

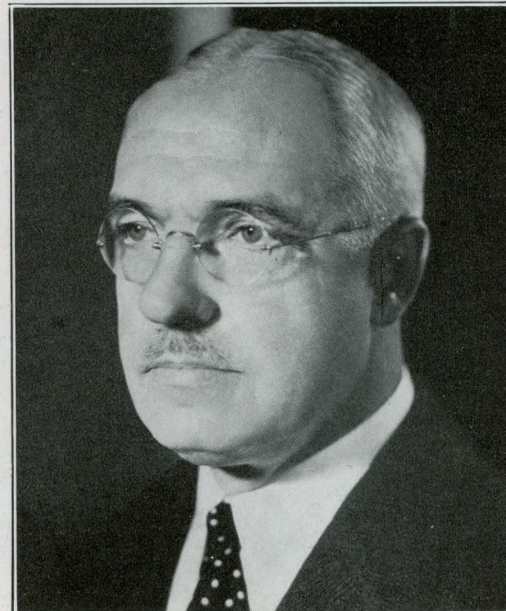
Northwestern BANKER

DES MOINES

October, 1931

Will Head Investment
Bankers Association

(See Page 3)



ALLAN M. POPE
Next president, Investment Bankers
Association of America

Understanding Your Problem

North, South, East and
West, Central Hanover
correspondents find Central
Hanover's knowledge of
local conditions playing a
part in satisfactory corre-
spondent service.

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK

Representatives in London, Paris, Berlin and Buenos Aires

NO SECURITIES FOR SALE



Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 531

October, 1931

36th Year

Will Head Investment Bankers Association

(See cover photo)

Allan M. Pope of New York, executive vice president of the First National Old Colony Corporation, has been nominated for the presidency of the Investment Bankers Association of America for the year 1931-32. As nomination by the association's board of governors has always been equivalent to election, it is expected that Mr. Pope will take office at the close of the association's twentieth annual convention, which will be at White Sulphur Springs, W. Va., November 7th to 11th. He will succeed Henry T. Ferriss of the First National Company, St. Louis.

The newly nominated president of the Investment Bankers Association of America is a graduate of West Point and served on the general staff of the A. E. F. in France as a major and as a lieutenant colonel. He resigned from the United States Army in 1920 to enter the investment banking business in Boston, with the First National Corporation of that city. In 1921 Mr. Pope became manager of the corporation's New York office and in 1928 was elected president of the corporation. In 1929 the consolidation of the First National Bank of Boston and of the Old Colony Trust Company, also of that city, resulted in a merger of their respective investment banking affiliates and the formation of the First National Old Colony Corporation, which is now one of the largest investment banking institutions in the country, with offices in twenty-one American cities and representatives in London, Paris, Berlin and Buenos Aires.

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Broadened Facilities and Experience

In a small, almost frontier city, The First National Bank of Chicago was organized in 1863. Its growth has reflected the growth of the territory of which Chicago is the commercial and financial center.

From little more than a local bank the First National and its affiliate, the First Union Trust and Savings Bank, have developed nation-wide and international connections with facilities for the prompt and efficient handling of financial business in every part of the world.

The Banks and Bankers Division is a feature of the specialized organization which has characterized this bank for the past twenty-five years. An intimate contact with business developments, national and international, is maintained.

**The First National
Bank of Chicago**
Affiliated
**First Union Trust
and Savings Bank**

A Cedar Rapids Bank



Servicing All Iowa

TO CREATE and maintain a personal relationship between correspondent banks and our officers has been one of the basic policies of this bank.

As seldom as possible do we make changes in our personnel because we understand the pleasure of doing business with men who know you and your problems. The friendly faces which you have known for years will, we hope, continue to greet you for many years to come.

MERCHANTS NATIONAL BANK

Cedar Rapids

Iowa

Geared to handle
10 MILLION
ITEMS A YEAR



Transit Department of Northwestern National Bank. Here speed and accuracy enable us to handle your out-of-town items without delay.

EACH working day approximately 30,000 out of town items come to the transit department of the Northwestern National Bank. Yet these do not tax its handling facilities. Geared to handle 10 million items a year, the transit department easily absorbs the enormous detail these items represent. They are put through speedily and accurately.

What does a bank want most when items are sent for collection? Speed and more speed—delay means loss of money. Modern efficient machines—experienced trained workers are all for one purpose—to reduce delay to a minimum.



Accuracy, too, counts. Mistakes cause delay. An intricate system of checking and cross checking makes the possibility of mistakes negligible.

As your correspondent bank in Minneapolis, the facilities of our transit department are available to you for the collection of your out of town items. They will be handled with a minimum amount of delay, with a realization that speed is paramount. Fifty-nine years of banking service have made us thoroughly conversant with the problems of correspondent banks. Your every requirement—every transaction will be served promptly and efficiently.

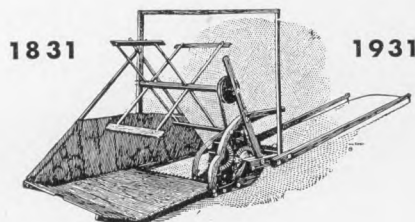
NORTHWESTERN NATIONAL BANK

MINNEAPOLIS, MINNESOTA

Affiliated with NORTHWEST BANCORPORATION



Good Profit Is Being Made by many farmers —with POWER



This is the Reaper Centennial—1931. In 1831 Cyrus Hall McCormick built the first successful machine to reap grain—his was the invention from which International Harvester is descended.

A century ago the REAPER was the key to enormous development—it was the powerful influence that brought a remarkable future to agriculture.

Today, at the opening of another century, another great influence is at work building a greater future for the farmer. It is the TRACTOR. Tractors are on countless farms today, but the idea of power farming is still young. In the next few years many thousands of additional farmers will turn to tractor power as a means of increasing their profits—and the advantage will be in the hands of the men who operate McCormick-Deering Tractors and Equipment.

Twenty-five years of earnest and skillful work in power development has produced the McCormick-Deering 15-30, the McCormick-Deering 10-20, and the original all-purpose McCormick-Deering Farmall. These

tractors are helping the best farmers everywhere to cut down their costs and to farm with greater ease and profit.

A McCormick-Deering tractor is the most powerful aid the farmer can have at his hand to combat his present difficulties. It is a practical aid, one that is entirely in his own control, and the opportunities are unlimited. Tractor power enables him to introduce labor-saving efficiencies in connection with most of his crops and most of his operations. With tractor power he pares his expenses to the bone, giving himself a greater profit margin.

Power and good equipment are essential to any farm, now more than ever before. Equipment has been vital to the great growth of agriculture; equipment and power is vital now. The McCormick-Deering dealer and the lines he handles deserve every consideration and every support.

INTERNATIONAL HARVESTER COMPANY

606 So. Michigan Ave. of America Chicago, Illinois
(Incorporated)

This FARMALL Cuts Corn Costs to \$5.73 per Acre

In 1930, Arthur Anderson, Valley, Neb., a FARMALL Tractor owner, produced 130 acres of corn at an actual cost, exclusive of land charges, of \$5.73 per acre. The government average cost per acre on farms with similar yields is \$12.98. Mr. Anderson's yield totaled 3,900 bushels, the cost per bushel being a fraction more than 19 cents. His costs included: tractor expense; 15 days' labor plowing and harrowing, 4½ days' disking, 4 days' planting with a 4-row planter, 18 days' cultivating with a 2-row cultivator, and 9 days' harvesting; and seed, overhead, machinery other than the tractor, and hauling. This is one example among many we have on file, all furnished us by McCormick-Deering tractor owners. Copy of booklet containing them will be mailed on request.



The Row-Crop All-Purpose Tractor—the FARMALL

McCormick-Deering

Northwestern Banker October 1931



Across the Desk, From the Publisher

By Clifford DePuy

Would Branch Banking Be Safer?

The question of branch banking will be brought up and discussed at the coming session of Congress, and the question which will have to be decided either for or against branch banking is whether it will be a safer method of transacting our banking business.

Charles Wallace Collins in his recent book, "Rural Banking Reform," argues in favor of Comptroller Pole's plan for regional branch banking, but he also says: "There is, however, no likelihood of any immediate grant of power to national banks to engage in nation-wide branch banking. So great has been the opposition to branch banking in this country on the part of thousands of country bankers, that even under conditions highly favorable to branch banking, as is true at the present time, the movement will proceed slowly. * * * Branch banking must be preceded by the support of a strong and well informed public opinion for branch banking as the best method of bank organization. It will not be a movement in which the Wall Street banks will be found scrambling over the country to acquire country banks out of which to make branches."

So far there has been no proof in this country that branch banking is safer than unit banking as is witnessed by the failure of a large bank in New York with many branches. The principal failure in Chicago was of a chain of a dozen neighborhood banks and the same situation happened in the south when a large chain of banks failed as well as in Toledo, Ohio.

It must also be borne in mind that the arguments which may apply to city-wide branch banking are not applicable over a large area or region.

