank. The converse is equally true. Each of the groups selected will have sufficient in common to make for very worth while meetings.

### Clinton Berry Chairman

**M**R. CLINTON F. BERRY, vice president of the Union Guardian Trust Company, Detroit, will be chairman of the program committee for the big city departmental; Mr. Virgil D. Allen, assistant vice president of the First Bank & Trust Company, Utica, N. Y., will be chairman of the program committee for the medium city departmental; and Wayne Hummer, president of the La Salle National Bank, La Salle, Illinois, will be chairman of the Program Committee for the small city departmental.

Mr. Lyon, in commenting on the convention, explained why "The Challenge of the Next Decade" had been selected as the theme, saying:

"It so happens that 1930 marks the end of one decade and the beginning of another. It also so happens that perhaps the greatest strides in financial advertising have taken place in the last decade and, with the speed at which we are proceeding, obviously greater strides will be made in the next decade. It is perhaps well to stop at this time and review in a very few words at the convention what has happened during the past ten years, in order that we may get a clearer view of what may happen in the next ten. Let me see if I can explain how I feel about this matter.

"One of the favorite complaints, and usually a justified one, in financial advertising circles has been that the head of financial houses consider advertising and selling a somewhat extraneous activity—not an integral part of the daily requirements of a financial institution. We often say that if our superiors only realized the necessity for public education and the development of business leads, our work would be infinitely easier and more effective. There is not much use in complain-

ing. Perhaps we can do something about it—and there are only two ways in which anything can be done about it.

"Some institutions have already seen the light and have placed the advertising man in a position of responsibility and given him the necessary tools to do his job. Other institutions will find it necessary to follow, but, if we are to wait for this consummation, we will all be gray haired and somebody else will be doing the job. The other way to accomplish our end is to educate ourselves, and it is our thought that the 1930 convention offers a chance to pause and take counsel with ourselves.

### What Will Happen?

**W**HAT is going to happen in the business world in the next ten years, and in what position will the advertising manager find himself? Obviously there is a distinct change in the complexion of business and, while we do not plan any forecasts, we do propose that a clear exposition of the trends in business shall be set forth. Are bank mergers to be more or less frequent? Will we be in an era of branch banking, chain banking or a return to independent banking? Will there be more investment trusts or more trust investments? Will banks usurp the retail distributing functions of independent investment houses? These are questions which it is fair to ask and which it is only common sense to face, because they affect the future of every individual represented in this Association. And in the light of these possibilities, whatever they may be, what part will the advertising man play?

"One thing seems to stand out clearly, and that is that the term 'advertising manager' is, or should be, a misnomer. The advertising manager has two jobs, one of which he has been doing well and the other of which, in most cases, he has been neglectful. The first, and the one which he has been doing well, is to interpret his institution to the public. The second which he has neglected, is the interpretation of the public to his institution. The advertising manager is, in reality, the public relations official of the bank. It devolves upon him to represent the public before the official staff as an interpreter of the public temper, and the public need. He should be consulted prior to any major move which his institution makes which will have a public reaction, and he, of all the officials in his shop, should be able to gauge public acceptance of such action. If he is a good advertising man and knows his market, he can gauge public sentiment quite accurately.

"The theme, 'The Challenge of the Next Decade,' is directed specifically at each individual member of the Association. It is a challenge to him individually to consider what situations his institution will face and what part he himself will play in meeting these situations. It is designed

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to help each institution and each F. A. A. member. It is an attempt to offer a background against which each of us may paint his own picture."

## Real Estate Mortgage Investments

By **EDGAR N. GREENEBAUM**  
(Vice President Greenebaum Sons Investment Company)

**W**HILE it is true that during the past two years there has been considerable discussion with respect to the possibility of future changes in the established forms of real estate financing, it is felt that a careful analysis of the fundamental character of this important type of financing and a close study of its essential features, will make clear that the financing of real estate projects will be carried on in the future much as in the past. It is undoubtedly true that the future will bring certain changes and adaptations in real estate securities, changes which will have the effect of bringing about a wider use of certain principles which have been tried and proven in other fields of financing. It is not felt, however, that these changes will in any way alter the fundamental characteristics of real estate securities.

The mortgage is perhaps the oldest form of investment. Individual mortgages unquestionably will always remain much the same. The so called "split note" practice will undoubtedly continue in order to facilitate the distribution of individual mortgages. Because of certain fundamental characteristics, however, the practice of making smaller mortgages on homes and flat buildings will unquestionably continue along the same lines as in the past.

In the underwriting of larger real estate mortgages in the form of bond issues, it is perhaps true that the future will see a broader use of the sinking fund principle which has been used so extensively in the corporate field. The practice of underwriting real estate bond issues with an "if earned" sinking fund feature will probably be used more in the future than in the past. It is felt that the adoption of this practice to the real estate field will be a helpful tendency due to the fact that heavy serial payments and periods of temporary depression are likely to place issues which are fundamentally sound in temporary difficulty.

There is unquestionably a growing tendency to place greater emphasis upon earnings with respect to real estate securities. The practice of judging real estate securities on the basis of loan percentage will continue to be an important one. However, the future will certainly see a greater emphasis placed on the earning power of properties. This tendency of making real estate securities "stand on

their own" will become increasingly important and find a wider acceptance in the future. This practice has been followed for many years in the corporate field and its fundamental soundness has been amply demonstrated.

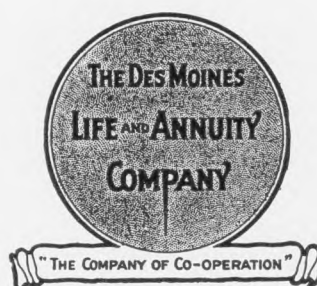
Recently there has been considerable discussion of the financing of real estate projects by the issuance of stock. The future may bring a slight upward trend in this practice, but it is felt that stock financing of real estate projects will not become as widespread as has been predicted in some quarters. There are certain handicaps which place the financing of real estate by stock issues in a somewhat different position than the financing of industrial concerns. This is particularly true with respect to financing of construction issues. There is a place, however, for the wider use of the sound practice of issuing pre-

ferred stock on completed properties with the satisfactory earning records.

The established forms of real estate financing have made a notable contribution to the economic growth and development of this country. Over a long period the record of real estate securities stands out in a most favorable position. It is felt, therefore, that the fundamental characteristics of real estate financing will remain much the same with a growing tendency to adopt in this field certain principles and practices which have proven sound in the general corporate field.

Failure, after all, is nothing more than success in a slump.

Every man's life is a fairy-tale written by God's fingers.—*Hans Christian Andersen.*



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Des Moines, Iowa



# Bankers' Wants



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**Wanted**—Position in some good going bank or corporation in real live school and church town. Would invest in small block of stock after position proves to be satisfactory. Over 15 years of banking experience. Am still employed, serving the bank for ten years as cashier. Married, age 39, Protestant. Good references. Available on sixty days' notice. Address No. 3134, care Northwestern Banker.—6-9

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**Position wanted** as assistant cashier in country bank in North Dakota, South Dakota, Minnesota or Iowa. Three years

banking experience. Age 24. American. Can speak Norwegian and understand German. Thoroughly familiar with general banking routine, including insurance. Register of Deeds in South Dakota one term. Highest references from bankers and South Dakota Banking Department. Address No. 3138, care Northwestern Banker.—7-TF.

**Position wanted** as cashier in a good bank of 1000 population. Thirteen years' executive experience in country bank. Highest references from bankers. Age 32. Law trained. Now cashier. Can invest if necessary. Address No. 3139, care Northwestern Banker.—7-TF.

**Position wanted** in a good Iowa bank. Twelve years experience, ten as cashier of a \$50,000 bank. Can handle all angles of banking, including insurance and real estate. Age 36. Married. Protestant. Address No. 3140, care Northwestern Banker.—7-TF.

## Many Officers in Attendance

The Continental Illinois Bank and Trust Company of Chicago certainly started an innovation at the Iowa bankers state convention held at Davenport last month in the number of executive officers from any one city bank who came out to the Iowa convention. They were:

Arthur Reynolds, chairman board of directors of the Continental Illinois Bank and Trust Company of Chicago; James R. Leavell, assistant to chairman, board of directors of the Continental Illinois Bank and Trust Company of Chicago; John H. Hogan, vice president of the Continental Illinois Bank and Trust Company of Chicago; R. G. Danielson, cashier of the Continental Illinois Bank and Trust Company of Chicago;

Norman B. Shaffer, second vice president of the Continental Illinois Bank and Trust Company of Chicago; C. H. Merry, sales manager of the Continental Illinois Bank and Trust Company of Chicago.

Mr. Reynolds was a speaker at the convention session on Monday afternoon, June 16th. He crowded the convention hall and he had some good things to tell his audience as he always does. C. H. Merry was a convention speaker the following afternoon during the investment conference session of the association.

Mr. Reynolds, coming to the Iowa convention with a group of prominent executives of his bank, unquestionably shows a vision toward a future practice which other banks will follow. It is a clever and a smart thing for a great city bank to do that desires the so-called "country bank" business, to send out to a state convention the head executives of their bank. It is undoubtedly true that the majority of country bank correspondents seldom visit their city banks and when they do it is more seldom that they see and meet the head executives. A state convention visited by those executives afford a mutual opportunity for seeing and visiting country bank correspondents as well as the city bank correspondent executives. The patrons of the state convention of the Iowa Bankers Association all noted this innovation begun by the Continental Illinois Bank and Trust Company at the Iowa state convention this week.

## Heads Auditors

Joseph E. Glass, auditor of the Guaranty Trust Company of New York, was elected president of the New York City Bank Comptrollers and Auditors Conference at the annual meeting of the conference. Other officers were elected as follows: First vice president, Arthur A. O'Neill, Jr., auditor Bank of Manhattan Trust Company; second vice president, C. W. Borton, assistant auditor Irving Trust Company; secretary treasurer, H. Hjertberg, auditor Pacific Trust Company; assistant secretary treasurer, C. C. Hubbell, Jr., auditor First National Bank.



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THOMAS O'BRIEN  
President

## South Dakota Bank News

Officers South Dakota Bankers  
Association

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Hoven

Vice President.....A. B. Cahalan  
Miller

Secretary.....George A. Starring  
Huron

Treasurer.....H. E. Edmunds  
Yankton



GEORGE H. STARRING  
Secretary

### Change Convention Dates

Out of courtesy to the South Dakota Odd Fellows, the dates of the 1931 annual meeting of the South Dakota Bankers Association have been changed from June 17, 18 and 19, to June 24, 25 and 26. The meeting will be held in Huron.

When the original dates were adopted, they had the approval of the Huron Chamber of Commerce, which organization had already invited the Odd Fellows, not realizing at the time that the by-laws of that lodge provide that the meeting shall be held the third week in June.

### Elect Association Officers

At the annual meeting of the South Dakota Bankers Association, held in Aberdeen, June 11, 12 and 13, the following officers were elected for the coming year:

President, A. B. Cahalan, president of First National Bank of Miller; vice president, J. W. Bryant, vice president of

Commercial Trust & Savings Bank, Mitchell; treasurer, Don W. DeVey, president of Farmers State Bank, Westport; secretary, George A. Starring, Huron.

Executive Council—Group 4, J. A. McGillivray, Garden City; Group 8, W. B. Penfold, Belle Fourche.

A. B. A. Officers Elected—State vice president, Wm. C. Rempfer, Parkston, nominating committee, A. B. Cahalan, Miller; alternate, L. L. Branch, Pierre; vice president state bank division, L. Roy Klatt, Tripp; vice president National bank division, Ira A. Moore, Sioux Falls; vice president savings bank division, J. C. Vandagriff, Sioux Falls; vice president trust company division, J. M. Patton, Mitchell.

The convention adopted resolutions on group and county associations, taxation, farm banditry, bank banditry, bank collection code, Federal Reserve Bank, educational program, agriculture, insurance, banking departments and several others which promise to be equally important.

### Celebrate Silver Anniversary

The First National Bank of Parkston, South Dakota, recently celebrated the twenty-fifth anniversary of its founding.

Its growth during its quarter century of existence, has been highly gratifying to its stockholders. Starting with deposits of \$9,977 in 1905, it has grown steadily until now its deposits are \$425,333.

C. Rempfer is president of the institution, William C. Rempfer, cashier and G. C. Winter, assistant cashier.

### Ninety Per Cent in Association

The paid membership of the South Dakota Bankers Association last year was 90.5 per cent of all banks both state and national, in the state, George A. Starring of Huron, secretary, told members of the association at their annual convention in Aberdeen. This represents an increase of .5 per cent over the previous year.

The activities of the bankers associa-

tion are directed by the executive council which is the governing body. The president and secretary operate under the council. The actual work of the association is conducted by nine committees. Mr. Starring briefly explained the work of each committee.

During the year 22 senior bank officers died, Mr. Starring said. Twelve were presidents, five vice presidents, and five cashiers.

### New Bank at Bison

Organization of the First National Bank of Bison, South Dakota, which will take over and consolidate the business of the Bison State Bank and the First State Bank of Strool has been announced by P. J. Leeman, vice president and general manager of the First Bank Stock Corporation.

A charter for the new bank has been granted by the National Banking Department and it will commence operations in the quarters of the Bison State Bank. The new First National Bank of Bison becomes the thirteenth South Dakota member of the First Bank Stock Corporation group.

George P. Allen, Strool rancher and capitalist, becomes president of the First National. S. L. Allen, vice president of the Aberdeen National Bank and Trust Company, is vice president, but will continue his residence at Aberdeen. A. O. Rolien, who has been cashier of the First State Bank of Strool, continues as cashier and managing officer of the consolidated institution.



J. W. BRYANT  
Vice President, Commercial Trust & Savings  
Bank, Mitchell, new vice president,  
South Dakota Bankers Association



DON W. DE VEY  
President, Farmers State Bank, Westport,  
new treasurer, South Dakota Bankers  
Association



# The Outlook for South Dakota

**B**USINESS, both nationally and in the Ninth District, is at the bottom of a business depression. During the period of active and increasing business which lasted for several years and ended in the summer of 1929 excesses developed in many parts of the business structure. Readjustments were necessary and are in progress at the present time. The northwest was adversely affected by the national business disorders, which reduced employment and the purchasing power of consumers and seriously affected the prices of butter, hogs, cattle, lambs and wool. The output of iron ore, copper

By **O. S. POWELL**  
*Statistician, Minneapolis Federal Reserve Bank*

and lumber was also reduced in response to the lack of demand from the manufacturing centers. In addition to those adverse conditions, the northern part of the district was seriously affected by the failure of the wheat crop and the world wide low prices of bread grains. However, the shrinkage in the volume of business in the northwest has not been as pronounced as in other parts of the country.