In commenting on the safety of branch banking,

the Chicago Journal of Commerce said, "Branch banking has not proved safer than unit banking and there is no conclusive reason why Congress should legalize it."

In addressing the meeting of Group Eleven of the Illinois Bankers Association, Glenn G. Hayes, vice president of the Park Ridge State Bank, of Park Ridge, Illinois, said: "I am against branch banking because I see in it an eventual monopoly that may stand in the way of my own progress and the progress of my community. There may be economic grounds for chain stores, but banking, though a business, is also a profession, with strong implications of social service. It is semi-public in character, and for this reason is not properly amenable to such mechanization as can apply to ordinary business. The bank properly is not an agency of progress; it is a partner of progress. The independent bank takes its place shoulder to shoulder with its neighbors. A monopoly through branch banking can cripple much of the enterprise in the smaller centers and dampen the ambition and initiative of much of our citizenry. It can hobble the small business man seeking to grow.

"No system has a monopoly of banking brains or talent, and no way has yet been devised for preventing bank failures under any form of banking. While one of our eminent bankers was referring to the irresponsible management of the independents and advocating branches as a remedy, a string of banks in a near-by state that permits branches, toppled over with \$100,000,000 in deposits. We have had some high examples in our own territory to prove that no system is immune."

Briefly, the opponents of branch banking believe that it is no safer than unit banking, at least,

it has not yet so proven itself, and that instead of entirely throwing overboard a banking system which has been in existence for many years, that whatever defects or evils may be in the present unit system, that these should be corrected. This can be done with better bank management, more frequent examinations by city, county, and regional clearing house associations, and with the adoption of other improved banking practises—and then the present independent unit banking system will again take the high place, which it has occupied in the community life of the nation in the years past.

How to Improve Our Banking System

The new president of the American Bankers Association, Harry J. Haas, and vice president of the First National Bank of Philadelphia, believes that certain changes are needed to improve our present methods of banking, and that they are these:

1. Consideration should be given to depositors.
2. Accept business only on terms that will permit a fair profit to the bank.
3. Overcompetition for business is one of the outstanding causes of our banking errors.
4. The payment of excessive interest rates on deposits.
5. The greed for power and wealth has caused many bank failures.
6. Many banking troubles could have been avoided if bankers had thought of liquidity and security first and profits next.

Here are six fundamentals which every banker can follow with advantage to himself and to his own financial institution—and if they are followed—better and brighter days are ahead for American bankers and American banking.

Hold Your Old Accounts

Every banker puts much time and thought on getting new business, but how much actual time and thought is put on keeping and holding the old customers and old accounts?

Certainly the old accounts which have proven valuable to the bank should be given as much thought and attention as new accounts which have yet to prove their value to the bank.

This point was well brought out by J. B. Chaffey of the California Bank of Los Angeles, when he said:

“Emphasizing the importance of old business,

we have only to realize that our zeal for new business has a tendency toward neglect of that which we already have.

“Many banks succeed in getting new business, yet show a loss from year to year, due to their neglect in safeguarding and maintaining proper and friendly relationship with their old customers—growth is determined not only by how much business the bank secures, but more especially by how little it loses.”

Why not go over your list of present accounts which have been with your bank for some time and which have proven profitable to your institution, drop them a letter, tell them you appreciate their business, and ask them if there is any additional way in which you or the bank can be of service to them.

This is just one way to help keep the business which you now have and which is profitable to you.

Correct Bank Salesmanship

Every bank organizes its bookkeeping department, its transit department, its collection department, its investment department—and in fact, every department of the bank is thoroughly organized if the bank is a success at all.

The same careful attention which is given to organizing these other departments should be given to the advertising and selling division of every successful financial institution.

A definite campaign should be worked out of regular and consistent advertising, all of which will dovetail in with the work of the officers and the directors in bringing about a complete and satisfactory result at the end of each and every month.

Discussing this subject before the Financial Advertisers Convention, Mark Bartlett, of the North Carolina Bank & Trust Company, said “Correct bank salesmanship consists of a continuous, consistent and intelligent use of all selling agencies in proper proportions to each other. These selling mediums are advertising, publicity and personal contact. In order to satisfactorily accomplish the job we should use all of them.”

And why shouldn't a bank organize its salesmanship division the same as the other departments of the bank? Certainly if new business is not attracted to the bank, and old accounts kept and held, there will not be very much to do in the bookkeeping and transit divisions.



G. B. CO., JOLIET, U. S. A.

BEAUTIFUL LAKE GENEVA

© BY ZULA KENYON

"BEAUTIFUL LAKE GENEVA" KENYON

Lake Geneva, the largest lake in Switzerland, in the form of a crescent, 45 miles long, five miles wide and an average depth of 500 feet. The building in the foreground is the famous Castle of Chillon.

Copyright by the Gerlach-Barklow Co., Joliet, Illinois.

ADVERTISING— The Background of Banking DEVELOPMENT

THE whole world is more compact and the problems of the world today are the penalties of actual and political congestion. Benefits also arise from such a changed condition, but the fact remains that, try as we will, we can not live in the world alone. To a greater extent than ever before we are our "Brother's Keeper."

Sidney D. Eva says:

"He who would have many friends must show himself to be friendly." And in no business are these conditions more clearly exemplified than in the business in which we are engaged.

Scope of Advertising

SO, WITH a realization of increased responsibilities and wider contacts, we might with propriety ask ourselves to what extent should we rely on advertising as a developer of our business.

That brings us to the question of what is ADVERTISING. And it was an answer to that thought which prompted me to describe this subject as all inclusive. For advertising comprises all attempt or effort on the part of every member of our organizations to contribute to a favorable psychology of that great buying public that constitutes our field of development.

The smile of an officer or employe, the appearance of an envelope, or the voice of your telephone operator, are examples of cumulative good will makers in your advertising program; and before we proceed to consideration of publicity, let us establish more clearly the ideal attitude of the corporate family toward this subject.

Each contributing personality must know that:

Now is the time to take your business seriously;

Now is the time to put in a full day's work EVERY day;

Now is the time to exhibit fully your capacity for constructive thinking;

See to it that your entire organization puts forth their best efforts toward the development of business;

Know that it takes the best in us to meet present-day conditions.

Have the faith that overcomes obstacles; and, with our minds right, business will be right.

Advertising is more than a printed page—it is the interpretation of the ideals, the

By WALTER L. DUNHAM

President, Detroit Savings Bank

From Address Before Annual Convention,
Financial Advertisers Association, Boston

policies and the executive thinking that govern a business enterprise.

I have told you that every member of your official family must make a contribution to the favorable psychology of advertising. All too often we find in banks responsible officers who do not or will not regard as important the efforts of the advertising departments.

Some banks say they can not afford to advertise. They are right. They haven't any money for advertising, and little for anything else, if this is a sample of their thinking.

In every organization exists some mental giant who will arise on all occasions, and loudly proclaim that advertising is an EXPENSE. This statement is usually

"My concluding argument is culled from the experience of Mark Twain at a time when he was conducting a newspaper in Missouri. One of his subscribers wrote him that he had found a spider in his paper and wanted to know whether this was good or bad luck. Mark Twain answered that it was neither—the spider was merely looking over the paper to see which merchant was not advertising, so that he could go to that store and spin his web across the door and lead a life of undisturbed peace thereafter."

born of the idea that some method should be employed to eliminate advertising and reduce this expense. No one in this audience for a moment doubts that advertising is expense. So are telephones; so are credit departments. It certainly costs money to keep the bank swept out and the windows clean. Doctors, dentists and babies are expensive. There are certainly a great many expense items that we should endeavor to reduce, although we can not escape them.

Inefficient advertising is an expense to which we should dedicate our every effort to reduce. But we do not propose a dismissal of every employe because some are inefficient. NO. As my friend, Mr. Lewis, says: "We must be careful not to pour out the baby with the bath."

May I quote from James Bryce who said: "Three-fourths of the mistakes a man makes are made because he does not really know the things he thinks he knows." Apply this measuring stick to these fine

officers who scoff at advertising effort; and, if, in the knowledge of the result, you men who are charged with the advertising policies of your banks do your job. Those officers will in the light of increased knowledge become your active allies.

Advertising is only a form of selling; so, start the sales campaign by letting your own organization know what you are trying to do and what you hope to accomplish.

Mail a copy of your advertising matter, or whatever kind, to each one of your directors. Invite their criticisms and listen patiently to their suggestions. If there is one type of inertia that has retarded the entire progress of banking more than another, it is the attitude of mystery that has in the past surrounded bank decisions. It is not enough to say to our friends, "This is or is not good banking." They want to know why. Our customers have a right to know, when we fix a rate on their loans, by what process of reasoning we arrive at that rate. And so, in the advertising policies, do not dismiss your well meaning critics with the simple statement, "Oh, this is advertising and you wouldn't understand."

John D. Rockefeller, commenting not long ago on the mistakes of his company and the public misunderstanding of its policies, out of the accumulated wisdom of his years said: "That the best policy for any corporation to pursue is to do the right thing by the public," "but equally important," he added, "is to let the public know you are doing it."

Institutional Advertising

HIS comment is repeated as a clear and concise definition of institutional advertising. The spirit of an organization is not easily captured and put into print. In so far as the public is concerned, it takes form gradually from both minor and major evidences of policy, and is cumulative in its effect. Advertising is like a cable; we weave a thread daily, and at last we cannot break it.

No single announcement is sufficient; it must be done over a period of years. The start is the important thing—the determination to take the public into your confidence and tell something of yourself.

A successful bank must sell more than credit, more than commercial and savings

Northwestern Banker October 1931

services, more than investment counsel. It is expected to sell the necessities of modern finance. In the performance of these sales functions, it is early evident that one bank does not differ materially from other banks in its community. State and national supervision of banks insures to all depositors a strict adherence to the letter of the law and to codes of practice scarcely less important than statutes, yet we recognize the fact that every bank has an individuality of its own, and that each bank every day is selling to the public its conception of its opportunities and responsibilities.

First of all, the directors and executives sell the idea that the bank is well managed and conservatively conducted.

The second sales endeavor is usually directed to impressing the idea that the bank has many different kinds of service to perform, and there has been recently a marked endeavor to place emphasis on the humanness of the bank and create

for the benefit of the customer a spirit of friendliness.

All these efforts are important, but can easily be over-emphasized in your ADVERTISING, for all the banks of your community have practically the same service, and the congenial atmosphere of your institution is undoubtedly duplicated in that of your business contemporary. The distinctiveness of your bank, and not its similarity to other banks, constitutes the door of sales opportunity in your particular institution.

Every bank has an individuality made up of a composite of the men and women in its moulded, as much as possible, into the policy determined by the Board of Directors and executives. And it is this personality, this individuality, that your community has a right to know about.

This idea as to whether or not we should advertise to develop our business must of necessity be answered by the directors and executives who control our particular banks.

Remember that the promotional urge has not today, nor has it ever, had a legitimate home in the well managed financial institutions, but a broad, general rule might be applied like this:

If you are running the kind of an institution that would like to conceal from its friends its policies and practices, then don't advertise; don't take the public into your confidence; but, if your bank is controlled or at least regulated by men who have a lofty conception of the rights of their depositors, if your bank reflects the modern spirit of progress in its dealings with its depositors, employes and stockholders, if when the people of your city think of a bank, you want them to think of your bank—then advertise. Use that bright, modern weapon of progress, the printed word, to round out all other forms of publicity.

The newspapers stand today as the greatest educational force in the world. They are besides this the great balancers
(Turn to page 51, please)

A. B. A. Convention Program

THE program for the convention of the American Bankers Association, which will be held at Atlantic City, N. J., October 5-8, was announced recently by F. N. Shepherd, Executive Manager of the association, as follows:

General Convention, Ball Room, Municipal Auditorium. First Session, Tuesday, October 6th: 9:45 a. m., pipe organ recital, Karl Bonawitz; 10:30 a. m., call to order, President Rome C. Stephenson, Vice President, St. Joseph County Savings Bank, South Bend, Indiana; Invocation; Address of the President; report on official acts and proceedings of Executive Council; address, "Business Management in Retail Activities," Richard H. Grant, Vice President, General Motors Corporation; appointment of resolutions committee.

Second Session, Wednesday, October 7th: 9:45 a. m., Pipe organ recital, Karl Bonawitz; 10:30 a. m., call to order, President Stephenson; Invocation; Address, "Give Us This Day Our Daily Bread," Harry L. Russell, Chairman Advisory Council, Agricultural Commission, American Bankers Association; report of nominating committee and election of officers; report of resolutions committee.

Third Session, Thursday, October 8th: 9:45 a. m., Pipe organ recital, Karl Bonawitz; 10:30 a. m., call to order, President Stephenson; Invocation; Address by Ogden L. Mills, Undersecretary of the treas-

ury of the United States; unfinished business; new business; installation of officers.

The schedule of the meetings for the various main divisions of the association is as follows:

Savings Bank Division, Ball Room, Municipal Auditorium, Monday, October 5th: 9:30 a. m., call to order, President A. C. Robinson, president, Peoples-Pittsburgh Trust Company, Pittsburgh; invocation; appointment of resolutions and nomination committees; Address, "The Morality of Thrift," President Robinson; address "Savings Banking Gets Bigger Job," Henry Bruere, President, The Bowery Savings Bank, New York; Forum discussion; unfinished business; new business; reports of committees; election and installation of officers.

State Bank Division, Ball Room, Municipal Auditorium, Monday, October 5th: 2:00 p. m., Call to Order, President M. Plin Beebe, President, Bank of Ipswich, Ipswich, South Dakota; Address of President; appointment of committees; address, "Bank Management—Yesterday, Today and Tomorrow," Fred W. Ellsworth, Vice President, Hibernia Bank and Trust Company, New Orleans, La.; Address, "Measured Service Charges—Installation, Operation and Results," Fred B. Brady, Vice President, Commerce Trust Company, Kansas City, Missouri; address, "Man Power in Banking Institutions," Allard Smith, executive vice president, Union Trust Company, Cleveland,

Ohio; general discussion, unfinished business, new business, reports of committees, election and installation of officers.

National Bank Division, ball room, Municipal Auditorium, Tuesday, October 6th: 2:00 p. m., call to order, President Edmund S. Wolfe, president First National Bank & Trust Company, Bridgeport, Connecticut; address of the president; appointment of committees; address by Eugene Stevens, chairman Federal Reserve Bank, Chicago; address by Guy P. Miller, Searle Miller & Company, New York; address, "What Steps Will Assure the Future of National Banking," Frank P. Bennett, Jr., editor, United States Investor, Boston, Massachusetts; unfinished business, new business, reports of committees, election and installation of officers.

Trust Company Division, ball room, Municipal Auditorium, Wednesday, October 7th: 2:00 p. m., call to order, President Gilbert T. Stephenson, vice president Equitable Trust Company, Wilmington, Delaware; address of president; appointment of committees; address on investment problems of the life insurance business by Frederick H. Ecker, president Metropolitan Life Insurance Company, New York; address, "The Trust Company and the Public," J. Stewart Baker, president Bank of Manhattan Trust Company, New York; open forum—current fiduciary topics; unfinished business, new business, reports of committees, election and installation of officers.

Sensations of an "Ex"-Banker

By ROSCOE MACY

SINCE interest is so often manifested by readers in the description of the sensations of a drowning man, or one who is otherwise transplanted from his natural element into an unfamiliar atmosphere, I am encouraged to believe that the readers of the NORTHWESTERN BANKER may be glad to know how a banker feels when he suddenly finds himself without a bank, and engaged in work entirely foreign to banking. For half a month now, I have not even been inside a bank, and I've been feeling exactly like a fish out of water, except that I have not as yet been able to flap my tail.

After fifteen years at the same job, it is pretty hard to divorce the routine of a new occupation entirely from the habits of the old. When I come down to the office in the morning, the first thing I do after removing my hat and coat is to reach into the corner for the broom which—curses be!—is never there. A colleague of mine used also to be a country banker. One morning during the recent cold snap, we were both discovered, after a long search, wandering disconsolately about in the basement looking for a furnace to fire.

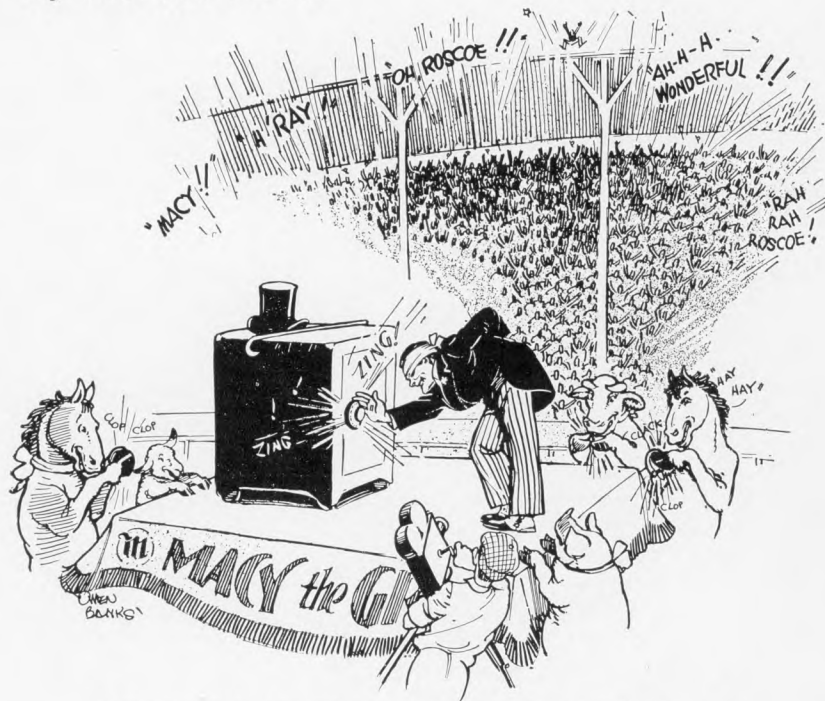
Upon meeting a stranger here in the city, my first conjecture is always a guess as to the probable size of his overdraft at the bank. Next, I get to wondering if they are after him yet on his past due notes. Whenever I see an associate figuring on the back of a blank check, I immediately mark him off my list of desirable acquaintances.