## Conditions Mixed

**A**T THE present time, conditions are mixed, with some industries and territories doing more business than a year ago and others in a state of depression. In the northwest, the southeastern portion of South Dakota has been the outstanding white spot on the map during the past winter. With abundant feed crops, this section has been able to carry on an extensive feeding program which was at least moderately profitable in all lines, except lambs. Furthermore, this area is not as extensively involved in dairying as southern Minnesota is, and the low price of butter has not had as important an unfavorable effect as it has in Minnesota.

Some constructive developments are becoming visible, both in the national situation and in the northwest. The most important of these developments to the state of South Dakota is the low level of interest rates which has developed with great rapidity in the national money markets. Low interest rates in the past have always brought about a chain of circumstances leading to greater business volume in many lines, and greater business volume means more payrolls and purchasing power which are beneficial to the prices of farm products. First of all, low interest rates stimulate the flotation of bond issues. Bond issues are floated to secure the money for construction work. Following every period of easy money rates since the war, building construction has increased. This was true in 1922, 1924 and 1927. The increase in construction activities has taken place at varying lengths of time after easy money appeared, but on the average building construction has reached a large volume about one year after low money rates have come about.

Already in 1930, the flotation of bond issues has been in large volume. In May, new security issues totalled \$739,000,000, which represented an increase of \$133,000,000 over the volume floated in May, 1929. The bond issues which have been

floated during the past six months have been of a kind particularly stimulating to business. Last December, state and municipal issues reached a record total of nearly \$300,000,000. In January, the public utility issues totalled \$473,000,000, which was the largest single month's volume of such issues on record. Railroad and industrial issues have been large and in April the volume of industrial issues totalled \$226,000,000, which was close to the highest previously recorded figure. The majority of these issues have been of a kind involving expenditures for roads, public improvements, plants and equipment. There has been a renewal of foreign bond issues which are beneficial to our export market. The demand for bonds continues good. Commercial banks are expanding their bond investments; sales of insurance are large, and insurance income is, to a great extent, invested in bonds; and our national savings, which in an average year amount to about \$10,000,000,000, are also adding to the demand for securities.

The second constructive factor in the present business situation is the fact that the mal-adjustments of last fall have been squarely met. Nationally production has been at a lower level than consumption. This has reduced inventories and released bank credit, which had been used to carry these inventories. The output of iron ore and copper was sharply reduced, prices of butter, wheat and sheep declined sharply and promptly, and a later reduction was made in the price of copper. Price declines are the only certain corrective for over production over stocking and under consumption. In the case of butter, the lower prices have stimulated a rapid reduction in the storage stocks of the commodity, together with a moderate decrease in production. As a result, the butter situation is convalescing. Butter prices rose in March and April at a time of year when the price of butter has ordinarily declined.

In the case of wheat, preliminary and unofficial statements indicate that the wheat acreage, especially the acreage of durum wheat, has been curtailed and the acreage released has been planted to a variety of other crops, principally flax and barley, for which the market is apparently more receptive.

The third constructive factor had nothing to do with business trends, but promises to be a very powerful favorable factor, nevertheless. This is the early opening of farm work this spring, the abundant rainfall which has done much to relieve the shortage of sub-soil moisture and the cool weather which points to a good root development in the growing crops. Large yields per acre are more



## For The Farmer And The Banker

**F**RED G. EILERS had a 20 acre field that was earning him only \$100.00 per year because it was too wet for anything but poor pasture. He tiled it at a total cost of \$475.00.

The next year that field produced 70 bushels of corn to the acre which sold at 70 cents for a total of \$980.00. Thus the first year's crop repaid the total cost of tiling and left in his bank account five times as many dollars as the field had ever earned him before in one year.

Since then Mr. Eilers' income from that field has varied some what with the crop planted and the market prices, but always it has been several times as much as before the field was tiled.

Tile drainage will increase the income of your customers who have wet fields or spots on their farms. Thus it will increase the funds handled through your bank, and so the profits you earn.

Thorough tile drainage will go far in solving the farm problem of your trade territory.

## MASON CITY BRICK and TILE COMPANY

Denison Building  
MASON CITY, IOWA

important to the northwest than high prices for the crop, especially in the southern and eastern portion of the district where a very large percentage of the crop consists of feed grains, pastures and hay.

#### *A Fourth Factor*

THE fourth constructive factor in the northwestern situation is that business has been quiet during the past winter, and there has apparently been no accumulation of debt in an effort to maintain business at unwarranted levels. Country banks are in a strong position. They are borrowing less from the Federal Reserve Bank this year than a year ago, in spite of the small crops and unfavorable price conditions. Correspondent balances held by the large banks in the cities of the district have not been reduced as much as usual this spring. Country bank deposits have decreased only 4 per cent since reaching their seasonal peak last fall. All of these signs indicate that the rural districts are husbanding their resources carefully. They are not spending in excess of income. This is an important development from the standpoint of the future soundness of trade because it means that there is no legacy of debt being accumulated for liquidation from the proceeds of the next crop.

Of particular interest to bankers is the change in the time of marketing of the wheat crop which has been brought about by the combine harvester. The peak of loadings in the northwest was formerly in October or occasionally in September and for the first time in history it reached a peak in August in 1929.

The number of combines has increased very rapidly. In Montana, there were only 900 combines in 1925, but this number increased to 5,600 in 1929. Last year there were enough combines in Montana to harvest more than half of the small grain crop of the state. In Montana, the marketing of wheat by farmers from July to October increased from 32 per cent of the marketable supply under former conditions to 58 per cent of the supply in 1929. The same trends are developing more slowly in the western Dakotas. This means that it is possible for farmers to market almost twice as much of their grain in the early months of the crop year as under former harvesting conditions. It means that the visible supply of wheat will become large early in the season, but that the flow of wheat during the later months of the crop year will be reduced. It means that collections will be made earlier, that railway tonnage will come a few weeks earlier, and that sales of merchandise will be stimulated in the early fall months and retarded in the later months of the crop year.

As the world grows more civilized we keep right on improving padlocks.

#### **Mr. Bodholdt Passes Away**

Aksel K. Bodholdt, vice president of Central Trust Company of Illinois, Chicago, in charge of the bank's trust department, passed away recently, at the Evans-ton Hospital.

Mr. Bodholdt was one of the leading trust bankers of the nation and was considered an authority on all subjects connected with the handling of trusts.

Mr. Bodholdt was born in Marquette, Nebraska, March 16, 1883. He attended the public schools of Omaha and Des Moines and high schools at Manistee, Michigan, and Marinette, Wisconsin. He received his degree of L.L.B. in 1905 from Chicago-Kent College of Law and was admitted to the bar. He later was appointed to the legal staff of the Chicago

City Railway Company where he remained until 1914, when he became associated with Central Trust Company of Illinois as assistant secretary. He was made assistant trust officer in 1919, and on the death of vice president, William T. Abbott, in May, 1922, he was elected vice president, which position he occupied till his death.

Mr. Bodholdt was a member of the Chicago Bar Association, Chicago Art Institute, and Mid-day, Bob-O-Link Golf, and Evanston Country Clubs. He resided at 2307 Orrington Avenue, Evanston, and is survived by his father, K. G. Bodholdt of Racine, Wisconsin, his wife, Helen Hopkins Bodholdt, whom he married in 1913, and three sons, Robert H., Ricker J., and Donald B.



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## Nebraska Bank News

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**A. N. MATHERS**  
President

**WM. B. HUGHES**  
Secretary

### Reorganize Elmcreek Bank

The Farmers and Merchants Bank of Elmcreek, Nebraska, which was closed some time ago and has since been in charge of the state bank commissioner, is to be reopened at a very early date, according to information received from an authentic source. It is to have a paid up capital of \$25,000 and a surplus of \$2,500. At a meeting of stockholders the following officers were chosen: R. A. St. John, president; J. G. Lowe, Kearney, vice president; H. F. St. John, cashier. The list of stockholders includes in addition to the gentlemen just named, J. A. Norris, Dr. Yoder, A. Reeves, H. H. Northrup, Edd. Beavers, Mr. Gresham and Mr. Steele.

The bank is understood to have been in good condition at the time of closing, but a call for funds by certain depositors reduced the immediate supply of cash on hand to the place where it was unable to meet demands at once. It will reopen under very favorable conditions and promises to become one of the strong financial institutions of the county.

### Bank Reopens

The Citizens State Bank of Clearwater, Nebraska, reopened recently with a strong reserve and backed by a group of stockholders representative of the wealth of the community.

Dr. J. W. Bennie is president of the bank; Frank Mapes, vice president and H. D. Miller, cashier. Mr. Miller has had twenty-two years banking experience.

The directors are men of some experience and the people of the community are confident of the future success of the institution.

### Buys Interest

Mr. R. F. Stuckey, of Lexington, Nebraska, a prominent business man and banker there, has purchased a block of stock in the Cozad State Bank, and becomes a director of this institution.

Mr. Stuckey is president of the Lexington State Bank, one of the strongest banking houses in this county.

*Northwestern Banker July 1930*

### Varney Named President

T. T. Varney, Sr., president of the Broken Bow State Bank was elected president of the Security State Bank of Ansley, Nebraska, by a group of men who purchased the interests of the bank. The bank formerly was owned by R. H. Storz, of Omaha. It is the only bank at Ansley. The purchasers of the stock are M. Weil, Lincoln; J. T. McGowan, David H. Reed, J. H. Watts and Ival C. Gardner of Ansley, and T. T. Varney, Sr., and William C. Schaper of Broken Bow. Other officers elected were M. Weil and J. H. Watts, vice presidents and Ival C. Gardner, cashier.

### Nebraska News

ELLSWORTH MOSER, secretary of the United States Trust Company, spent the month of June on vacation in the Minnesota Lake region.

ONE OF THE ISSUES, in the coming campaign in Nebraska, will be the proposal, submitted in the form of a constitutional amendment to the voters, that the people authorize a levy to pay eight million dollars of the losses in the guaranty fund. Both Governor Weaver and Attorney General Sorensen are urging the state to authorize this payment, on the grounds that the guaranty fund deficit is, in part at least a "moral obligation" of the state as a whole. It is proposed to use the tax levy, if it is authorized, in helping make payments to depositors in banks that were closed while members of the guaranty fund system.

ROSS L. HAMMOND, president of the Union National Bank of Fremont, is slowly recovering following a collapse in the bank this spring.

FRED H. EYLER has been elected treasurer of the Omaha National Company after an absence of several years from Omaha, during which he was vice president of the Drovers and Merchants Bank of St. Joseph, Mo., and later representative of the Omaha National Company at Chicago, Mr. Eyler returns to

Omaha to take the place of Charles E. Watkins, who resigned as treasurer of the company.

W. DALE CLARK, president of the Omaha National bank, has been elected chairman of the executive committee and vice president of the Omaha Chamber of Commerce. According to the usual custom at the chamber, this would mean Mr. Clark's elevation to the presidency next year.

THE FIRST NATIONAL BANK of Grand Island, following a vote of the directors late in May, doubled its stock. The bank became the seventh in the state of Nebraska, being exceeded only by banks in Omaha and Lincoln. The change in capital was from \$100,000 to \$200,000.

The vote for the increase was taken on the fiftieth anniversary of the organization of the bank, which began with a capital of \$70,000. Emil Wolbach is now the president of the bank and S. N. Wolbach, who has been with the bank 49 years, is chairman of the board of directors.

The bank has a surplus of \$150,000.

The Bank of Florence, at Omaha, Neb., which was closed by the state department of trade and commerce May 8, was reopened for business June 21, with new officers.

W. B. Roberts, vice president of the First Trust Company of Omaha, is the president of the bank. C. D. Saunders, formerly cashier of the First National Bank of Denison, Iowa, is vice president. Robert H. Hall, formerly for ten years associated with the Farmers State Bank of Millard, Neb., as assistant cashier, is the new cashier of the Florence bank. Mr. Saunders and Mr. Hall are in active charge of the institution.

These officers, with T. L. Davis, vice president of the First National Bank of Omaha, will be directors of the new bank. They are also the stockholders, with Fred W. Thomas, vice president of the First National Bank of Omaha.

Capital and surplus of \$30,000 was paid in by the new owners of the bank, in cash. The bank was reorganized under the direction of the state banking department, and remains a state bank.

Depositors of the old bank accepted a 60 per cent reduction of their deposits, and were paid 40 per cent in cash. This came from collections from note, from the fund supplied by the organizers, and amounts to about \$200,000.

The balance due them will be paid, as far as possible, from collections from slow paper, which has been placed in the hands of a depositors' committee. Eventually, it is hoped, depositors will receive approximately two-thirds of their deposits in the old bank.

The inquiry into the state bank system of Nebraska, including the management

of failed banks, the guaranty fund and the guaranty fund commission, will be concluded by August 1, according to an announcement by A. C. Shallenberger, former governor, in charge of the audit.

Mr. Shallenberger said that he would wind up the affairs then and leave the audit to begin his campaign for congress, and that he had the word of Governor Weaver that the audit will not be carried on after that.

Among major propositions remaining for his attention, said Mr. Shallenberger, was an audit of the \$2,000,000 expense account incurred by the guaranty fund commission, and of the \$16,000,000 collected by assessment for payment of depositors in failed banks.

An audit of money collected on stockholders' liability was to be made also.

The Shallenberger audit was under the law passed by the 1929 Legislature, providing for an inquiry of failures of state banks during the last ten years. The affairs of one hundred seventy-five institutions were gone into, and separate reports published on fifty. Thirty are still under investigation.

The Legislature appropriated \$150,000 for the audit. Mr. Shallenberger said it had cost, up to the end of June, about half the appropriation.

H. B. and W. P. WALDRON of Omaha have sold their interest in the Farmers State Bank of Elkhorn, Nebraska, to C. C. Holling, W. E. Moor and E. A. Saeger of Elkhorn. Mr. Holling has become the president of the bank, Mr. Moor vice president and Mr. Saeger, cashier. Mr. Moor had been cashier of the bank for the past eight years. The bank is now owned entirely in Elkhorn.

FRED H. DAVIS, president of the First National Bank of Omaha, celebrated his seventy-seventh birthday early in June. He is a native of Omaha, and is now the reigning king of Ak-Sar-Ben.

Although recently ill, Mr. Davis is now much improved in health, and is at his desk in the bank daily.

He began with the First National Bank fifty-eight years ago as a collector and messenger boy. He is the oldest registered member of the Nebraska Historical Society. His father, a contractor, lived in the first frame house in Omaha. During July Mr. Davis and his family plan to spend their vacation in New Jersey coast resorts.

ONE OF THE OLDEST BANKS in Jefferson county, Nebraska, was dissolved June 16, when the Harbine Bank and the First National Bank of Fairbury were merged. Both are members of the Northwest Bancorporation, and the merger was under the direction of the Bancorporation.