In the Big City

THEY tell me the banks up here actually have a service charge against bank balances under \$300! Down home, whenever a fellow's checking account got up to \$300, we used to sell him ten or twenty shares of stock and elect him to the board of directors. Even then, we always had a hard time keeping enough members in good standing for a quorum at the meetings.

Some officious person comes around every evening, after I've left the office, and empties my waste basket. I'm still hoping in vain for the darned thing to get full once, so I can take it outside the bank door and build a bonfire.

I cannot deny that it has been a relief to get the financial burdens of the world off my shoulders. There is a lot of consolation to be had in the realization that the price of international exchange will not be materially affected, whether Bill Adams' application for a loan of two hundred dollars is accepted or rejected. But the thing has its drawbacks, too. I am afraid that a great many of the things upon the learn-



"Who knows? Some day I might win a substantial prize in a safe-opening contest at the state fair."

ing of which I expended a lot of time and effort are not going to be worth very much to me in my new calling.

For example, in the course of fifteen years, I had come to be a pretty skillful combination-twirler. I developed a knack for whirling the knobs, which was an object of well earned pride. I am renting a safe by the month up here, not because I have anything to go into a safe, but just so my combination-twirling muscles will not become atrophied through disuse, and I will not lose my eye for that fly-speck on the knob which marks the proper stopping-place between 81 and 82. Who knows? I might some day win a substantial prize in a safe-opening contest at the state fair.

My First Victim

ANOTHER aptitude which I had succeeded in developing to a remarkable degree was a natural facility as a maker-out of financial statements. Although I brought a supply of statement blanks with me to the city, I have had, since leaving the bank, almost no opportunity to keep my hand in as a statement-maker-out. The other day, though, a fellow worker who had left home in the morning without his pocketbook came into my office to borrow car fare, and I thought immediately my chance had come at last. I reached for a statement blank and a pen, and started filling it out. But I had only reached the question: "How many 'Two-Year-Old Heifers, on Full Feed?'" when for some

reason he became displeased and started for the door.

"Wait a minute!" I called after him, "just tell me the amount of your 'Debts to Relatives, Other than Above,' and I'll make the loan, though I may get into trouble with the department over it"—but he slammed the door and left in a huff.

I miss, too, the frequent requests for financial advice that used to come to me over the bank counter. Folks up here seem to be sort of bashful about asking for investment counsel and the like. The other day as I was waiting for a car, I saw the state treasurer standing on the corner talking to a fellow, and suddenly I realized that he was eyeing me rather closely. I have never met him, but I thought he could probably see just by looking at me that I had had a lot of experience as a professional financial adviser. Pretty soon he stepped over to speak to me, and I was all cocked and primed to tell him I didn't think the market was quite ripe for the flotation of that new bond issue, but he only said, "Gotta match, buddy?" I didn't happen to have a match, but I certainly did have a lot of valuable advice on tap for him, if he had only known it.

Fears on my part that my associations in the city would be entirely with strangers have proved unfounded. I find that nearly everybody up here is either directly or indirectly a creditor of mine. I live just across the street from the general agent
(Turn to page 45, please)

WHY THIS HYSTERIA?

HERE is considerable unrest in the public mind over the future of our railroads, many believing that diminished earnings, with the passing of dividends and the probable effect of motor truck competition, have placed the railroads in a precarious situation.

It is a fact, of course, that railroad earnings have shrunk during the last two years, but it is also a fact that this shrinkage is not as great as the shrinkage in industrial production. The Federal Reserve Board index shows that the shrinkage in industrial production in 1930 from 1929 was 18½ per cent, while the Interstate Commerce Commission is responsible for the statement that the shrinkage in railroad revenues during the same period was only 16 per cent; and furthermore in 1931, to date, the comparison is about the same.

Much is heard of motor truck competition, but this is more annoying than vital.

The Bureau of Railway Economics reports that for the year 1928, the total commercial traffic of the United States was distributed as follows:

| | |
|--|------|
| Great Lakes | 14% |
| Pipe Lines | 5% |
| Inland Waterways | 2% |
| Motor Trucks, Electric Railways and Airplanes | 2% |
| Railroads | 77% |
| | 100% |

These figures are the last available and, of course, are not accurate, as there is no way of knowing how much freight was transported by private trucks; but the enormous spread between the 77 per cent of the railroads and the 2 per cent of the motor trucks, electric railways, etc., should be convincing proof that the competition of the trucks is not a very serious factor to the railroads.

Unusual Privileges

THE motor trucks are enjoying unusual privileges in choice of freight, freedom in making their own rates, option of traveling or not under adverse weather conditions, and have not the burden of the \$1,642 taxes per mile paid by the railroads in 1929 on their own roadbeds. These unfair competitive conditions will be adjusted, and eventually the railroads will probably operate trucks as a part of their own service where such operation is economically sound.

An illuminating picture can be shown by translating railroad operation into truck operation.

The Pennsylvania Railroad for the year 1929 averaged:

Extract from an address by Jacob A. Barbey, Vice President of the New England Mutual Life Insurance Company of Boston, before the Swampscott Convention of the Company

35.4 cars per train and
28.4 tons per car, resulting in
1005. tons per train.

The crews averaged five men per train and if this freight were moved by five-ton trucks with one man to a truck, it would require 201 men on the trucks to do the work of five men on the railroad.

The railroads are carrying freight at an average rate of one cent per ton per mile or ten tons one mile for ten cents. It would be impossible to load a truck with one ton for ten cents, much less loading ten tons, transporting it one mile, and unloading it for this sum.

"The life insurance companies, as conservators of wealth, have been a bulwark of great strength to a world-wide weakened economic condition, and have fully justified the faith, in many instances the last hope, of their policyholders."

It would seem a logical conclusion that a private right of way between important points will always be the cheapest mode of transportation.

In face of the motor truck competition the railroads carried in 1929 the largest tonnage in their history, and there is no reason to believe that, when conditions again become normal, their facilities will not again be taxed to their utmost to take care of the business that will be offered.

In this period of financial distress it is natural that those holding policies of life insurance should scrutinize with anxious care the assets of the companies with which they have placed their insurance.

We welcome the closest study of our investment holdings and take this opportunity to lay before our members a short analysis of our condition.

Our assets are invested as follows:

| | |
|---|--------|
| Government, State and Municipal Bonds | 8.25% |
| Loans on Mortgage of Real Estate | 26.10% |
| Railroad Bonds | 18.46% |
| Public Utility Bonds | 18.08% |
| Real Estate (mainly Home Office) | 1.92% |
| Stocks | 1.31% |

The balance of our assets is represented by cash on hand, policy loans, and premium notes and interest accrued.

Government Bonds

OUR government, state and municipal bonds need hardly any comment, as the soundness of these investments is universally admitted; so also our investment in public utility bonds has proved very profitable. The finance committee was fortunate in early recognizing the value of this growing field, and carefully selected bonds on properties that have almost universally shown a good margin of earnings over fixed charges and dividends, even in these times of business depression.

A great many of these bonds were bought at comparatively low prices and in a number of instances have been called for payment at substantial premiums.

Our railroad bonds are generally underlying liens, in many cases with a good backlog of junior securities, and have been a very satisfactory investment.

Attention is called to the company's investment in mortgages amounting to \$69,017,197 or 26.1 per cent of our assets. These mortgages are all on properties used for commercial purposes and located in the best business districts in various cities throughout the country.

Farm Distress

THE distress in the farming districts crept into the cities and attacked speculative real estate; and with the lowering of rents due to the business depression it was inevitable that sound commercial properties should feel the effect. In spite of all the adverse conditions the company was obliged to foreclose only five properties in 1930 and they are of such character that they should be among the first to profit by any return to general prosperity.

These are days of hysteria. The acute distresses accompanying the painful deflation that naturally followed the tremendous inflation, have led to a confusion of ideas and have obscured our vision. If we reflect upon the fundamental conditions that inevitably control, in the lapse of time, our economic life, we find much to hearten us and much to excite the envy of our neighbors. With vast natural resources supplying us with all the raw materials we need for our own comfort and support and much for export, an intelligent and virile people, with an abundance of capital, our country has to support only forty-one persons per square mile. The countries with which we have to compete for business, with much fewer or almost no natural resources, are trying to support populations ranging from two hundred people per square mile to the seven hundred per mile of England.