The Harbine business was moved to First National Bank building where ex-

tensive remodeling has been done.

The Harbine Bank was established in 1873 by Colonel Thomas Harbine as a private bank and has always since been one of the leading banks of Fairbury.

THE ADDITION and remodeling of the First National Bank of Omaha has been progressing rapidly. The savings department is now installed in its new quarters, which are on the ground floor of the bank building, north of the previous quarters, and which have an entrance from Sixteenth Street, Omaha's main thoroughfare. The First Trust Company is in new and larger quarters in the bank building and there have been additions to the main banking quarters. The four story addition to the bank has been erected almost without notice by the city, because it is in a space west of the bank and back of the Farnam building. It makes an L-shape of the First National Bank building.

GWYER YATES, vice president of the United States National Bank of Omaha, who had considerable difficulty with a wrenched knee, has again been able to return to the golf links, and is recovering.

VICTOR S. SMITH, vice president of the Omaha National Bank, and his family are to spend their summer vacation, as usual, in the northern Minnesota lake region.

#### Prize Winners

The winners of the national public speaking contest for the A. P. Giannini endowment fund prizes, held in connection with the annual convention of the American Institute of Banking section of the American Bankers Association were as follows: Herman F. Fuecht, American National Bank, Denver, first; A. Gordon Patterson, First National Bank, Pittsburgh, Pennsylvania, second; Philip A. Dietz, Donahue Savings Bank, Donahue, Iowa, third; Floyd E. Leavitt, Exchange Bank, Tulsa, Oklahoma, fourth. The first prize was \$500, second prize \$300, third prize \$200 and fourth prize \$100.

The national convention debate on the subject "Resolved that Chain Banking Is Economically Dangerous and Undesirable" was won by the Philadelphia chapter team, upholding the negative. The members of the Philadelphia team were Melville M. Parker, United Security Trust Company of Pennsylvania; Harry C. Culshaw, Franklin Trust Company; Harold W. Scott, Pennsylvania Company for Insurance on Lives and Granting Annuities; R. David Conner, alternate, Corn Exchange National Bank and Trust Company. The opposing team, from the New Orleans chapter, was composed of Pierre J. Laiche, Canal Bank and Trust Company; William H. Keck, Jr., Hiber-

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pressive of the  
greatest city. 1200  
pleasant rooms  
each with Servi-  
dor, bath, circula-  
ting ice water and  
radio provisions.

**ROOMS from \$3**

E. G. KILL, General Manager

**31st Street** **7th Ave.**





nia Bank and Trust Company; Alvin E. Roemershauser, Whitney National Bank; George J. Ruhlman, alternate, Hibernia Bank and Trust Company.

### Aley Heads A. I. B.

Ben Aley, vice president United States

National Bank, Denver, was elected president of the American Institute of Banking Section of the American Bankers Association at its annual convention in Denver, and Henry J. Mergler, assistant treasurer Fifth-Third Union Trust Company, Cincinnati, Ohio, was elected vice

president. Both men were chosen without a contest.

The invitation of Pittsburgh, Pennsylvania, extended to the institute to hold the 1931 convention there, was accepted.

In the contest for members of the executive council, in which five places

# MIDLAND BANK

LIMITED

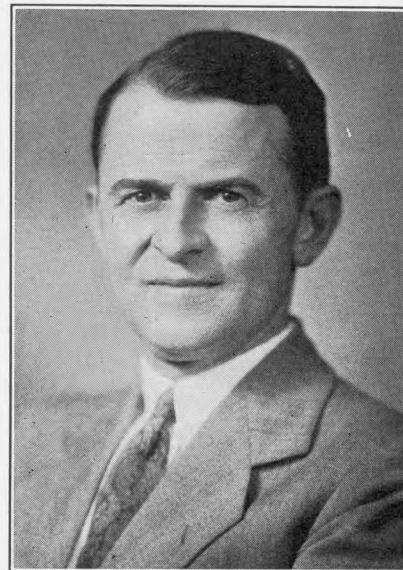
## A Complete Banking Service

The Midland Bank offers exceptional facilities for the transaction of banking business of every description. It has offices in the Atlantic Liners "Aquitania" "Berengaria" "Mauretania" and with affiliated banks operates over 2500 branches in Great Britain and Northern Ireland.

The offices in Poultry and at 196 Piccadilly are specially equipped for the use and convenience of American visitors in London.

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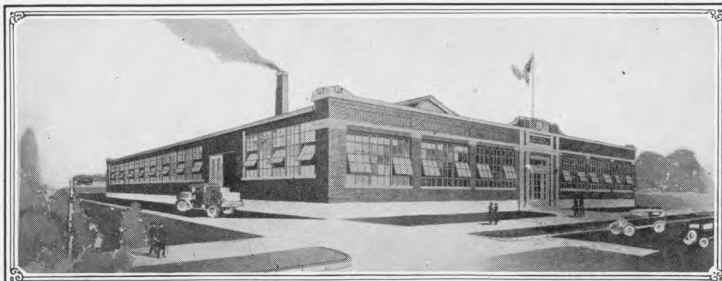
BEN ALEY

were to be filled, there were six nominations, as follows: Henry J. Court, secretary and treasurer Phoenix Savings Bank and Trust Company, Phoenix, Arizona; Andrew C. Dorris, manager Old Hickory Branch, Nashville Trust Company, Old Hickory, member of the Nashville chapter; Edwin C. Estes, assistant secretary South Brooklyn Savings Institution, Brooklyn, member New York City chapter; Maynard W. E. Park, assistant cashier Federal Reserve Bank of Kansas City, Missouri; Carl L. Phillips, assistant cashier National Bank of Commerce, Seattle, Washington, and G. K. Strickland, department manager Federal Reserve Bank, Memphis, Tennessee. As a result of the balloting, the following were declared elected: for three-year terms, Messrs. Court, Estes, Park and Phillips, and for the two-year term, Mr. Dorris.

### Wants Cooperation

Alexander Legge, chairman of the Federal Farm Board, suggested to the national officers of the Mortgage Bankers Association of America in session at Chicago that a definite program of cooperation be developed between the board and farm mortgage bankers throughout the country.

"Mortgage bankers in your organization lending millions of dollars of insurance funds on the security of farm lands are in a strategic position to assist the farmer directly and to help the Farm Board keep in direct touch with farm



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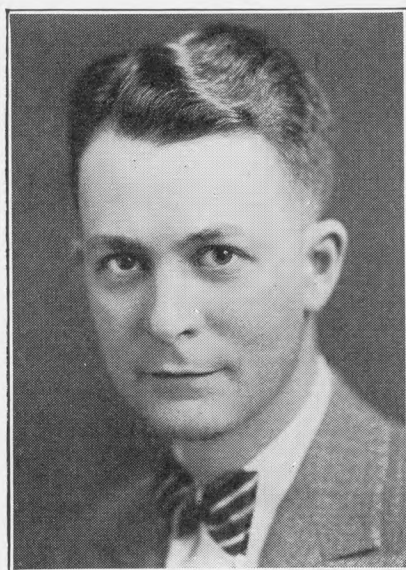
EDWIN G. RAGSDALE  
SECRETARY

problems," said Mr. Legge. "The Farm Board looks favorably upon the appointment of a contact committee properly representative of mortgage bankers and insurance company investors to advise the board with reference to economic questions involving land utilization and trends in agricultural finance."

Declaring that acreage reduction is vitally necessary to the success of the Marketing Act, Mr. Legge cited a leading manufacturer's statement recently that farm production should not be controlled or restricted. "This manufacturer, at the time, was running his own factory at 70% capacity. If he were running at 100% capacity, as he advises the farmer to do, he would be broke in twelve months," he observed.

### Is Elected Treasurer

Fred H. Eyler has been elected treasurer of The Omaha National Company, investment and insurance affiliate of The Omaha National Bank, according to announcement by Dale Clark, president of both organizations. Mr. Eyler returns to Omaha after an absence of several years in St. Joseph and Chicago. He entered the employ of The Omaha National Bank in 1918, and, after serving



FRED H. EYLER

as discount teller, he went to St. Joseph to become vice president of the Drovers and Merchants Bank of St. Joseph, Missouri, in 1925. In 1929 he went to Chicago as representative of the The Omaha National Company.

Mr. Eyler graduated from Omaha high school in 1915.

Mr. Eyler has been active in bank organizations. While in St. Joseph, he was president of the Buchanan County Bankers Association, and organized the St. Joseph Chapter of the American Institute of Banking.

**A**ll problems of correspondent banks have the direct attention of an officer of this bank. Such attention by our officers, rather than by the clerical departments, obviously works to the advantage of the out-of-town bank.

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Northwest Corner LaSalle and Monroe Sts.

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## GRAIN AND HAY DRAFT COLLECTIONS Given Special Attention

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Northwestern Banker July 1930





C. B. BROMBACH  
President

## Minnesota Bank News

### Officers Minnesota Bankers Association

President.....C. B. Brombach  
Minneapolis  
Vice President.....J. R. Chappell  
Winona  
Treasurer.....W. L. Brooks  
Bemidji  
Secretary.....George Susens  
Minneapolis



GEORGE SUSENS  
Secretary

## Minnesota Bankers in Annual Convention

**T**HE Minnesota Bankers Association, closing its 1930 convention last month in St. Paul with one of the largest attendances on record, elected the following officers for the ensuing year: President, C. B. Brombach, of Minneapolis; vice president, J. R. Chappell, of Winona, and W. L. Brooks, of Bemidji, treasurer. All are well known in Minnesota banking circles and have given much of their time and energy to the upbuilding of the state organization.

The Association also appointed a special committee of five to represent particularly the interests of the independent bankers, those named to the body being J. R. Chappell, Edwin Erickson of Adrian, N. J., Peterson of Little Falls, Joe Rachac of Faribault and Olaf Gandrud of Benson.

Three new members of the Council of

Administration were elected. They are M. F. Ernst of the Midway National Bank of St. Paul, J. R. Nims of Staples, and J. E. Odegard of Santiago.

In urging organization of state constabulary, the convention called on the Legislature to bring law enforcement agencies up to the modern plane reached by the criminal. The resolution as adopted read:

### *For State Constabulary*

**W**HEREAS the criminal element is taking advantage of modern improvements such as good roads, the high powered car, the airplane, the machine gun and other up-to-date appliances intended as a blessing to society, and since these modern conveniences are being used by the criminal and thereby increasing crime to greater extent,

"Now, therefore be it resolved that we urge our law making bodies to provide more adequate facilities to meet these changed conditions and bring our police system up to the age of the high powered car and the machine gun. The prevention of crime is no longer altogether a local problem. Modern conditions have made it a problem of the state. In order to protect life and property and make the committing of crime less popular and the apprehension of the criminal more certain, we urge the establishment of a system of state police or a state constabulary to cooperate with and assist local law enforcement officers. It is our belief that the cost of such a system would be more than outbalanced by the savings to life and property generally."

Regarding changes in court procedure, the convention advised that suggestions for more successful prosecutions made by the county attorneys of the state be followed.

In electing a committee to represent the independent bankers of the state, the convention adopted a resolution stating that ever since its organization the Minnesota Bankers Association has been desirous of assisting all its members in their problems. Olaf Gandrud, one of the members of the committee, is also vice president of the Independent Bankers Association.

In addition to the several interesting reports made by members, four prominent speakers headed the Minnesota program. They included Governor Roy Young, of the Federal Reserve Board, Washington, D. C.; Dr. Benjamin M. Anderson, Jr., economist for the Chase National Bank; Charles F. Collisson, farm editor of the Minneapolis *Tribune*; and Earle Brown, head of the Minnesota Highway Patrol.

Mr. Young, in his splendid address, endorsed the sentiments of Comptroller Pole, in regard to branch banking within limited trade areas, and stated that he believes group banking will prove to be only a transitional step in the development of some type of a compromise between unit and branch banking.

Taking as his subject "Banking Concentration," Mr. Young told the convention that he believes "the logic of events forces us to conclude that branch banking within limited areas is a reasonable concession to make to the present day conditions which must be met."

### *Pole Suggestions Indorsed*

**H**E indorsed in general the recommendations of Comptroller of the Currency Pole that branch banking in natural trade areas be authorized.

"This country," Mr. Young said, "has flourished under a system of unit banks. Unit banking has been the natural complement of the individual initiative and enterprise which has so rapidly brought the United States to the first rank of

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service as Minneapolis correspondent  
for Northwest banks.**

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Affiliated With  
Northwest  
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Combined Resources  
Over \$483,000,000.00



economic powers. I cannot say too much concerning my respect for the contributions of the unit banker to this development.

"The unit banker still has his place and service to perform; and I can see no reason why he should not always be an important part of our banking system.

"However, some unpleasant facts must be faced with respect to the appalling number of bank failures recorded in various parts of the country during recent years. In the nine-year period prior to June 30, 1929, about 5,000 banks closed their doors in the United States, tying up deposits in the neighborhood of one and a half billion dollars.

"In this history of suspension, it is a remarkable thing that no important failures among banks in the larger cities have occurred, while in seven agricultural states 40 per cent of all the banks in existence in 1920 have failed.

"We cannot escape the fact that in certain localities the unit system has broken down. Whether we can repair the old or erect a new unit banking system that gives satisfactory assurance of not repeating the misfortunes of the past is one of the serious questions to which we must try to find an answer.

"We have an entirely different economic and social pattern from that under which our unit system developed, making it necessary for the banking system to be revamped to fit the new order.

### Best System Sought

NO one is more conscious of this than the bankers themselves, and the record shows that they are embracing the opportunity to experiment with new forms in an attempt to find that system of banking best suited to the world we live in today.

"National banks and state banks are operating more than 3,500 branch offices. The 800 and odd banks with branches have more than 25 billions of the loans and investments out of a total of 58 billions possessed by the 25,000 banks of the country.

"In the Northwest we have the group movement, born to take care of a very difficult situation. The group system, however, has its limitations. Even the foremost exponents of the group banking plan agree that it cannot solve the problem of the smallest communities that are entitled to some sort of banking service."

Dairy and livestock products are above the commodity price index in exchange or trading value, Charles F. Collisson, farm editor of the Minneapolis *Tribune*, told the convention.

He declared that dairy products in North Dakota, South Dakota, Minnesota and Montana bring in \$300,000,000, while wheat brings \$232,000,000.

"Dairy, livestock and poultry bring \$782,000,800 into the four states, or more



C. B. BROMBACH  
New President, Minnesota Bankers  
Association

than three times our far-famed wheat crops," he said.

Products of the right kind of diversified livestock farming are above the general average of retail prices of commodities that farmers buy, according to Collisson.

"Some have been above the merchandise price index for years," he continued. "It is true that grain prices are depressed. So also are horses and horse feeds, hay, oats and corn. Wheat would have to be selling for \$1.34 to be on an equal trading basis with your merchandise.

"So the single-crop farmer may have low buying power. Yet dairy products, source of our greatest farm income in the northwest, have been, and still are, above the commodity price index in exchange trading value. The same is true of cattle and calves, wool and lambs, poultry and eggs; in fact, all livestock products except horses and hogs.

"Now see how these values mount up, far above wheat or grains. Minnesota's wheat brings about \$20,000,000. Eggs alone bring twice that or \$40,000,000, and poultry \$20,000,000 more.

Potatoes were worth nearly \$26,000,000 in 1929, hay over \$62,000,000, corn, fourth in the United States, about \$97,000,000. Field crops besides wheat brought \$293,600,000. Pigs brought \$80,000,000.

"Pigs and poultry are only two by-products of our biggest industry, creamery butter making, in which Minnesota leads all North America. We make 275,000,000 pounds of golden butter, sell it for \$125,900,000 golden dollars and return to the farmer more than 10 per cent of the money.

"All dairy products bring in \$190,000,000, cattle and calves \$658,000,000 more.

All Minnesota's livestock products total more than \$400,000,000. All our small grains are worth \$123,000,000, or less than our butter income."

Benjamin Anderson, Jr., economist of the Chase National Bank of New York, told the convention that artificial interference with prices of commodities is dangerous.

Low prices, he asserted, are the natural economic means of checking production in an article which has been overproduced, and of increasing its consumption, thus bringing supply back into a normal relation with demand.

Even the Farm Board, he stated, with all its financial resources, "has found difficulty in going against these natural rules."

Mr. Anderson warned the bankers against the "disquieting rapidity" which bank funds employed in investment in securities and collateral loans on securities has grown in recent weeks.

Reports from 600-odd reporting banks of the Federal Reserve System in the great cities show the ratio of their bond holdings plus stock and bond collateral loans to their total loans and investments increased from 59.70 per cent February 12, 1930, to 63.27 per cent on June 4.

"It cannot be good policy to make bank money so abundant and so easy that it must overflow at this rapid rate into the securities market," he said. He warned that "when business revives, when hundreds of millions of dollars must flow out of bank reserves into hand-to-hand circulation, and when commercial borrowing increases with reviving trade, we shall have to pull this money out of the securities market again—a process which will not help along the business revival.

"It is far better," he said, "that in times of slack the Federal Reserve authorities should take up the excess reserves in the money market, allowing the volume of general bank credit to contract and conserving the reserve money of the country so that it may be used in a time of revival to permit bank credit to expand comfortably to meet the needs of trade."

### Heard and Seen at St. Paul

HERE, THERE AND EVERYWHERE, is the best way to describe the activities of George Susens, the efficient secretary of the Minnesota Association. Aided by his assistant, Miss Richards, and other colleagues, the entire convention was handled in the usual Susens' style, with not a hitch anywhere.

BOB PUTNAM, retiring president, has set a record for accomplishment which will be hard to surpass. A gifted presiding officer, with a splendid speaking voice, convention sessions under his supervision have a habit of going along wonderfully. In addition, Bob has put in a tremendous amount of his time and energy in Association work. The hand-

*Northwestern Banker July 1930*



some Gladstone traveling bag which was presented to him by the Association, through Vice President Brombach, showed what the members think about ex-president, Bob. As usual, he responded with a splendid speech of thanks.

CHARLES F. COLLISSON, farm editor of the Minneapolis *Tribune*, makes a great talk on farm conditions, and if anyone can place the Minnesota sow, cow and little red hen on a pedestal, he can do it. His address at St. Paul was great and made everyone throw out their chests in thinking of Minnesota's resources. He got a good laugh in his plea for diversification of farm crops when he referred to the farmers who raise only potatoes as "spud poker" players, who gamble everything on the price show-down.

PAUL HARDESTY, assistant vice president of the Chatham Phenix National Bank and Trust Co., New York, was a Minnesota convention visitor, and was extensively quoted in an interview on business conditions in Minneapolis and St. Paul papers. Mr. Hardesty feels that fundamental business conditions are sound, and that the northwest is already showing a steady return to more prosperous conditions.

A MOST TRAGIC EVENT took place the first day of the convention in the accidental death of Otto J. Schumacher,

president of the Drovers State Bank of South St. Paul. He was killed while returning to his home in his car following the Tuesday night smoker. Since he was alone at the time, it is thought the steering gear on his car became locked and caused it to overturn.

Mr. Schumacher was born in Chicago. When 15 years old he entered the employ of the Continental Commercial Bank of Chicago. He attended night school, studying banking in the American Institute of Banking. Later he was employed as a teller in the Jackson Trust Savings Bank, which later was absorbed by the Railway Exchange Bank.

He came to St. Paul in 1907, and had charge of the foreign exchange and collections department of the Capitol Trust Co. Three years later Mr. Schumacher went to South St. Paul as assistant cashier of the Stockyards National Bank. In 1912, with C. W. Clark, he organized the Drovers State Bank.

J. R. CHAPPELL, vice president of the Merchants Bank at Winona, and newly elected vice president of the Minnesota Association, is an experienced banker with a fine personality which makes many friends for him. In addition to his banking ability, he also stars on the links and there are almost no bankers in the state to whom he is not compelled to give strokes.

### Purchase State Bank

J. J. Rachae, president of the Citizens National Bank of Faribault, Minnesota, and Dr. Frank J. Lexa, of Lonsdale, Minnesota, have bought the holdings and controlling interest of the Skluzacek family in the state bank of Lonsdale.

At a meeting of the new board of directors Dr. Lext was elected president of the bank and J. J. Rachae was elected chairman of the new board of directors.

### Banker Retires

Henry Von der Weyer, vice president of the First National Bank, St. Paul, Minnesota, resigned recently after 45 years of banking service in St. Paul. No one was elected to succeed him.

Mr. Von der Weyer has retired to his summer home at Grey Cloud Island. He has been preparing for some time to give up active business.

Before consolidation of the Merchants National Bank and the First National, Mr. Von der Weyer was a vice president of the Merchants. He began his business career in St. Paul as a bank messenger 45 years ago and became one of the best known bank executives in this territory.

### St. Paul Banker Dies

Mark Wesley Fay, prominent in banking circles in St. Paul for 45 years, died

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PRES. & GEN. MGR.  
THE MAN BEHIND THE INSTITUTION

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Every guest room is outside, with bath, running ice water, bed-head lamp and Servidor. Each floor has its own housekeeper and the hotel's garage has extensive facilities for car storage. Rates are extremely moderate—\$2.50 up—because valuable subleases at this location pay all the ground rent and the saving is passed on to the guests.

**The Tallest Hotel in the World . . . 46 Stories High**

*Write or Wire for Reservations*

Northwestern Banker July 1930

recently at his home at 1335 Grand Avenue. He was 76 years old.

Mr. Fay was born in Marlborough, Mass., and was associated with his father in the banking business there before coming to St. Paul to work in the Second National Bank.

When the Second National was merged with the First National Mr. Fay became teller in the latter institution and remained there until he retired about a year ago.

He is survived by his widow, Eva Lane Fay, of St. Paul, and six nieces.

### Takes Over Holdings

Directors of the First National Bank of Grand Rapids, Minnesota, recently took over the stock holdings of the Sheldon estate in the institution.

The death of F. P. Sheldon of Minneapolis, in February of this year, brought about changes in the several banks with which he was connected. The personnel of the board of directors now includes F. E. King, C. E. Aiken, W. H. Aiken, D. M. Gunn, C. K. Blandin, Henry Hughes and C. K. Andrews.

### Sir Josiah Stamp Speaks

Speaking at a dinner given by the Stable Money Association, Sir Josiah Stamp dealt with the problems facing the industrial and financial community, the solutions of which were dependent upon greater stability in the purchasing power of gold. He said that all economic history showed that grave social and industrial evils came in the train of rapid fluctuations in the purchasing power of money. A violent change of this kind, unprecedented in its magnitude, was now affecting not only business but political relations throughout the world. Many evils which were being attributed to some immediate cause, such as over-production in a particular commodity market, were actually due to this underlying and general causes.

In the first place, the rapid appreciation of the value of gold, that is, the fall in prices, was making the position of debtors all over the world more serious. This change in gold value of 25 per cent in the past four or five years had, in effect, added the equivalent of over \$7,000,000,000 to the British National debt at a time when everybody imagined that it had been diminished by substantial sums being paid off. It had substantially increased the indebtedness of various countries tied to their creditors on account of war debts and reparations, and, to that extent, was having an important influence on the balance of trade and was greatly aggravating the adverse effects of high tariffs. Again, it was seriously altering the division of the product of industry, where this had been settled through economic forces on equitable lines; as between debtor and credi-

tor; as between capital and labor; as between different classes of capital, such as debentures and common stock; as between the past and the present, and as between the present and the future. It was introducing the same kind of chaos into business and international relationships as would ensue if the yard, the ton, and the day were made capriciously variable.

In addition to these evils, resulting from the upsetting of just relationships, it also exercised an important depressing influence on business, creating unemployment. Sir Josiah said that the object of people who were thinking along these subjects was to avoid these evils by securing

greater stability in the unit of purchasing power.

The most feasible method, at any rate of first approach, was to obtain more intelligent international handling of the existing gold reserves and a more enlightened and uniform individual practice in different countries in providing the superstructure of credit which was the real determinant of price when measured against the total quantity of commodities. It was unlikely that the production of new gold would be maintained in the same proportion as the natural increase in the production of other commodities, but something could be done by the better use

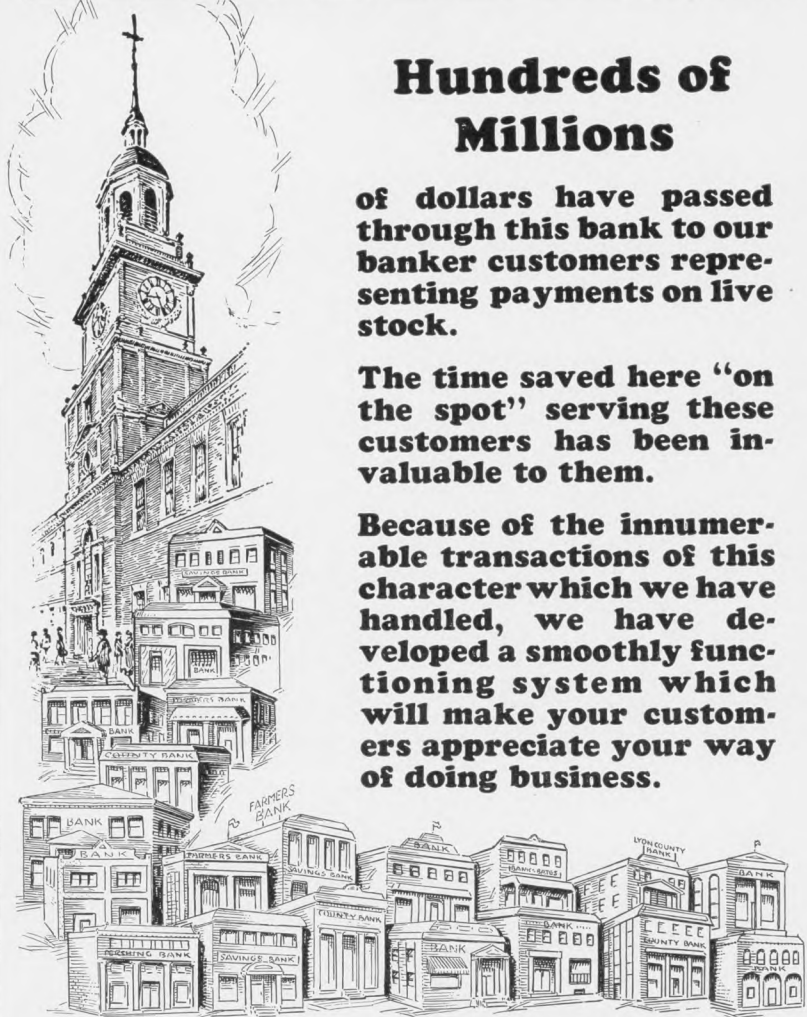


## Hundreds of Millions

**of dollars have passed through this bank to our banker customers representing payments on live stock.**

**The time saved here "on the spot" serving these customers has been invaluable to them.**

**Because of the innumerable transactions of this character which we have handled, we have developed a smoothly functioning system which will make your customers appreciate your way of doing business.**



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



of the existing gold and more scientific measures for preventing artificial deflation, or for offsetting it. Hitherto these problems had been handled in intermittent fashion by understanding between the central bankers; but it was hoped that a surer and firmer grasp would be obtained through the agency and common council of the new International Bank.

Sir Josiah said that it was a mistake to suppose that complete stability was aimed at, or even attainable, the natural vicissitudes of harvests and new inventions introducing factors which would produce, after the elimination of monetary factors, some measure of slight fluctuation of no

danger to society. All that was desired was that contractual and natural relationships between different sections, upon the validity of which all civilization depended, should not be arbitrarily and unnecessarily upset.

### New Central Hanover Booklet

The new booklet just issued by Central Hanover Bank and Trust Company, New York, outlines ten ways in which to provide for reducing the shrinkage on estates. The booklet, the work of the Trust Department, describes in clear and concise form the various methods utilized to save

money for Central Hanover trust customers.

In an analysis of estate shrinkage compiled from government records on 32,668 estates, Central Hanover has found that the average shrinkage on these estates from all causes has totalled 18.48 per cent, nearly a fifth of the average estate considered. It is felt that by a special provision for guarding against the dangers which caused the shrinkages, considerable amounts could be saved above the economies usually effected in careful estate administration.

The major point made by Central Hanover is that large savings are possible on the average estate when the estate is considered in advance. After a man's death, little can be done other than efficient administrative service.

Some of the methods of increasing the net value of an estate are listed by Central Hanover as a general coordination of estate items, the avoidance of unnecessary transfer proceedings, legitimate tax savings through avoidance of duplicate taxation, and the provision of ready cash to expedite settlements.

Central Hanover also stresses the value of proper legal advice to avoid costs of estate litigation. The booklet, in addition, warns against the danger of shrinkage in business interests, and makes suggestions for the proper management of life insurance proceeds.

### Heart Disease First

Diseases of the heart, for the sixth consecutive year, accounted for larger claim disbursements than any other disease or cause of death, taking more than one-seventh of the \$140,046,625 paid during the year 1929 to families and other beneficiaries of the Metropolitan Life Insurance Company policyholders. Two other "degenerative diseases," cerebral hemorrhage and chronic nephritis, accounted together for 12.4 per cent of the total paid out in death claims by this company. Jointly, the three diseases, which are frequently contributory to each other in individual patients, were responsible for nearly one-third of all the deaths and for more than 27 per cent of the total sum paid in death claims last year.