Selling Bank Service Through ADVERTISING

EDWIN BIRD WILSON, Chicago:

"The increased strength of commercial banks gives added, new importance to their advertising. Greater strength should mean greater self-confidence in their ability to serve the public and it furnishes better arguments for advertising, more convincing facts, more pulling power. The stronger a bank is, the better right it has to ask the public for business, the greater moral obligation it has to offer its protection and help to business. It seems just too bad that some of our best managed and strongest banks have been outadvertised by badly managed, weak banks which have taken their toll and left their customers flat. Too many powerful banks have been silent while witnessing bank robberies—of the public. It is highly important *now* that strong well-managed banks make extraordinary efforts to throw their protection around honest business. Selfishly stated, strong banks can become stronger and more profitable by advertising to get business which the banks can guide into greater strength. Such considerations vastly outweigh the immediate problem of low money rates and unprofitable deposits.

"Now it is obvious that if the strong commercial banks, the more powerful-than-ever banks take our advice, they will become still more powerful. What about the weak banks? They have no moral right to advertise. Let them keep silent until they have built themselves up to a degree of strength where they have a right to speak out and ask for business. In the floods of business no unsafe boats should take on more passengers!"

S. F. FOOR, JR., Syracuse:

"It is well to keep in mind that a properly handled service charge campaign can prove to be a valuable piece of institutional publicity in addition to serving its primary purpose. Customers will learn a good deal about bank operation and policy they did not know before.

"After the service charge is in operation it is necessary to maintain some advertising to reach those accounts which become unprofitable later, and to hold new accounts in line. A periodical examination of all accounts not paying a charge will reveal many carried at a loss and generally two or three letters are enough to produce an increase in balance or make the depositor agreeable to a charge.

"In our bank we find that new accounts can be reached best by handing them a booklet on service charge rules

Members of the Financial Advertisers Association in annual Convention last month in Boston, discuss advertising and publicity problems of the American banking system.

with the new passbook. This booklet should follow out the same ideas used in the original advertising campaign. Sixty days later we analyze the account and if it is carried at a loss a letter is sent notifying the depositor of that fact and naming a date six weeks away when a stated charge will be made, unless the account has an increased balance or less activity in the meantime. Many accounts improve enough to avoid any charge."

F. B. KERMAN, President, Financial Advertisers Association:

"I should like to recommend to you individually—and to the association as a whole—the thoughtful consideration of a course of action calculated to resell the public, as our entire financial structure.

"Correct bank salesmanship consists of a continuous, consistent and intelligent use of all selling agencies in proper proportions to each other. These selling mediums are advertising, publicity and personal contact. In order to satisfactorily accomplish the job we should use all of them. Too frequently we find banks which run an advertising and publicity campaign and carry on their personal contact work in a slipshod manner. They expect the printed matter to carry the burden. Nothing could be more hopeless."—Mark Bartlett, North Carolina Bank and Trust Co., Greensboro, N. C.

Much ill-chosen and inaccurate comment has found its way into public print during the past 18 months, with resultant destructive effect. You have read, I am sure, in reputable and widely circulated media, allusions of a most astonishing character with respect to the management and administration of financial institutions. I do not infer that such observations have been maliciously inspired nor that the production has not been undertaken in perfect faith. I do assert, however, that much of this off-key comment has found its origin in the absence of information from authoritative sources. It is not to the subject of economics, in the abstract, that I make reference, nor business predictions and market forecasts,—of which, perhaps we have had too many and too varied an assortment. One lay observer recently said on that point, that according to the best statisticians we had now turned four corners—so we must be meeting ourselves coming back.

"What I have in mind is the informa-

tive presentation of the simple facts concerning the function, use and operation of financial organizations. We need to secure a more accurate public understanding of the place which our institutions hold in their respective communities."

ALLEN HERRICK, Los Angeles:

"If an advertisement fails to attract attention, there is little else that can be said for it. It may be dignified, beautiful, and filled with sales arguments, but if not read, these good qualities cannot redeem it. The sales appeal of an advertisement, its general effectiveness, timeliness, and matters of that sort are qualities to be discussed after the fact has been established that the advertisement can attract attention. A test of attention—value may show that the advertisement with the best sales copy attracts so few readers as to be almost worthless. Another, almost as strong in sales arguments, reaches many. A third, at the top in the number of readers, is weak in its presentation of a product or service. In making a choice between these advertisements all of the factors which combine to make a successful advertisement must be considered. Attention-value is one of the most important of these factors."

JOHN BENSON, President, American Association of Advertising Agencies:

"Newspapers always have been and probably always will be the main highway to the markets of this country. They may not

have as wide or penetrating a sweep as radio, theoretically speaking, but in practice they reach more people. They cover the United States, penetrate into every section with 40,000,000 daily issues, to say nothing about the 10,000 weekly papers in smaller towns.

"The great advantage of the press for advertising lies in its frankly commercial character. It is so largely an instrument of commerce. The radio is primarily for entertainment. Commercial appeal must be limited. If it obtrudes upon an ear bent on being amused, the dial turns, and the listener is lost. Commercial credits need to be handled with restraint. Radio advertisers, especially in the evening, will likely always be limited to engendering good will rather than obvious selling of their product. The reader of a newspaper not only expects to see advertising on almost every page; he often enjoys reading the advertisements which happen to appeal, for his own advantage. His eye can pick them out. Radio advertising, on

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the other hand, forces itself upon him; he cannot be selective; he has to listen to whatever is being said.

"I do not think newspapers need fear the place which our institutions held in the encroachment of radio. It will absorb some of their advertising, is doing that now; but it is a limited medium. The

place to tell an advertising story at the point of sale is in the press; there is room for details and an unlimited opportunity to tell them."

CHESTER L. PRICE, Central Republic Bank and Trust Co., Chicago:

"I might go on piling up examples of

bank advertisements that brought accounts and of others that brought nothing. I might multiply instances of actual sales made by new business men, of sales that resulted from their efforts long after, and of attempted sales that were barren.

"What is the lesson?"

"Experience has taught us that advertising for banks, as for everything else, pays.

"It has taught us that new business efforts pay.

"It has taught us that bank advertising, to escape futility, must be persistent, carefully organized, competently executed.

"If it is worth doing, it is worth doing well.

"If it is well done, it must be through coordination of all the plans for business extension, and through sincere cooperation of all the efforts of the forces of business development."

G. PRATHER KNAPP, Director of Banking Publications, Rand-McNally & Co.

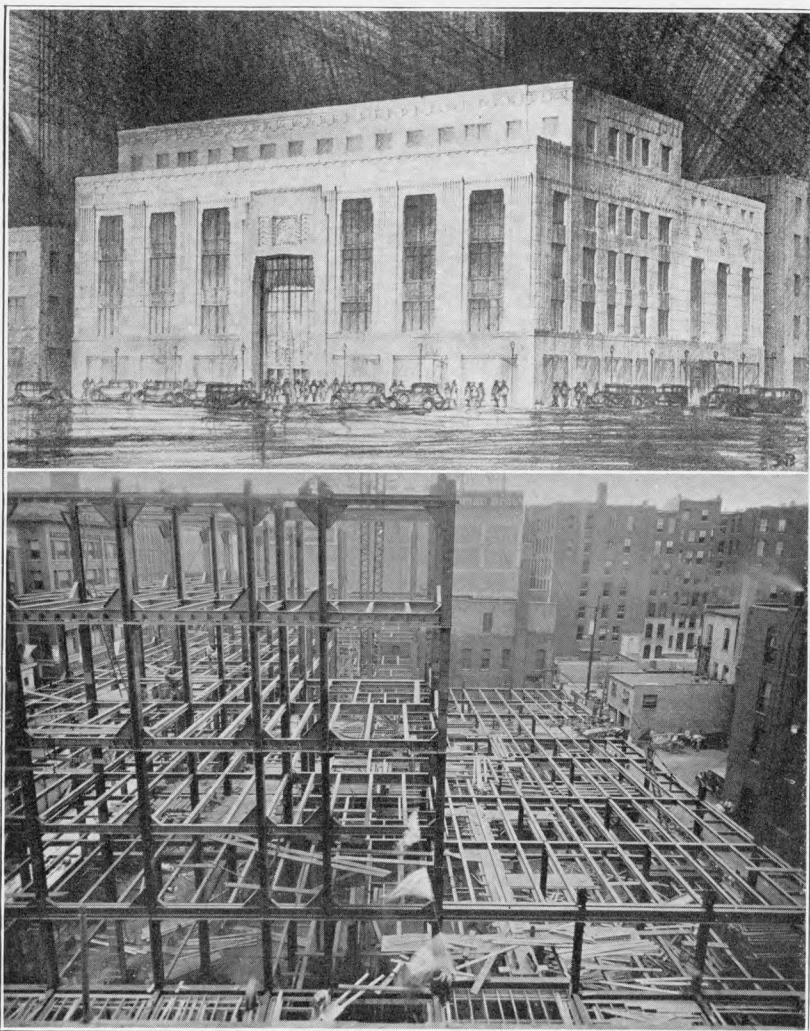
"Today we have at least ten publications which the bank-to-bank advertiser can use with the full assurance that he is getting a definite value for his money. These publications are carefully and constructively edited, some for sections, others for the banking fraternity of the nation. They are painstakingly and honestly circulated and their circulation is proved to the advertiser either by A. B. C. audits, post-office receipts or equally cogent evidence. But, gentlemen, these publications are suffering, each and every one of them, from the failure of big banks, from your failure to ease them from the strain or irresponsible competition. This competition is supplied by some half-gross of assorted house organs, personal organs, sectional organs, group organs, etc., ad nauseam."

FRANCIS H. SISSON, Vice President, Guaranty Trust Co., New York:

"At the present moment, we have a curiously mixed situation. While credit is abundant at New York and other financial centers, it is far from abundant at certain interior points where banks are in a "frozen" condition. While it is abundant for lending on call against Stock Exchange collateral, it is far from abundant for loans on real estate, except where the margin is ample and the security is of the very highest grade. The United States government can borrow money, even on long terms, at 3 per cent, yet medium-grade corporation bonds, which would be considered perfectly sound investments in ordinary times, are selling to yield 6, 7 and 8 per cent, and more. It would be more correct, then, perhaps, to say that funds are abundant but that credit is scarce. Money is available in almost unlimited amounts against first class security; but

(Turn to page 26, please)

Work on New Building Progresses



Above, the architect's conception of the new home of the Iowa-Des Moines National Bank and Trust Company, which is scheduled to be ready for occupancy April 1, 1932.

Below, a view of the construction work, as it appeared last month.

WORK is rapidly progressing on the new five-story banking home of the Iowa-Des Moines National Bank and Trust Company at Sixth and Walnut Streets, and it is expected that the beautiful new quarters will be ready for occupancy around April 1, 1932. The structure is to cost \$600,000. Some time in the future, it is planned to construct sixteen more stories making the building

eventually a twenty-one-story building.

The new building is to be fireproof throughout, of steel and concrete, with granite and Bedford stone trim. The bank plans to occupy approximately 60,000 square feet of floor space.

A feature of the new home will be the modern fixtures including low counters without grill work.

NEWS AND VIEWS OF THE BANKING WORLD

By Clifford De Puy

Former ambassador, JAMES W. GERARD criticizes very much the policy of American bankers in their loans to Germany and he believes that the German nation has made bankruptcy a paying proposition.

He points out that since the Versailles Treaty that Germany has paid out 10,000,000,000 marks in reparations and has received 18,000,000,000 marks in public and private loans.

That certainly sounds like good salesmanship on the part of Germany, but whether it was good business on the part of the American bankers remains to be seen.

I always knew that WALKER D. HANNA was a mighty fine and successful investment banker ever since he organized the W. D. Hanna Company of Burlington, but not till just recently did I know that he was a successful fisherman.

He went fishing up in the Auburn, Wisconsin, territory recently and proved that he knew what it was all about by shipping me a ten pound "Muskie," which as you may or may not know, is spelled three different ways—"Muscallonge" or "Muskelunge" or "Muskalonge" and which is described as an "Ojibwa Mashkinonje" or large pike (Esoxmasquinongy) and inhabits mostly the Great Lakes region of North America.

As I told Walker, I didn't care how it was spelled or where it came from because we had a dinner party and eight people enjoyed the very tender meat.

Thanks very much, Walker, and I hope you go fishing frequently.

ROBERT P. VANDERPOEL, financial editor of the Chicago *American*, in addressing the meeting of Group 11 of the Illinois Bankers Association, last month, said that the public is thoroughly disgusted with the failure of bank examinations to protect its interests and he firmly believes that better banking would result if, in Chicago, for example, the clearing house association made it clear to all members that as soon as they failed to live up to the organization's regulations, they would be asked to resign and such resignation would be made public.

Certainly the public has a real protest to make when banks which are examined one month fail the next as has been the case in several instances.

WALTER H. JOHNSON, JR., vice president of the Marine Trust Company

of Buffalo, in addressing the Financial Advertisers Association, spoke a real truth when he said, "These are the days when respect is more important than popularity—safety more important than size. To the extent which we adhere to such principles, the public will be well served."

From banking to baseball was the career of J. WALTER SPAULDING, 75, who was a former Osceola, Iowa, banker and later became co-founder of the firm of A. G. Spaulding & Brothers.

Mr. Spaulding died recently at Monmouth Beach, New Jersey. Incidentally, Alfred Spaulding, the noted violinist, is his son.

After October first of this year the DECORAH STATE BANK, THE NATIONAL BANK OF DECORAH, THE WINNESHIEK COUNTY STATE BANK and its nine affiliated banks in and about Decorah, THE OSSIAN STATE BANK, THE CITIZENS STATE BANK OF OSSIAN, THE FARMERS STATE BANK OF CALMAR and the CASTALIA SAVINGS BANK of Iowa, are all reducing the rate on time deposits to 3 per cent and to 3 per cent on savings accounts, interest to be compounded once a year only.

This should mean better and sounder banking—maybe other banks will do likewise.

JOSEPH STAGG LAWRENCE, well known writer on financial topics, has pointed out that since the Civil War, national bank records show that recovery of depositors has been 90c on the dollar, whereas the creditors of commercial failures have received but 81/4c on the dollar.

In the five year period from June 30, 1924 to June 30, 1929, the commercial bankruptcies amounted to \$3,800,000,000.

I have just finished reading "SCAPEGOATS" by JULIAN SHERROD, which depicts the last 12 years of his experiences with one of America's greatest financial institutions engaged in the world-wide distribution of securities.

Mr. Sherrod believes that he was the victim of a "system" which is "rotten" and he says in the preface, "I shall relate in simple language the story of a securities salesman who feels that he has been a cat's-paw in one of the most tragic eras in the history of the world."

Whether you agree or disagree with

Mr. Sherrod, at least here is a book which is mighty interesting reading.

PAUL S. ABT, president of the Illinois Bankers Association and vice president of the Southern Illinois National Bank of East St. Louis, is firmly opposed to branch banking in Illinois because it is his belief that well managed and efficiently operated local banks will serve a community in a manner not to be equaled by any centrally controlled branch banking group.

It is his suggestion to the members of the Illinois Association that they manage their institutions in such a manner that, "Any effort to establish branch banking in this state will be frowned upon by a public thoroughly satisfied that the unit system will amply protect its banking transactions."

If branch banking or any other form of banking is to succeed, it must have public support and if your bank through better management is to regain whatever confidence it may have lost in the minds of the public, branch banking will be unnecessary.

FRED R. SMITH, former superintendent of banking in South Dakota, has been sentenced to seven years for embezzling over \$1,000,000. Thomas O'Brien, former president of the South Dakota Bankers Association, has been indicted for embezzling money and for making excessive loans to himself in the Hoven State Bank which he operated.

I knew both of these men personally and listened with eager attention to the many fine speeches which Fred Smith made before bankers conventions during the time that he was superintendent.

It is hard to believe that men in high positions will become so lacking in moral courage and devoid of honesty that they can take what does not belong to them. But whether it is the "Wolf of La Salle Street" or the "Wolf of Main Street" and whether the sum is \$3,500,000 or \$3,500, the inevitable answer is always the same and the final goal is one of unhappiness, disillusionment, and iron bars.

RICHARD WHITNEY, president of the New York Stock Exchange, believes that it is wholly misleading to view the depression as a disease because he says:

"In reality it is an inevitable, though drastic readjustment from folly and disillusion to wisdom and reality."

There is one thing sure, that the amount of wisdom has been increased, or at least stimulated in all of us and as a result better planning and better organizations are being built which in turn mean better business and better times ahead.

I RECEIVED A LETTER RECENTLY from a friend of mine who has

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been traveling in Russia this summer and the prices which he has had to pay on dining cars sounds like the 1929 boom days on the best dining cars in America.

He says that a steak costs three rubles, or \$1.50, that beer is 75c a bottle, vodka 37½c for a drink, and it cost four of them 66 rubles, or \$33.00 for a regular dinner—or \$8.25 apiece.

The price of whisky is \$15.00 a bottle and while my drinking is confined mostly to coca cola and ginger ale, that sounds like bootleggers' prices in America to me.

When entering Russia they sealed their

kodaks so they could not take any pictures—but they can't seal their minds and their memories of what they see and hear.

EARLE REYNOLDS, president of the Peoples Trust and Savings Bank of Chicago, and son of George M. Reynolds, has been endorsed by Group 11 of the Illinois Bankers Association for the vice presidency of the state association at the next convention.

Mr. Reynolds is well and favorably known not only to Chicago bankers, but also over the state and has made a real

success of his institution and will bring to the association affairs, the efficiency, energy, and good judgment which will be most helpful in guiding it along the proper channels.

PAUL M. SIMMONS, for 16 years cashier of the Simmons & Co. banking institution of Osceola, Iowa, died recently in Omaha, as the result of an automobile accident.