Cancer, for which \$12,683,600 was paid in death claims, ranked as the second cause from the standpoint of cost to this insurance company, although external causes, which include suicides, homicides and accidents, were responsible for larger distributions than any single disease. Accidents, if considered as a single cause, ranked before cancer in importance, with disbursements amounting to \$16,425,000—nearly one-eighth of the total. Automobile fatalities accounted for \$5,277,000, nearly one-third of the total paid out on account of accidental deaths and for approximately 4 per cent of the total disbursed for all causes.



The friendly spirit that characterizes the Drovers Service never shows to better advantage than when correspondent bankers visit the Drovers Banks in person.

Not a small bank — nor an extremely large one, as size is reckoned nowadays, the Drovers has retained that personal, homey atmosphere which wins lasting friendships.

**DROVERS**  
**NATIONAL BANK**  
**TRUST & SAVINGS BANK**  
 Union Stock Yards • Chicago, Ill.

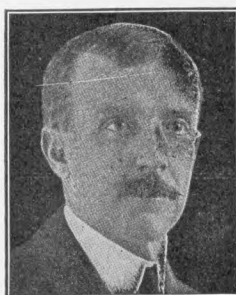
# North Dakota Bank News

## Officers North Dakota Bankers Association

President.....R. E. Barron  
Minot

Vice President.....J. E. Davis  
Goodrich

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



W. C. MACFADDEN  
Secretary

### New Cashier at Langdon

Alfred O. Aune has been elected cashier of the Northwestern Bank at Langdon, North Dakota, according to a recent report. Mr. Aune formerly was connected with the Farmers State Bank at New Rockford, North Dakota, and prior to that was cashier of the State Bank at Granger, Minnesota.

The Northwestern Bank is a branch of the First Bank Stock Corporation of Minneapolis.

WM. A. MOEN, formerly assistant cashier of the Rolette State Bank, is now cashier of that institution.

C. J. CRUSE has been elected director of the Bank of Doyon to take the place of I. M. Rasmussen who has resigned.

DAN F. SIMUNDS has accepted a position as assistant cashier of the First Security Bank, Underwood, succeeding D. M. Mack.

THE ELK VALLEY STATE BANK, Larimore, has increased the number of its board of directors from three to seven. The new directors are G. J. Johnson, Jameson Larimore, Hans Nielsen and Clay Larimore.

WM. LAWTHER and PETER FERGUSON have been elected directors of the First State Bank of Brisbane, succeeding F. J. McCullough and M. M. Hayden who have resigned. Mr. Lawther also succeeds Mr. McCullough as president.

B. J. ROGELSTAD has accepted a position as assistant cashier of the Reservation State Bank, Makoti.

ELMER MELBY has accepted a position as assistant cashier of the First State Bank, Turtle Lake.

H. F. LEONARD has been elected assistant cashier of the Security State Bank of Lawton.

### Seasonal and Cyclical Movements of Chicago Bank Loans

Published by  
Bureau of Business Research  
University of Illinois

An analysis of the loans of the large Chicago national banks covering the years from 1913 through 1928 shows that no outstanding seasonal movement characterized them. There was, however, a rather consistent upward tendency by the autumn date of call. Sometime between July and October, probably during the latter part of the period, a characteristic expansion occurred in loans; by the close of the year, however, the volume of bank credit had contracted and loans were on practically the same level that obtained for the other seasons.

Throughout the same years the credit of the New York banks reached its peak about a season later than that of the Chicago institutions, that is, the loans of the former tended to be relatively highest in winter—by the December 31st call of the Comptroller of the Currency. The New York banks evidenced a somewhat greater degree of seasonality than those in Chicago. When the seasonal movements of the loans and individual deposits of the latter banks were compared, it was found that no uniform seasonality took place as between them except for the very slight upward movement of deposits in the autumn. The New York banks, on the other hand, showed their loans and individual deposits to move seasonally in a parallel fashion. It is to be noted, however, that in the case of loans and bankers' balances a greater uniformity characterized the data of the banks in Chicago.

The national banks in the reserve cities outside of Chicago and New York reported loans which manifested scarcely any seasonality, although the loans of these banks as a group tended to be slightly lower in the summer and fall. Still less seasonal variation was evident in the data of the country banks.

When the cyclical movement of the Chicago bank loans was analyzed, it was found that it did not closely parallel

general business activity throughout the sixteen-year period. The movements from 1913 to the middle of 1919, however, were for the most part similar; during a portion of these early years, it is to be noted, business conditions tended to fall behind loans by about one season. With the recession under way by the summer of 1920, loans declined, but in the main, their movement lagged behind the business activity index by from one season to an entire year. The cyclical variations in the loans of the New York institutions corresponded very closely with those of the Chicago banks; practically the same variations occurred, likewise, in the data of the banks in the other reserve cities.

The investments reported by the banks in Chicago showed a rather marked seasonality—a more pronounced seasonal movement than in the case of loans. These security holdings tended to be highest in winter at the time when loans were low; in the fall season when security holdings were relatively low, loans were regularly at their peak. Something of the same inverse movement appeared in the data of the New York institutions, although it was more marked in the banks in Chicago. Just as the loans of the banks in the two money markets did not follow the same seasonal course, so



## IF IT'S AN EPPLEY HOTEL

• • • That's all you  
need to know

Hotel FONTENELLE - - - Omaha, Nebr.  
Hotel ROME - - - Omaha, Nebr.  
Hotel ALEXANDRIA - Los Angeles, Cal.  
Hotel WILLIAM PENN - Pittsburgh, Pa.  
Hotel FORT PITT - - - Pittsburgh, Pa.  
Hotel LINCOLN - - - Lincoln, Nebr.  
Hotel CAPITAL - - - Lincoln, Nebr.  
Hotel MARTIN - - - Sioux City, Ia.  
Hotel WEST - - - Sioux City, Ia.  
Hotel TALLCORN - - Marshalltown, Ia.  
Hotel CHIEFTAIN - - Council Bluffs, Ia.

Hotel NORFOLK Norfolk, Nebr.  
Hotel CARPENTER  
- - - Sioux Falls, S. D.

Hotel MONTROSE  
- Cedar Rapids, Ia.  
THE WARRIOR  
New Hotel at Sioux City  
Open, Fall, 1930



Northwestern Banker July 1930





**FISHER  
FIXTURES**

**If  
Rip Van Winkle  
Were Alive  
Today.....**

and entered your bank after his twenty years' sleep, would he be astonished at the progressive changes you had made, or would the old familiar fixtures encourage him to believe that his sleep had been of but a night's duration?

*Fisher Fixtures* are not an expense. They are an investment in good business judgment.

**The Fisher Co.**  
BANK FIXTURE HEADQUARTERS  
*Charles City, Iowa*

their investments did not parallel one another. Seasonality in the investment data of the banks in the other reserve cities and the country banks was practically negligible.

Charts indicating the cyclical movements of the loans and investments of the banks in Chicago showed a strikingly inverse movement. For example, from 1915 to 1917 when loans were moving upward, the tendency in security holdings was definitely downward; again in 1919 and 1920 opposite movements are to be observed, and also from 1922 through 1927.

As for the course of business activity on the one hand and that of the investments of Chicago banks on the other, practically no parallel movement took place between them; for early one-half of the period studied there was a distinct inverse tendency. After 1920, however, the variations were more uniform and within narrower limits. The cycle movement taken by security holdings of banks outside of Chicago followed very closely that of the Chicago institutions.

#### Joins Silliman Staff

Carl Hummell, well known in banking and investing circles throughout Central Iowa, has been placed in charge of the Bond Department of the Victor J. Silliman Co., with offices in the Fleming building.

Mr. Hummell has been a resident of Des Moines for the past ten years and for several years has been in the investment business, and recently representing Prince and Whitely of New York, Chicago, until deciding to join the Silliman organization.

#### A Sunday Stride

Aberdonian (taking his little boy out for a walk): "Are these your best Sunday boots?"

Boy: "Yes, father."

Father: "Well, take longer steps."

#### Why Wait?

Professor: "If a person in good health, but who imagined himself sick, should send for you, what would you do?"

Medical Student: "Give him something to make him sick and then administer an antidote."

Professor: "Don't waste any more time. Hang out your shingle."

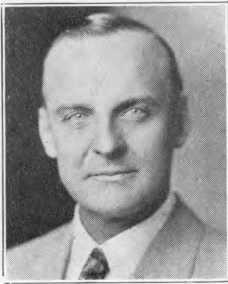
"Am dis de place where dey send flowahs by wire?" asked a negro lady at the telegraph office.

"Yes'm," replied the clerk.

"Well, here am a potted geranium. Send it down to mah son in Richmond, Virginia."

# IOWA SECTION

## Officers Iowa Bankers Association



C. C. JACOBSEN  
President

President.....C. C. Jacobsen  
Sioux City  
Vice Pres.....Walter T. Robinson  
Hampton  
Treasurer.....Jos. W. Meyer  
Dubuque  
Secretary.....Frank Warner  
Des Moines



FRANK WARNER  
Secretary

## Practical Bank Problems at the Iowa Convention

(Continued from page 22)

Bank; J. E. Bach, cashier of Grinnell State Bank; J. J. Bruns, vice president, Union Savings Bank and Trust Company, Davenport; E. A. Hoffman vice president, Toy National Bank Sioux City, and E. R. Jackson, trust officer, Council Bluffs Savings Bank, Council Bluffs.

The Committee on Resolutions with C. R. Gossett, of Mapleton, as chairman reported as follows:

"Be it resolved:

(1) That we commend Chairman J. M. Hutchinson and his committee on the constructive work they have done the past year for the benefit of the Trust Departments of the banks of Iowa.

(2) That we recommend the continuation of the Trust Conference to be held at our Iowa State Bankers' Convention in the future.

(3) That we commend to the attention of the Trust Committee and officers of our State Association that it is desirable to work out a uniform set of fees chargeable by banks for trust services.

(4) That we further recommend that all banks and trust companies which are developing a trust business recognize the necessity of having the support and good will of all local attorneys and discuss with them the mutual advantages of a corporation acting in a fiduciary capacity."

The second annual interstate conference of state banking commissioners was held on the closing day of the convention. Nine banking commissioners in the states contiguous to Iowa attended following their program. Melvin A. Traylor, president of the First National Bank of Chicago, addressed the convention on the "Bank for International Settlements."

Iowa, sometimes jealous of Illinois, does not covet the record being made by its sister state in the matter of bank failures during 1930. Up to the present writing Iowa has had but 17 bank failures since January 1, 1930, while Illinois has had 91.

Not a single speaker did any "crying" about conditions in Iowa. The per capita wealth of the United States at the present time is \$1,400, while in Iowa, if you please, it is \$3,500.

**Clarence (Deacon) Diehl**, popular vice president of the Iowa-Des Moines National Bank affiliated institution of the Northwest Bancorporation, Minneapolis, was a day late in arriving at the convention. The proud pater had to attend the graduation exercises for his daughter, Lucille, at Radcliffe, who was elected to Phi Beta Kappa because of her fine scholarship.

A popular unofficial topic at the convention was the cattle conspiracy at Fairfield, Iowa. **Alden S. Bagnell**, assistant cashier of the Stockyards National Bank of Chicago said that this never would have happened at Fairfield if the banks there would have had "a vice president in charge of cows."

Just to prove that bankers are really human, a number of first name comparisons were made in the lobby one morning. For instance, the popular **Charley Mills** of the Midland National of Minneapolis was reminded of **Charley Dawes**, **Charley Chaplin**, and **Charley Curtis**, while **Andy Huglin**, vice president of the Iowa-Des Moines National Bank affiliated institution of the Northwest Bancorporation, had brought to his attention the names of such illustrious Americans as **Andy Jackson**, **Andy Carnegie**, **Andy Mellon**, **Andy Gump**, as well as **Amos 'n Andy**.

That the small towns and main street have given the big cities some of the outstanding financial leaders of the country was illustrated by a number of nationally known bankers at the convention. For instance **Melvin Traylor** hails from the little rural town of Breeding, Kentucky. He never rode on a railroad train until he was twenty-one years old. **Arthur Reynolds**, who needs no introduction to an Iowa audience, came of humble origin, his home town being Panora, Iowa.

**Jimmie Leavell**, who tops the list of the sixty-two vice presidents of the big Continental Illinois National Bank and Trust Company, Chicago, and who has recently been made assistant chairman of the board, likewise comes from Main Street. His birthplace was Florida, Missouri.

Speaking of **Arthur Reynolds**, it was recalled that he attended the first convention of the Iowa Bankers Association which was held 43 years ago. In fact, he started his banking career at that time, in 1887.

Congratulations and best wishes to a happy banker groom and his bride. **Harry W. Schaller**, vice president of the Citizens First National of Storm Lake—a worthy son of a worthy sire, the popular George,—left the convention a day early to attend his wedding on Wednesday, June 18th. The bride was the former **Miss Janet Young** and the happy event took place at the home of her parents at Monticello, Iowa.

Everybody in Iowa, of course, knows **George Schaller**, big hearted president of the Citizens of Storm Lake, and a director of the Federal Reserve Bank, seventh district. Some sixteen years ago when civil engineers actually followed their profession instead of going into the bond business, a group of these engineers laying out the territory for the town were overcome by a big storm; hence, Storm Lake. The stream, George says, is four miles long and two miles wide.

Some of the business analysts used to tell us that panics and depressions hit America every seven years. That seemed to start with 1907, then, 1914, then, 1921, etc. However, two outstanding of these 1907 events were the panic of that year and the fact that **Maurice Francis Leahy** of Brokaw & Company, arrived in the Port of New York at that time. Born under the "Bells of Shannon" the silver tongued tenor finally reached Chicago, and since that time has been a frequent visitor at the Iowa group meetings and conventions.

We would like to use more than a mere paragraph in these sidelights to again congratulate that ever popular and efficient **Secretary Frank Warner**. One thousand and eighty-six delegates had registered shortly after the convention got under way and the "Standing Room Only" sign had to be put up at some of the sessions. Every delegate must have felt well repaid for his attendance, every bit of the program being chock full of food for thought. No ballyhoo speakers, no needless outside stuff, actual helpful material and usable ideas being exchanged by some fifty or more speakers

*Northwestern Banker July 1930*



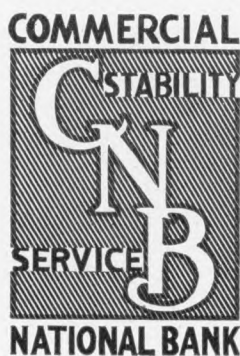
# Cooperation



THE *Commercial National* bank works hand in hand with its customers. This hearty cooperation is responsible for the steady growth of our correspondent service.

If you need expert representation in the Waterloo territory, your choice will naturally be the *Commercial National*.

Your inquiries will receive our most careful attention.