Following the closing of his bank, he secured a position as supervising engineer. (Turn to page 45, please)

King Midas Starts a Loan Company

(The time is the B. C.'s and the place Rome.)

By C. W. FISHBAUGH
Shenandoah, Iowa

KING MIDAS of the Bank of Midas had decided to start a small loan company. He was going to help the poor working slave, the down trodden section hand. As a mere after thought he could lay away a few shekels to pay his endowment policy. Midas will be remembered as the one of the golden touch. He has been remembered through the ages in spite of the fact that he never had a divorce, halitosis, or athlete foot.

Midas had just returned from the annual meeting of bankers, goldsmiths, and pawn-brokers. Mrs. Midas had had to stay at home, so he had a glorious time. But enough of that. Most bankers attend a convention sometime, someplace, somehow and know all about it. At one session the small loan question had popped up. The chairman of the convention a gentleman named Minos, for no reason at all had asked: "Mr. Croesus, what would you do if someone, for instance one of the guards from the arena came to you and asked to borrow 20 shekels for a week?"

Mr. Croesus, always noted for his generosity had replied: "I'd let him wait a week and he wouldn't need it." That was that.

Midas let that pass, so did Minos, there wasn't any parliamentary rule that fitted a case like that. Much was said for and against small loan companies. But the big issue seemed to be over the interest rate to charge. T. T. Shylock, well known investment banker, had stated that doubling the principal every 30 days would be about right. Achilles, better known as "Speed" had objected, saying that they would be getting about 2,000 years ahead of time if they charged interest like that. Diogenes, of barrel and lantern fame, had opined that he believed it would be better to take the principal at the end of the 30 days and forget the interest and consider yourself lucky.

The battle had raged back and forth, but before the meeting had switched to service charges and bank robberies the usual conclusion had been reached. "Use your own judgment and devil take the hindmost."

Midas had returned home with two things in his head, a small loan company and a headache. He got rid of the headache—for a while. He brought the small loan company up before his next board meeting. His board of directors consisting of his wife, father-in-law, brother and nephews had agreed. Which was in itself a great moral victory.

So the local engraver struck off some handbills to be distributed hither and yon:

BANKING HOUSE OF MIDAS

Small loans at low rates.

Promptness and courtesy.

M. MIDAS, President.

Affiliated with the Colosseum-Acropolis Corp.

The ad was a success. In fact the greatest advertising success that ancient history mentions. The first day Midas was swamped. Even the third vice president was busy. At the end of the day Midas had his back yard full of collateral. The difficult feature of the business seemed to be that all borrowers had the same idea as to collateral. All having borrowed on donkeys, ducks, horses, cows, and geese. The only thing that seemed to be missing was a white elephant. But that came later. The animals seemed to be good security but poor assets. The worst part of the whole affair seemed to be that he was expected to feed the whole shebang until the notes were paid.

Midas was still optimistic. He knew that every cloud had a silver lining—in California. "I'll milk the cows and gather the eggs," he thought. That sounded good but wasn't based on facts. When he checked up he found that the kind of

cows and geese he had, weren't going to be milked or lay eggs, not by a long shot. That was his first set back.

Demand Remained Heavy

THE demands for loans remained heavy the second day. The third day he had to get parking space for his collateral by tearing up his miniature golf course. That was a tough break, he had just learned how to shoot par by using Roman figures. He certainly was getting the security. His mother-in-law had remarked in a caustic manner that it looked like his security was frozen assets, or worse. Midas didn't see how it could be worse. The fifth day he refused to make loans, saying that the recent war with the Philistines had caused depression.

A month slipped by, none of the notes had been paid. The security was looking fine. Midas didn't look so good. Neither did his grain bins. His wife was suggesting that he hire Noah's ark.

Two more months slipped by. Some of the cattle were fat so he had to sell them, naturally he kept the money. It might have been called foreclosure. Anyway when he walked down the street he seemed to hear the people say: "See that tightwad over there, he's Midas, the miser. He sold old Jake Abraham's steer to pay a note, the old gyper." He felt he was so popular he couldn't get elected to the senate on a reform ticket. He was sure that little children shunned him and that friends dispised him.

Time wore on. The borrowers seemed perfectly satisfied that he should still feed the security. One borrower had come in and had his note renewed with the interest added. The others seemed to just forget the notes and let the ducks and geese eat up the interest. Midas felt himself licked. He held on for another 60 days. At last he wired the Shylock Collecting Agency: "Am sending you notes for collection, stop, collateral follows on train, stop, two loads, stops, Diogenes was right, stop. M. Midas. P. S.: Barnum was also right. Stop."

How Handwriting Betrays the CRIMINAL

By **BLANCHE HOLMES**

*International Graphologist and Handwriting
Expert*

Address P. O. Box 1050, Hollywood, Cal.

THE interpretation of the writing on the wall, the old indictment, "Weighed in the balance and found wanting," is as true today of a certain type of man and woman as it was when it first appeared on the walls at Belshazzar's feast. Society drifts blindly down the centuries aware that something is radically wrong with the "State of Denmark," with a system which permits the criminal to flourish in its midst, but giving little serious thought to evil causation.

While no one in this enlightened age would deny the value of the prevention of crime, its cure, its elimination rather than its punishment, the great majority—outside the official world which deals with criminals after a breach of the law—are still apathetic as regards the problem presented by the Underworld, the transgressors. With every known device the authorities set out to hunt down, with bullets and police dogs it may be, the wrong doer shouting his outrages into the jaded ears of a world hungering for the amenities and harmonies of life—not its discords—and incidentally expending an enormous sum annually to maintain the machinery of the law. No efforts are spared to fasten guilt upon a suspect, who is denounced bitterly from press and pulpit, whose conviction raises a howl of execration from a careless public who, finally, if the case permits, consign him to the hangman's noose or to a living death behind the gray grim walls of a prison—the charnel house of the earthly damned.

Yet when all the outcry is over, what precisely has been accomplished? Virtually nothing in the way of crime prevention, nothing to eradicate its evil effects. The public conscience is too easily satisfied with the fond belief that justice has triumphed and that evil has been adequately punished,—but what of that? Hundreds of other potential criminals are ready to enact the same role, to defy law and order, and the offender next in line will not be deterred from his evil course

by the example made of his predecessors. Fear, the dread of punishment—so often evaded by venial officialdom—and the penitentiary are not the true solution of the

by handwriting, better understood, many now serving time would be at liberty and have escaped the felon's brand.

Unfortunately the periodical outbursts of condemnation following the titular crime waves and the arrest of the guilty, quickly subside, without having served in any degree to minimize the danger to the public in future. If in place of setting the laborious and expensive machinery of the law to work in order to unmask and capture the criminal, the same investment of time, money and energy were expended for

Miss Blanche Holmes.
P. O. Box 1050
Hollywood
Cal

Illustration No. 2

criminal problem, now so glaringly to the fore.

Crime Prevention

THE penmanship of a criminal has done much in the past to convict him. Still more valuable would it be if used to reveal the characteristic law breaking tendencies which precede the crime. The science of graphology can disclose incipient criminal tendencies, and if employed for this purpose would be even more conducive to the public welfare than the means generally utilized to convict an offender. Were the psychology of human nature, as revealed

the discovery of incipient weaknesses and evil proclivities, latent in the potential criminal, such unlawful tendencies might be successfully combated, and even—if taken in very early youth—be entirely eradicated by controlling and beneficial influences, those of environment and education.

This indeed is the opinion of one of the greatest police authorities in this country, Chief of Police August Vollmer of Berkeley, California, an authority of international repute. In a long conversation I had with him, the chief laid great emphasis on environment as a factor for good or evil. His views on crime are summed up in his contribution to "Modern Crime, Its Prevention and Punishment," published by the American Academy of Political and Social Science, in 1926. The article contributed by Chief Vollmer is entitled: "The Prevention and Detection of Crime as Viewed by a Police Officer," and confirms one of the main, fundamental truths revealed by graphology, that there exists a class of men and women temperamentally potential criminals.

In the above mentioned article Chief Vollmer asks: "But what about the numerous delinquents who are intellectually, temperamentally or volitionally warped to

I shall appreciate
a sincere analysis
of character and am
submitting a short note
as sample

Illustration No. 1

such an extent that they are unable to meet the demands imposed by modern society? Should they not also be regarded as potential offenders?"

It is just these "potential offenders," and the inevitable fate which lies before them if such criminal tendencies are not discovered and checked in time, which it is the province of graphology to uncover, and by indicating the special temptations to which such persons would most readily succumb, their individual susceptibilities and idiosyncrasies, prompt and efficient measures could be taken to remove them from the danger of temptation and from harmful environments, or positions where specific enticements to evil are inseparable from the occupation itself.

What father or guardian, knowing that his son was disposed to lightly regard the acquisition of property by other than honorable means, would wilfully make the colossal mistake of advising his son to accept a position as bank teller? To permit a man of dubious principles, or susceptible temperament, to act in such a capacity would be to deliberately expose him to unnecessary temptation and to ignorantly connive at his fall from rectitude. This is only one of many instances which could be cited to prove the value of a practical working science which discloses the inherent frailties of human nature, and which particularizes and segregates the "potential criminal" from hazardous occupations, hazardous to his moral welfare.