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*President*

JAMES M. GRAHAM  
*Vice President*

H. W. WENTE  
*Cashier*

S. C. KIMM  
*Assistant Cashier*

R. L. PENNE  
*Assistant Cashier*

CHAS S. MCKINSTRY  
*Assistant Cashier*



## THE COMMERCIAL NATIONAL BANK

WATERLOO, IOWA

who are active members of the association. Truly, the Iowa Bankers Association deserves the title of "The Model State Bankers Association of the United States." With 1,300 members, an 84 per cent actual attendance at the state convention is most excellent.

It was good to meet the popular **James E. Hamilton**, prominent president of the Merchants National of Cedar Rapids. He drove down with Mrs. Hamilton. He proudly tells us, and justly so, that his big building is now 98 per cent tenanted. It is one of the most successfully operated bank-office buildings in the state.

**Harold E. Wood**, that able bond vice president of the Foreman Banks, whom we will hear more about as the years go on, was literally and painfully handicapped as he appeared before the investment conference of the convention on Tuesday. Met at the train by his colleague **W. Gray Houston** and **Ralph Wells** of the Chase National Bank, the small coupe was a bit jammed with the three men and in closing the door of the car it caught Mr. Wood's three fingers, causing him much pain.

All bankers, strange as it might seem, are not golf players. The new president of the County Officers Association, **John Sieh**, president of the Farmers Trust & Savings Bank of Spencer, is an ardent devotee of tennis. So much so that under his tutorship he has actually a future Bill Tilden in his own family. His son Alfred copped a nice gold medal at the tournament held at the Citizens Military Training School.

**Franklin Benjamin Yetter**, who knows how to shake hands and meet folks just about as well as anybody we know, had his hands full but not too full during the convention. As chairman of the entertainment committee he met them all and dished out a menu of entertainment that made them all happy.

We often envy **Frank Covert**. He is a big asset for the Drivers Banks of Chicago. We tried to keep up with him at the Wisconsin Bankers convention, the Iowa meeting at Davenport and the Illinois convention at Peoria, but he knew too many for us. At the Davenport gathering, he was accompanied by one of his bosses, that equally popular **George Malcolm**, vice president and cashier.

**C. R. Wooden** of Centerville, president of the Wooden Savings Bank, was the loser in a hat exchange during the convention. Always careful in his grooming, he naturally felt bad when someone took his good Knox hat and left a cheaper straw in its stead.

Six aggressive, go-getting star representatives of the well known investment firm of G. L. Ohrstrom & Company were present at the convention. Even partial indisposition from an accident in an automobile recently did not prevent **Charles A. Clark**, Cedar Rapids representative, from being on the job. His car recently overturned at Iowa City at which time he sustained a broken back and other injuries. The Ohrstrom personnel at the convention, in addition to Mr. Clark, were **Paul Lundquist**, sales manager, **Leander Andereck**, **Robert Root**, **Fred Edwards** and **Carl Klaith**.

An interesting figure at the convention was **Cecil Trevor Aulph**, new western representative for the Bank of Montreal. Mr. Aulph has been in America but a few months. He was born in Muskoka, in the Highlands of Ontario.

**C. D. Shawver**, Marengo, belongs to the "Mortician Department" of the banking business. He is the examiner in charge for the American Savings Bank and the Peoples Savings Bank of Marengo and the State Bank of Oxford. All three institutions having been closed recently. He is contemplating forming an association for bank receivers. He was accompanied to the convention by **R. E. Hatter** attorney for the two defunct banks in Marengo.

**Thomas F. Ford**, manager of the wholesale department of Brokaw & Company, Chicago, was much in evidence, greeting old friends. He reports that his son Tom, Jr., is now with the First National Bank of Chicago, while his son Richard is studying theology at Springfield, Kentucky.

### The New Prexy

He prefers to be called "Jake." His full name is Charles Christian Jacobsen. He is 47 but looks under 37. He has been a banker for thirty years but it hasn't changed his viewpoint. He likes to tell you about his golf and fishing. He can also make a bangup talk, having had much practice in his bank association, club and fraternal activities during the past twenty-five years. To be serious, Mr. Jacobsen was born in Crawford, Iowa, in 1883. His first bank job was with the First National Bank at Charter Oak in 1900. Four years later he went to the First State Bank at Mapleton, and later served respectively as assistant cashier, cashier and president. He still holds the latter office. In January, 1928, he went to Des Moines and for two years served as Deputy Superintendent of Banking. Later he resigned, and is now vice president of the Security National Bank of Sioux City. He is a member of the State Banking Board, has served as chairman of the

Legislative Committee and as vice president and chairman of Group 1 and as president of the Monona County Banker's Association. He is married and has two children, a daughter Maurine and a son Charles, Jr., both attending the Iowa State University.

Believe me when I tell you that thrift of time will repay you in after-life, with a usury of profit beyond your most sanguine dreams; and that waste of it will make you dwindle alike in intellectual and moral stature, beyond your darkest reckoning.—*W. E. Gladstone.*

"Are you sure it was a marriage license you gave me last month?"

"Certainly, sir, why?"

"Because I've led a dog's life ever since."

—*California Pelican.*

Half the joy of life is in little things taken on the run. Let us run if we must—even the sands do that—but let us keep our hearts young and our eyes open that nothing worth while shall escape us. And everything is worth its while if we only grasp it and its significance.—*Victor Cherbuliez.*

IOWA bankers outside Des Moines find many advantages in working with this bank whose interests, like their own, are centered on Iowa.

## BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines  
Capital \$1,000,000.00 Surplus \$200,000.00





# Bagley Urges Study of Earnings

AT NO time in the history of banking in this state has it been so important for bankers to study the sources of earnings and to know the outlets of expenses for their banks as it is today," declared W. G. C. Bagley, retiring president of the Iowa Bankers Association, at the Davenport convention last month. Mr. Bagley went on to say, in part: "The trying period that is now fast receding was one that tested banking as an institution in this state as nothing else has ever done. Iowa banking passed that test and today stands, which must be recognized through-

out the length and breadth of this land, as an unassailable testimony of the professional and personal sacrifice that was made by the Iowa bank stockholders, directors and officers in meeting the exigency which surrounded and beset them throughout the deflation period beginning after 1920. In saying that I do not minimize the economic sacrifices of all of our people. If your banks is not using the earnings and expense charts prepared by the Banking Analysis Committee of your state association through the joint cooperation of the Iowa State Banking Department and the Federal



W. G. C. BAGLEY

Reserve Bank of Chicago, I urge you to begin to do so. The last chart prepared by the committee and now available to you in their present report, covers the earnings and expenses of the Iowa incorporated banks for the six-year period from and inclusive of the year 1924 to 1929. There is not a bank in Iowa that cannot measure its 'income and expenses' with every other bank of the same size in this state by the use of these charts. I am reminded of an incident that occurred a short time ago in a conference with some county association officers. A banker stated that in a number of meetings with his board of directors it seemed to be the opinion as expressed by the board that his bank could be operated more economically than it was. The cashier of the bank believed that he was doing his utmost to effect economies but he had no way to prove it to his board. Finally the chart prepared a year ago by the Banking Analysis Committee came to his desk. For four years he had neglected to look at the charts when they arrived at his bank. This chart brought to him a great message for when he compared the 'Earnings and Expenses' of his bank with those of the other banks of the same size in Iowa he found to his gratification that he was operating his own bank more economically than the average for all of the banks of the same size in the state. That chart afforded him just the evidence that he wanted for his next board meeting. It may be added that it was a source of no small delight to his board also to have reliable data to show where their bank ranked with institutions of like size in the state. Your state association was the first state bankers association in the United States

PEOPLES  
TRUST &  
SAVINGS  
BANK

## At your service—

*in Eastern Iowa  
and  
Western Illinois*

# PEOPLES TRUST & SAVINGS BANK

---

CLINTON, IOWA

---

REMEMBER IT THIS WAY—"PEOPLES TRUST"

OFFICERS

W. W. COOK, President	J. O. JEFFERIES, Vice Pres.	J. C. LANGAN, Vice Pres.
WM. M. WILSON, Vice Pres.	J. L. BOHNSON, Cashier	C. S. HARRIS, Assistant Cashier
F. W. SPALDING, Asst. Cashier	EMIL JOHANNSEN, Asst. Cashier	

Speed—Accuracy—Satisfaction

FIRST IOWA STATE  
TRUST & SAVINGS BANK

Capital \$600,000.00

BURLINGTON, IOWA



MEMBER  
FEDERAL RESERVE

ORGANIZED  
1877

Safeguard your interests in the Cedar Rapids territory by choosing as your correspondent bank an institution with a reputation for dependability.

For fifty-three years the *Cedar Rapids National* has been known for its stability, for the high quality of service rendered its patrons.

Our accumulated experience becomes yours when you choose this institution as your correspondent bank.



OFFICERS

Glenn M. Averill, Pres.  
E. M. Scott, Vice Pres.  
C. C. Kuning, V. P.  
and Cashier  
Van Vechten Shaffer,  
Vice Pres.  
Geo. F. Miller, V. P.  
and Trust Officer  
Marvin R. Selden,  
Vice Pres.  
Assistant Cashiers  
Peter Bailey  
Bertha M. Wolf  
Geo. W. Swab  
Maud W. Carpenter  
R. D. Brown  
O. A. Kearney

*The*  
**Cedar Rapids National Bank**  
Cedar Rapids, Iowa



to undertake this analytical work. A number of other state bankers associations are now following. In saying that I want to acknowledge the cooperation of the state banking department, the state banking board, the personal assistance of Superintendent Andrew and the cooperation of the Federal Reserve Bank of Chicago and that of Mr. H. G. Pett, manager of the division of research and statistics of that bank. Without their aid these important charts on the earnings and expenses of the Iowa incorporated banks could not be made possible for you.

#### Service Charges

I ALSO commend to the attention of any bankers, if you have not done so, that you consider the installation of a complete set of 'Service Charges.' It has been evidenced again and again

throughout this state that the patrons of banks are expecting no banking institution to handle their business at a loss. 'Service Charges' are the order of the day and the ease in which they can be installed as well as their ready acceptability by the patrons will amaze as well as gratify you.

#### "Float" Analysis

I ALSO commend to your attention the importance of computing 'float' on the accounts which from a general observation may seem to be among those so-called 'excellent' accounts which we all have. No active checking account has its place in our banks if we as bankers are actually paying that customer for doing business with us. I urge you to analyze your active checking accounts and subject them to the 'float' test.

#### Interest Computation

I ALSO would urge you to study the method by which you compute interest on time deposits. The new banking act passed by the last general assembly defines a maximum interest rate for time deposits. The new act not only does that but it endeavors to standardize the method for computing interest on time deposits by saying that no interest shall be paid on any time deposit *unless it has been in the bank for at least three months.* Our attorney general has recently given an opinion to the effect that in defining that three months period as referred to in the new law it must be construed literally and that deposits accepted on the 5th or the 10th of the month, etc., as the case may be, to draw interest as if deposited on the fifth of the month is not within the statutory meaning of that section of the new banking measure. Unless that deposit has been in the bank for at least the full three months no interest on it is payable by the bank."

#### Bank Offers Cup

The First National Bank at Audubon, Iowa, has on display a silver cup which is being offered this year for the best ten ears of corn grown in Audubon county and exhibited at the state small grain show which will be held in Ames late next fall.

The cup which is valued at \$25 will become the permanent possession of the winner. Last year there were no exhibitors from this county and the cup offered annually by the bank was not awarded. It is a prize well worth exhibiting for and should lead many corn growers in this county to enter their exhibit at the small grain show.

#### Bell Elected President

Sixty members of the Cedar County Bankers Association were in Tipton, Iowa, recently, representative of all of the banks of the county except one. Following the dinner at Hotel Tipton, the bankers were addressed by Herbert V. Prophnow, manager of the analytical department of the First National Bank, Chicago, his topic being "Bank Management." Following this address, Senator C. L. Rigby, of Stanwood, spoke interestingly to the bankers on the subject of "Taxes." Mr. Rigby is a member of the legislative tax commission and is well versed in the subject on which he spoke.

Officers of the association were elected for the ensuing year. Donald C. Bell, cashier of the Mechanicsville Trust and Savings Bank, was elected president; Harvey Lamp, cashier of the Farmers Savings Bank of Bennett was chosen vice president; R. D. Swartzlender, cashier of the Tipton National Bank, was named secretary-treasurer.



Valley Bank Building

**OFFERING** to Iowa banks complete and efficient banking service.

*Your inquiries and patronage solicited*

**Valley National Bank**  
AND  
**Valley Savings Bank**

DES MOINES, IOWA

Established 1872

Combined Capital and Surplus

**\$1,100,000.00**

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C. T. COLE, JR., Vice President  
C. O. CRAIG, Vice President  
D. S. CHAMBERLAIN, Vice President  
W. E. BARRETT, Cashier  
C. M. CORNWELL, Assistant Cashier

1876

1930

The name *Consolidated National* is to correspondent service what sterling is to silver—the hallmark of highest quality.

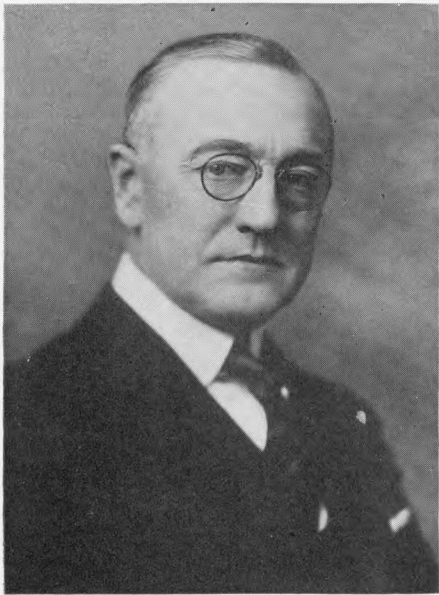
**Consolidated National Bank**  
DUBUQUE, IOWA

J. K. Deming, President  
Geo. W. Myers, Vice President

Jos. W. Meyer, Cashier

### Arthur Reynolds on Business Outlook

Belief that business will come along fairly well during the balance of this year was expressed by Arthur Reynolds, chairman of the board, Continental Illinois National Bank and Trust Company, Chicago, speaking before the tenth annual Iowa state conference of the officers of the County Bankers Associations. In part, Mr. Reynolds said, "There are one or two major problems which need to be



ARTHUR REYNOLDS

unravalled at the present time. The foremost problem is probably the agricultural situation.

"Just now we are wondering where we are going and what we are going to do to get there. Business is not very satisfactory at this time but it has been coming along fairly well. It started to decline last July and continued to decline until December. Since that time it has improved somewhat. It showed a seasonal improvement in the spring. Since then, it has been gradually drifting along. Commodity prices have been working downward. There is an optimism in Washington and a pessimism in New York. I am inclined to take a medium stand between these two positions. I have no doubt that as the crops come in business will pick up. Whether we will see an entire recovery from this depression by the end of this year is anyone's guess. The estimated wheat crop for this year is eight hundred million bushels.

"Fundamentally, there is nothing wrong with the present situation and underneath it is sound. I believe in the future of this country and with the older Morgan who said that anyone who sells America short is foolish. We are a great producing country and a great consuming country, but we must practice economy in our busi-

## Sixty Years of Successful Conservative Banking

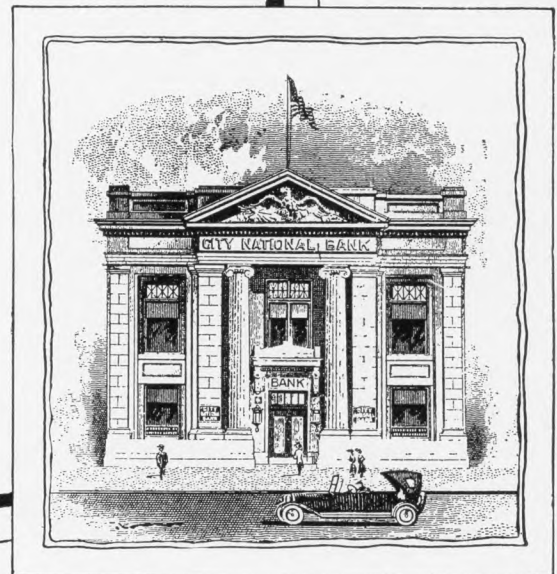


### THE CITY NATIONAL BANK CLINTON, IOWA

All Departments—Commercial,  
Savings, Trusts, Investments.

Especially equipped for serving  
its banking correspondents.

*Clinton  
County's  
Largest  
Bank*



# The City National Bank CLINTON IOWA

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MILO J. GABRIEL,  
Vice President  
O. P. PETTY,  
Vice President and Cashier  
J. H. NISSEN,  
Assistant Cashier  
H. G. KRAMER,  
Assistant Cashier  
H. M. OLNEY,  
Assistant Cashier

#### DIRECTORS

C. A. ARMSTRONG,  
President C. F. Curtis  
Company, Inc.  
A. P. BRYANT,  
Manager of Operations  
Clinton Corn Syrup  
Refining Co.  
E. J. CURTIS,  
Vice President Curtis Bros.  
& Co.  
G. L. CURTIS,  
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G. W. DULANY, JR.,  
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ing Co.  
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Vice President  
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& Fuel Co.  
B. M. JACOBSEN,  
President Clinton Thrift Co.  
J. PETERSON  
O. P. PETTY,  
Vice President and Cashier  
H. W. SEAMAN  
J. O. SHAFF,  
Farmer and Live Stock  
Dealer  
W. R. SMITH,  
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Clinton Corn Syrup  
Refining Co.  
F. H. VAN ALLEN,  
President J. D. Van Allen  
& Son, Inc.

Northwestern Banker July 1930



ness. With a little optimism, determination, and a belief that America is all right, we will work out of this situation in a very satisfactory way."

### New Bank Organized at Grinnell

ORGANIZATION of the Poweshiek County National Bank of Grinnell, Iowa, with resources of more than \$1,000,000, which makes it the largest bank in Poweshiek County and the only National bank in the county, was announced last month.

The Poweshiek County National has purchased the building and equipment of the well-known Citizens National Bank, and will, at the same time, take over both the assets and liabilities of the Citizens National, bringing in additional new capital and larger resources to meet the growing needs of the city and county.

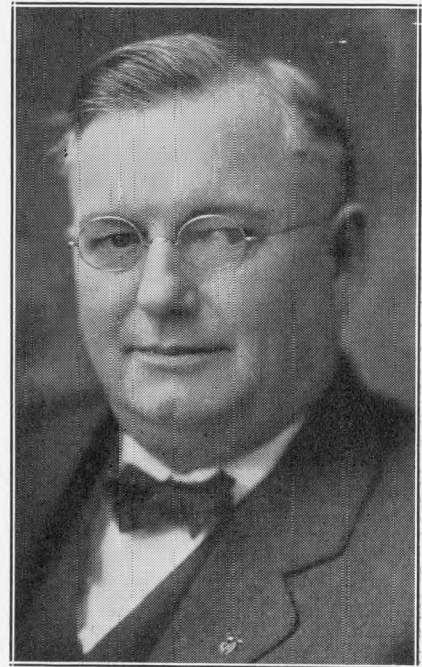
Interested with Grinnell leaders in forming the new financial institution are Clyde E. Brenton and W. H. Brenton, president and executive vice president of the Iowa-Des Moines National Bank and Trust Co., respectively. The Brentons, in addition to their Des Moines connection, are prominently identified with the First National Bank of Perry, Jefferson State Bank of Jefferson, Bank of Dallas Center, Bank of Waukee, Farmers Bank of Woodward, Bank of Granger, Van Meter State Bank of Van Meter, and the Bank of Dana.

Officers of the Poweshiek County National, who will be active in its management, are: Clyde E. Brenton, chairman of the board; W. H. Brenton, president; G. C. Kelly, vice president; Carl E. Child, executive vice president; R. S. Kinsey, cashier; and A. R. McMurray, assistant cashier.

The board of directors will consist of

C. E. Brenton, W. H. Brenton, G. C. Kelly, Carl E. Child, R. S. Kinsey, Albert J. Robertson, and E. W. Jones.

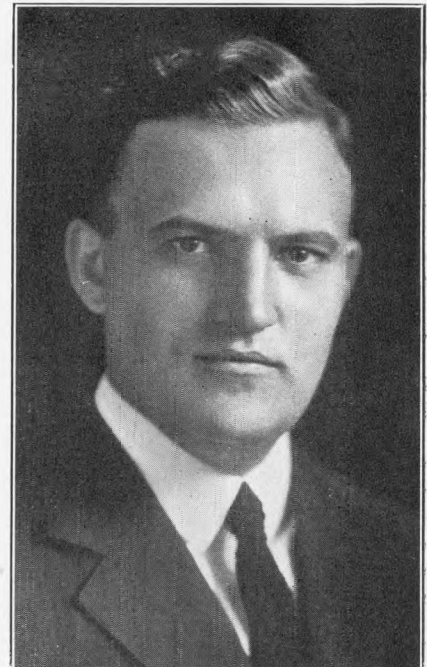
All the present employees of the Citizens National will be included in the staff



CLYDE E. BRENTON

of the new Poweshiek County National, and, in addition, a further expansion of facilities along several lines is planned for the near future.

The bank will be under the direct management of Mr. Child and Mr. Kinsey. Mr. Child has been identified with the



W. H. BRENTON

banking business of Grinnell for the last twenty years. Mr. Kinsey comes from the First National Bank of Perry. For a



**Capital - - One Million Dollars**  
**Resources - Ten Million Dollars**

We welcome the most careful investigation of our correspondent service, knowing that the evidence thus revealed will convince you fully of the advisability of making this institution your representative in Sioux City.

J. L. MITCHELL  
President

H. A. GOOCH, Vice President  
FRANK R. KIRK, Ass't Cashier

GEO. J. N. SMITH, Ass't Cashier

JOHN P. HAINER, Cashier  
L. M. ASHLEY, Ass't Cashier

number of years he has been prominently associated with the Brenton organization in the banking field.

Albert J. Robertson, vice president, in addition to being a vice president of the Iowa-Des Moines National Bank & Trust Co., is also the vice president in charge of the Iowa-Des Moines Company, the bank's investment affiliate.

Mr. Jones, a member of the board of directors of the Poweshiek County National, and also an assistant vice president of the Iowa-Des Moines National Bank, is well-known in Grinnell and Poweshiek County. He was formerly president of the Poweshiek County Savings Bank of Brooklyn, and his familiarity with the commercial and agricultural interests of this territory were instrumental in the formation of this new institution.

Mr. Kelly is connected in an executive capacity with the various banks in which the Brentons are interested.

Mr. McMurray has been associated with the banking business of Grinnell all his life and is highly regarded in financial and business circles throughout the county, and his acquaintance in this community will be of value to the new organization.

As the largest bank in the county, the new Poweshiek County National will have total resources of more than \$1,100,000.

"We feel that the growth and development of Grinnell amply warrant a bank with the facilities which the Poweshiek County National will offer," officers of the new institution said. "This expansion program is bringing new capital into the community, and is bringing in, also, connections with some of the best-known banking leaders of the State. We believe in the future of Grinnell as an industrial, educational and residential center, and in the wonderful agricultural wealth of Poweshiek County. It will be our ambition to play a constructive and progressive part in the development of this future, both for the community and the county."

### New President

At a meeting of the board of directors of the Farmers & Merchants State Bank, Marion, Iowa, William P. Seerist, who for many years has served the bank as vice president, was elected president to fill the vacancy caused by the death of Geo. W. Toms.

At the same meeting, Dr. A. E. Crew was elected a director of the bank to fill the vacancy created by the death of Mr. Toms and Miss Opal Gray and Lyman A. Smith were elected assistant cashiers. Miss Gray and Mr. Smith have both served this bank as bookkeepers for many years.

The list of officers of this bank now includes: Wm. P. Seerist, president;

**FIRST  
NATIONAL  
BANK**

**IN THE UNITED STATES**

## The Proof of Service

No better testimony of the completeness and efficiency of the service of this Bank to its correspondent banks could be given, than the fact that they remain with us year after year—and thru' their recommendation are constantly making new connections for us that come unsolicited.

It is therefore with confidence that we invite your consideration of the First National Bank of Davenport, Iowa, as your correspondent bank in this territory.

♦

*May we suggest that you  
write us today?*

**First National Bank**  
At Second street and Main  
Davenport, Iowa  
*Founded with vision    Built by Service*



Nicholas Michel, vice president; J. R. Roberts, cashier; Opal Gray, assistant cashier and Lyman A. Smith, assistant cashier.

### New Cashier

H. C. Berger, of Storm Lake, Iowa, has been elected cashier of the First Trust and Savings Bank of Alta. He succeeds A. C. Hauck, who recently resigned.

### To Purchase Machine Guns

The Louisa County Bankers Association sponsored a shoot of the Louisa county vigilantes at the Columbus

Junction Gun Club, under the supervision of R. W. Nebergall, state chief of vigilance committee, of Des Moines and County Sheriff George W. Oakes.

Every bank in Louisa county was represented, together with some 22 vigilantes. Mr. Nebergall stated that this was one of the best organizations in the state and some of the very best shooting was done. Some 1,000 rounds of ammunition was used and after getting the tabulations from the targets all went to the Jennings eating house where a chicken dinner was served to 35 by Mrs. Jennings and her assistants.

Following the dinner Mr. Nebergall

gave some interesting remarks dealing with the methods used by the yeggs and the methods to be used most effectively in combating them. It was decided to hold a shoot every 60 days and steps were taken toward the purchase of two machine guns for the sheriff's office to be used in this work.

### Assistant Cashier Resigns

L. D. Garton, for six years assistant cashier of the Page County State Bank, Clarinda, Iowa, has resigned and will represent the Central Life Insurance Company of Des Moines in southwest Iowa and northern Missouri.

### Cashier of Greeley Bank

Aug. F. Walters, who for the past four years has been employed as assistant cashier of the Farmers State Bank, at Earlville, has tendered his resignation at that institution to accept the position of cashier with the Security Savings Bank at Greeley, Iowa. Mr. Walters has purchased a block of stock in the Greeley Bank.

### Join County Association

At a meeting of some 50 representatives of banking institutions at the Jasper County Bankers Association, the two Grinnell, Iowa, banking institutions were accepted as members of the organization. The business meeting was held at the Newton Country Club following the annual dinner of the association.

Preceding the dinner and business meeting, a golf tournament was held between two teams of bankers. Twenty-two participated in the tournament, including J. E. Bach, C. C. Child and A. R. McMurray of Grinnell.

L. A. Russell, vice president of the First National Bank of Newton was elected president of the Jasper County Association for the coming year.

### Nyemaster Succeeds Shuler

Following the resignation of Charles Shuler, Sr., chairman of the board of the Federal Surety Co., at a special meeting of the stockholders, Ray Nyemaster, vice president of the American Commercial & Savings Bank, Davenport, Iowa, was elected to fill the vacancy created on the board.

The post of chairman of the board was not filled. Mr. Shuler was president of the Federal Surety Co., for many years, but retired and was succeeded by W. L. Taylor.

Stockholders also approved the plan for issuing 12,789 shares of stock and for transfer of \$5,500,000 for capital stock account into surplus.

**T**HE seventy-four years the Pioneer National has been established is the foundation upon which the present structure stands.

It has the sturdiness of the pioneers who founded Iowa, and the progressiveness of the present generation.

We look backward only upon the things we have accomplished—forward, to giving you, always, the best possible correspondent service.



# PIONEER NATIONAL BANK

*Established by John H. Leavitt in 1856  
Waterloo, Iowa*

IRA RODAMAR  
President

C. E. PICKETT, *Vice President*      J. O. TRUMBAUER, *Vice President*  
FRED H. WRAY, *Vice President and Cashier*

### Again Heads Bank

Charles W. Matthews is again cashier of the Bank of Pulaski, at Pulaski, Iowa.

Mr. Matthews has purchased the stock held by Glenn Schlotter, and resumed the position he occupied in the Pulaski institution for many years. Mr. Matthews was cashier of the bank for about twenty-five years, selling his interests there about five years ago to Mr. Schlotter. He resided in the west for a time then moved back to his former home at Pulaski.

Mr. Schlotter has been connected with the Bank of Pulaski for eleven years, and has been cashier for the past five years.

### With Bankers Thirty-four Years

S. W. Ludeking is now serving his thirty-fourth year in the Waukon State Bank, at Waukon, Iowa. He has been president for the last eleven years, a record in Allamakee county.

Other officers elected recently are; Vice presidents, M. W. Eaton, G. W. Eaton and Frank Klees; cashier, C. H. Megorden; assistant cashiers, L. A. Fogt, Ben Ludeking and Meta Fasse. Bookkeepers are Nellie Beall and Evelyn Leikvold. Directors are M. W. Eaton, R. J. Alexander, S. W. Ludeking, F. H. Klees and C. H. Megorden.

### Cashier Resigns

At a meeting of the board of directors of the Farmers Savings Bank at Keystone, Iowa, the resignation of Cashier George B. Easker was presented and it was accepted with expressions of deepest regret from every member of the board.

Immediately after the resignation had been accepted, F. F. Wieben was unanimously chosen to fill the vacancy, and J. W. Young was elected president to succeed Mr. Wieben and L. F. Koep was chosen vice president to succeed Mr. Young.

### County Bankers Meet

The Henry County Bankers Association held its annual meeting recently at the Harlan hotel, at Mt. Pleasant, Iowa. Forty-two bankers and guests, among whom were a number of ladies, were present to enjoy one of the best meetings that the association has held, according to those attending. Practically all of the banks of the county were represented.

During the dinner hour, music was furnished by a trio composed of Miss Lydia Dyall, pianist; Miss Dorothy Dyall, violinist, and Miss Helen Hollowell, clarinetist. Miss Hollowell also played several numbers on the accordian. W. H. Guyer of Salem led in the singing of numerous pep songs and sang a solo.

In charge of the meeting was C. C. Wengler of Wayland, president, and G. A. Hollowell, secretary. The address of the evening was given by Irvin J. Green,

president of the First National Bank of Davenport, who discussed various phases of pending legislation with reference to banks with particular reference as to suggested changes in the Federal Reserve Act.

Other especially invited guests, each of whom gave a short talk, were J. M. Lindly of Winfield; Z. S. Ratliff, Mt. Pleasant, and William Carden of Winfield.

A business meeting of the county organization was held following the addresses and the following were named as officers for the coming year: President, C. Van Brussel, Mt. Pleasant; vice president, W. H. Guyer, Salem; secretary and treasurer, G. A. Hollowell, Mt. Pleasant.

### Otis Talks to Boys

National "Boys' Week" was celebrated in an unusual way recently by Central Trust Company of Illinois, Chicago, and its affiliate, Central-Illinois Company. This country-wide recognition of boys is of general interest to bankers everywhere, and in some instances, because of the bank routine, it has been somewhat difficult to provide a satisfactory method of showing the bank's interest in boys.

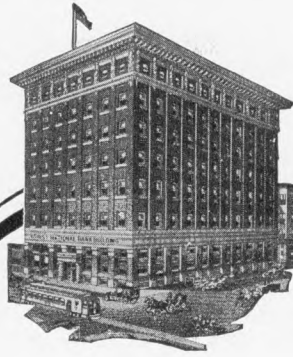
The problem was solved very adequately by Joseph E. Otis, chairman of the Board of Central Trust Company of Illinois. Instead of taking the boys away from their duties in the middle of the day for

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National  
Bank

ALWAYS  
AT YOUR SERVICE

Northwestern Banker July 1930





**T**HE First National is a friendly bank that believes in personal service. From the moment of your first contact you will find here an element of satisfaction made possible only by the individual attention we give each transaction.

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Chairman of the Board  
W. G. C. Bagley  
President  
C. A. Parker  
Vice President  
F. E. Keeler  
Vice President  
H. P. Smith  
Vice President  
H. V. Bull  
Cashier  
W. W. Boyd  
Assistant Cashier  
H. C. Fisher  
Assistant Cashier  
R. B. Johnson  
Assistant Cashier  
R. E. Wiley  
Assistant Cashier



# FIRST NATIONAL BANK

## MASON CITY, IOWA

Resources \$11,000,000.00

*Affiliated With Northwest Bancorporation*

a lunch or some other special program, it was decided that every boy in the bank should be given a box ticket to the American League baseball game, played on Saturday of Boys' Week. As a preliminary to distributing the tickets to the boys, Mr. Otis assembled the group in one of the bank's committee rooms and talked to them about their problems and opportunities. Having himself brought up four sons, Mr. Otis was able to give some unusually interesting advice and counsel to the group. Among other statements, he gave the following words of counsel which are helpful not only to boys but to people of all ages:

"Just a year after I entered business, I interviewed the greatest retail merchant in the middle west, Marshall Field. He gave me some good advice. One thing he said was that all of us make mistakes, but in order to get anywhere in all that we do we must be right at least 51 per cent of the time; this will enable us to get by. If you are right a greater percentage of the time, then that will be all the more to your credit in getting ahead. You boys can all learn from the mistakes that we older men have made, and you don't have to make the same mistakes again.

"Take responsibilities as they come and you will get along all right. You have great opportunities ahead of you. All you need is courage and loyalty, and keep your ears and eyes open for the opportunities as they come. Don't be discouraged when you make mistakes. Everybody does. But don't make them again.

"I cannot emphasize too much the importance of truthfulness in your work. The boy who lies is a coward. As a matter of fact, it is easier to be courageous and to get everybody's confidence by being honest. At times when you tell the truth, it may be embarrassing, especially if you have been wrong, but that sort of courage is good for us.

"It is also very important that you live good, strong, healthy lives. Get as much outdoor life as possible. Play good and hard and then work just as hard. This all helps.

"However, courage is the most important of anything that enters our life. At the same time be kind, considerate and helpful. When you are helpful to others then those who know more than you do are glad to help you. Take care of your health, exercise, keep clean and dress well. Remember that your employers are interested in you. They want you to be ready to take their places, and I doubt not that you will do the work more successfully than we have done it. Get ahead as fast and as far as you can. Don't lag even if some of your work is unpleasant. After all, what you call drudgery is fine training. Keep up your spirits always. Better things are ahead for you."

# IN THE DIRECTORS ROOM



## To Be Exact

Milt Fall had just returned from a fishing trip in southern Maryland. "Talking of fishing," he would invariably break in at conversations, "on my last three-day trip I caught 999 fish, all whoppers."

"Come now," an indulgent friend advised, "why not make it a thousand and be done with it?"

"No," replied Fall, "I caught 999. I'm not going to tell a lie for the sake of one fish."

## Oh, Ananias!

George came back from his fortnight's holiday proud of his bulging muscles.

"Look at these arms!" he said.

"My hat!" exclaimed his friend. "How did you get them like that? Rowing?"

"Rowing be blowed!" said George, proudly. "I got them pulling fish in."

## No Hoover Luck

"Don't worry, there are plenty of good fish in this lake."

"Yes, an' I'm the guy that left them there."—*Arizona Kitty-Kat.*

## Fishing Facts

You can never tell. Probably a fish goes home and lies about the size of the bait he stole.

The worst of it is that the fish seem to go for a vacation about the same time we do.

When we go fishing, it's a vacation; when President Hoover goes fishing, it's a vocation.

If all the fish that got away during the summer vacation trips were placed end to end, it would be the biggest lie in the world.

## Reversion to Type

Frantic Father: "Where is that kid you just pulled out of the water?"

Life Guard: "He was undersized, so I threw him back in again."

## New Way of Fishing

Bootlegger (to man fishing): "Have any luck?"

Man: "No."

Bootlegger: "Try some of this on your bait."

Man pours something from bottle over the worm on the hook and lowers it into the water. Soon a great splashing about

is heard and the line is jerked up. The worm has a strangle hold on a catfish, and is punching him in the eye with his tail.—*Advertising Spotlight.*

## Reversed Experience

Jonah (telling wife of experience with whale): "My dear, you ought to see the one I got away from."—*Judge.*

## Printed as Written

All is not unpleasantness when kicks come in from some customers. Here is a kick, written on a post card, as nearly an extract copy as type will produce, which was received by a New Jersey paper house:

"Deer sir

"I order, by you 2 weaks ago, and i send back last weak, the sample from the bags, and i dont have got the order. Wy i cant git this bags, this look very funny for the customers if one weak i give bags and the next weak nuthing so Will you please send me soon as possible and i want 500 no. 4 Lilly dishes."

Lidy: "I'm sorry for yer 'avin a 'usband that's everlastin' singin.' My old man sings once a year."

Her Neighbor: "In 'is bath, I suppose!"

With more than 300 Americans insured for more than \$1,000,000 each, it looks as if there is a campaign on for better-dressed widows.

A doctor says there is no special virtue in early rising. Almost everybody would have faith in a doctor like that.

As everybody already knows, a bee dies when it stings you. And a friendship acts that way, too.

Myrtle: "Did Jack really give you a ring Christmas?"

Bessie: "Yes, about 10:30 in the morning. Said he just wanted to tell me he'd be up to the house for dinner!"

Needs Practice — First stout girl: "Madge lost ten pounds in two weeks by worrying."

Second Ditto: "I tried that, but I couldn't keep my mind on it."

## Amplification Wanted

Doctor: "I'm sorry, but I can't cure your husband's talking in his sleep."

Wife: "Can't you give him something, then to make him talk more distinctly?"

"What's the difference between nectar and elixir?"

"Why, before John married his wife he nectar, and now elixir."

## Misleading!

An insurance prospect was filling out his application.

"Age of father—112."

"Age of mother—102."

The salesman rejoiced at what a fine risk he had. As the examination continued the salesman remarked, "Isn't it remarkable, Mr. Brown, that your parents are both past the century mark as you state in this application?"

"I beg your pardon," replied Mr. Brown, "may I see that blank again?" After a moment spent in studying it, a smile crossed his face.

"If I understand the question correctly, it reads: 'State age of father, if living; age of mother, if living.' It so happens both my parents are dead."

## And That's That

Visitor (in county jail): "What terrible crime has this man committed?"

Warden: "He didn't commit any crime at all. He was going down the street a few days ago and saw one man shoot another, and he is held as a material witness."

Visitor: "And where is the man who committed the murder?"

Warden: "Oh, he's out on bail."

## Never Thought of That

An angler had a four-hours' tussle with a huge salmon before he was able to land it. When at length he had made sure of his catch he took it home and related his triumph to his wife, and laid special stress on the time it took and the energy he had to expend before he could land the salmon. After he had finished, he waited anxiously for praise. For some moments there was silence; then, with a puzzled expression, his wife looked up from her knitting.

"But, my dear," she said, "why didn't you cut the string and get rid of the brute?"



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Associate Editor

WM. H. MAAS  
Vice President

Chicago Office: Wm. H. Maas, 1221 First National Bank Bldg., Phone Central 3591  
New York Office: Frank P. Syms, 25 West 45th Street, Phone Bryant 4867  
Milwaukee Office: 68 E. Wisconsin Ave., Phone Broadway 4916  
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THE IOWA INVESTMENT BANKERS ASSOCIATION



# BANCNORTHWEST COMPANY

*Investment Securities*

MINNEAPOLIS



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This can be accomplished by keeping a substantial secondary reserve in your investment account. Heavy local borrowings, sudden withdrawals of deposits — may at any time test the structure of your investment account and your ability to meet these conditions.

The BancNorthwest Company or its predecessor, the Bond Department of The Minnesota Loan and Trust Company, has for many years advised with successful bankers in the selection of their short term securities.

The securities listed below are typical of a number of attractive short time offerings which we can recommend for investment:

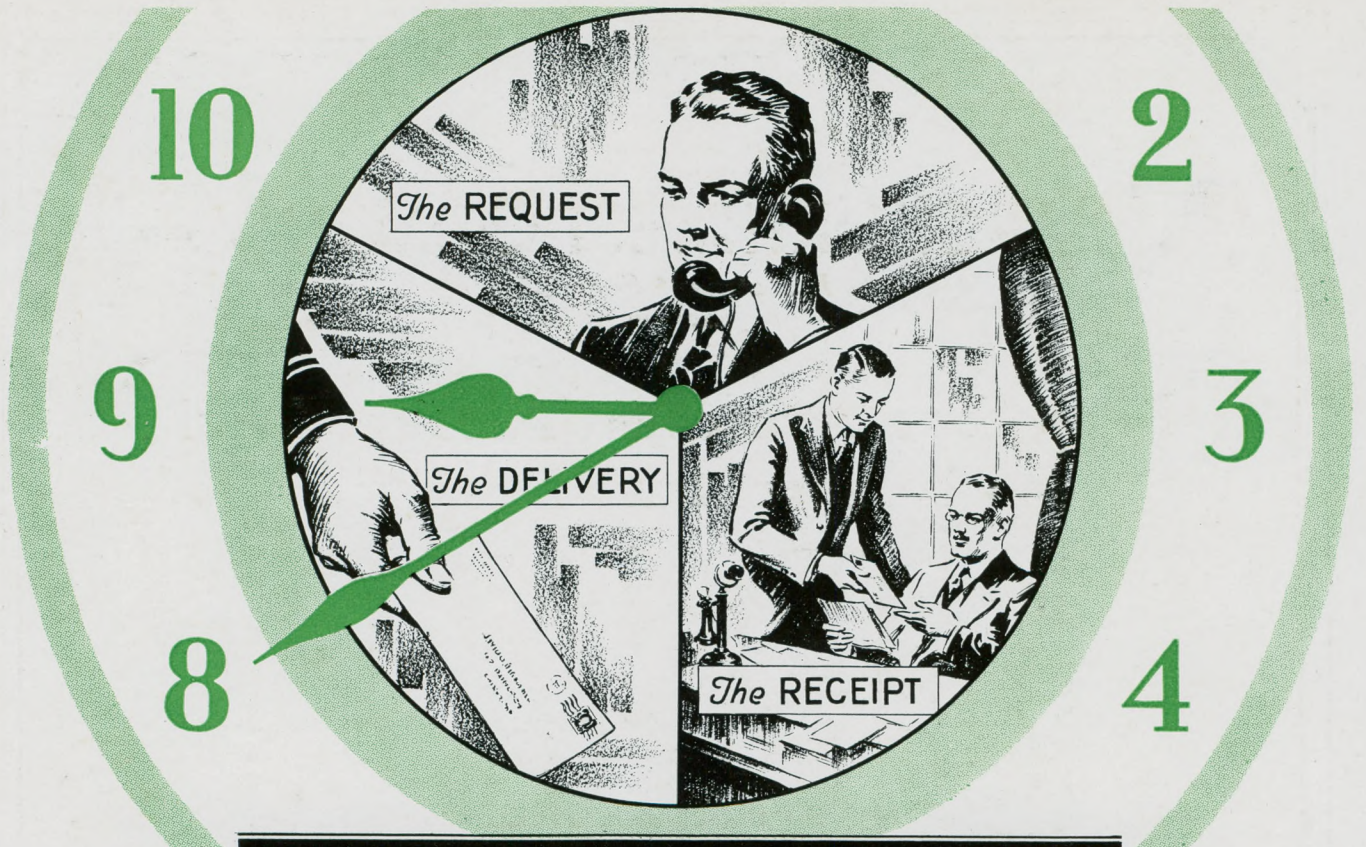
Approximate Yield

Montana-Dakota Power Co., 5½% First Mortgage Bonds, Due 1934 - 5.50 %  
Red River Lumber Co., 5½% 1st Mortgage Bonds, Due Serially 1934-39, 5.50 %  
Minneapolis Gas Light Co., Two Year 6% Notes, Due 1932 - - - 5.65 %  
United States Rubber Co., Secured 6% Gold Notes, Due 1933 - - - 6.375%



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and undivided attention from responsible officers at Iowa's largest bank. To those who select this bank as their Des Moines correspondent, a rich background of experience is offered to assist in the numberless problems of banking, collections, loans, costs, etc.

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