Three Criminal Types

GRAPHOLOGICALLY speaking there are different types of criminals and these may be classified according to the motive which acts as an incentive to the specific crime which offers them the greatest attraction. It is because handwriting is so vital an expression of mentality and not due to chance or early educational systems, that a man's individuality is stamped indelibly upon his writing. There is an immediate, joint action of mind and body the moment a pen is put to paper. We think, and almost instantaneously our thoughts appear before us in visible hieroglyphics. Dictated by the brain, propelled by the sensitive nerves which find their terminals in the finger tips, the pen moves automatically under the impulse conveyed to it, revealing with unerring exactness the conscious and unconscious reactions of the penman.

Because of the indissoluble connection between the brain and the products of the pen, crime would be greatly reduced were the science of graphology more universally recognized as a great constructive factor in the prevention of crime. The nervous movements of the pen divulge not only those characteristics which appear on the surface, they betray, also, those secrets of the subconscious mind which are of still greater import to the graphologist. A science which anticipates unreliability and dishonesty, as well as the more serious crime of homicide, can be of immediate service to the custodians of public safety.

In the case of the clever forger, we have a high degree of efficiency misapplied. It takes an exceptionally skilful person to forge successfully, one who will slave endlessly over his task. But when this capacity for "taking infinite pains," which has been called the hall mark of genius is directed against, and not for, the benefit of the community such an individual becomes a definite menace to society. The same natural skill and painstaking persistency would, if directed along constructive lines, carry him far in any legitimate profession.

The thief, as contrasted with the forger, is an opportunist, deficient in a sense of moral values. While lacking the finesse of the forger, he is nevertheless possessed of considerable dexterity and ingenuity in obtaining and disposing of stolen goods. The acquisitiveness of his nature is disclosed by the hooked terminals to the final letters in words and by the cramped style of his writing as a whole. Generally the letters of the words are crowded together, and no outflowing curves are found to terminate the last letter of a word. This cramped appearance of the writing must not be confounded with the close proximity of letters to one another in the writing of those whose early education has been deficient and who seldom have occasion to use the pen. Illustration No. 1 will disclose

The
Omaha
National
Bank

ALWAYS
AT YOUR SERVICE



THE ONLY MEMBER
OF THE
FEDERAL RESERVE
SYSTEM
IN SCOTT OR
ROCK ISLAND COUNTIES

*A distinct time saver in the
handling of transit items*

AMERICAN
SAVINGS BANK AND TRUST COMPANY

DAVENPORT, IOWA

THE LARGEST BANK IN IOWA



ISN'T THIS YOUR KIND OF BANK?

Strong, conservative, complete . . . directed by men of outstanding business experience . . . and dedicated to the principle of personal friendly service, this modern bank readily appeals to bankers and business executives.

DIRECTORS

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Chairman, Executive Committee,
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International Harvester Company

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Vice-President,
The Quaker Oats Co.

WAYNE CHATFIELD-TAYLOR

Field, Gloré & Co.

LESTER ARMOUR

JOHN A. HOLABIRD

Holabird & Root, Architects

ROBERT B. UPHAM, Vice-President

EARLE H. REYNOLDS, President

The PEOPLES TRUST and SAVINGS BANK OF CHICAGO

PEOPLES SECURITIES COMPANY
(Affiliated)

Michigan at Washington

Complete Banking, Trust and Investment Service • Resources More Than \$33,000,000

the difference between two such specimens of handwriting.

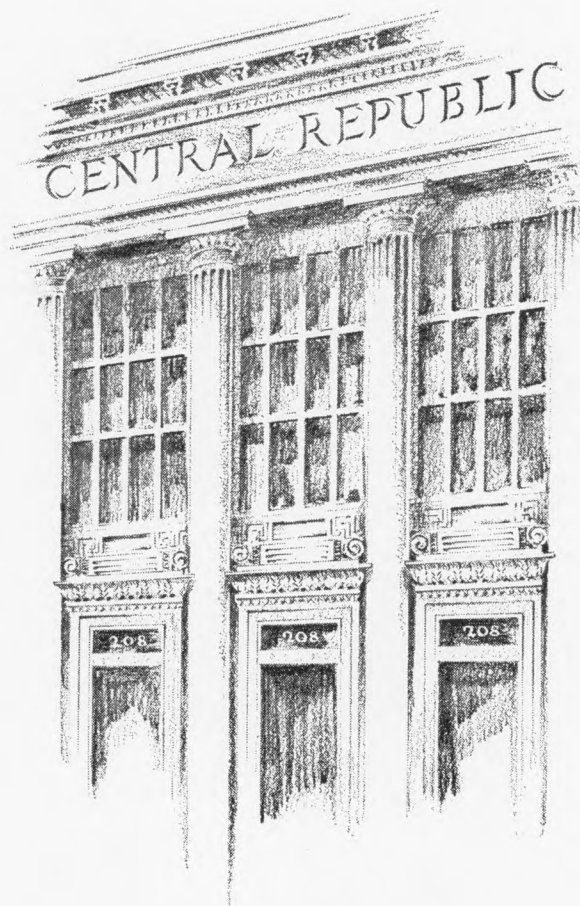
While both writers have hooked terminals to many of their words, the upper illustration is indicative of tenacity and a strong temper, for the spacing of the lines is far apart and the outflowing terminals of the words "appreciate," "and," etc., contradicts any notion of careful expenditure. It is the writing of a very hasty, impulsive and spontaneous disposition, although certain signs of caution are not wanting, as disclosed by the closing of all but two vowels, and more particularly by the horizontal line which takes the place of the usual period at the end of the sentence, and which also terminates the word "shall." The writing in Illustration No. 2 presents a very different appearance to that which follows, indicating duplicity and lack of spontaneity.

In Illustration No. 2 is a typical illustration of cramped letters as shown by the first line of the address, and not only is every terminal hooked but also the capital "O" is filiformed and the letter "s" tied up in every instance. Note also the doubly sealed and interlaced capital "H." In the capital "B" the final stroke is brought right up and wrapped round to touch the second stroke of this letter. All of these indications denote extreme secretiveness, which together with the cramping of so many letters and the hooked finals do not bear a favorable interpretation.

Filiformed vowels of themselves signify extreme caution and more often a distrustful or most reticent nature, but the latter interpretation only holds good in exemplars of writing of the superior type. "Graphology discriminates closely and trenchantly between the two types of writing, the superior and the inferior, but these terms bear no relation to the pedagogical standpoint of good writing. Often most able and highly superior mentalities produce writing difficult to read and very far from being pedagogically good specimens. This is only natural, because where illegibility is not caused by poor education it is nearly always the result of the brain action being too quick for the movements of the pen to follow gracefully or clearly.

One of the greatest of graphological investigators and writers, a Frenchman, Crepieux—Jamin, has forcibly and correctly insisted that "The same personal characteristics may be expressed by different signs, or by combinations of signs (resultants), and we cannot therefore infer from the absence of a certain sign the existence of the quality opposite to that which such sign indicates."

From this principle it follows that even in the absence of the most common signs of deceit, trickiness and dishonesty these traits may be determined by "resultants." Another equally significant axiom laid down by this scientific investigator should not be forgotten: "Our organism some-



208
SOUTH LA SALLE STREET
CHICAGO

CENTRAL REPUBLIC BANK AND TRUST COMPANY

Capital, Surplus and
Undivided Profits

\$28,000,000

Member of Federal Reserve System

times reacts with similar external results under psychological conditions which are different; thus a graphological sign does not necessarily represent only a single trait of character."

Amateur graphologists, apparently ignorant of these two vital principles, often render judgments which discredit the science, but this is equally true of other scientific systems. Medicine has its quacks; astronomy its charlatans and religion its hypocrites. In analysing a sample of handwriting with a view to determine the inherent integrity of a writer, it is also important to note the slope of the writing, the relative size of the individual letters, the alignment, the crossing of the "t" bars

and the concavity of convexity of the outlines. It is not scientific to deduce from any one given sign, such as hooked terminals,—or any other specific feature—the mental or moral caliber of the writer, but the particular features to which attention has been called may be regarded as intimations that great caution should be exercised in dealing with such writers.

Plan Morris Bank Convention

J. Rodney Ball, of Lawrence, Mass., President of the Morris Plan Bankers Association, and General Convention Chairman, Frank J. Braun, of Springfield, Ohio, have completed plans for the busi-

ness program; social sessions and annual golf tournament of the Twelfth Annual Convention of Morris Plan Bankers, in Columbus, Ohio, October 8th, 9th and 10th.

Among those who will address the delegates from outside Morris Plan circles are Ohio Governor, George White, and State Superintendent of Banks, I. J. Fulton; Small Loan Commissioner Davidson, of Massachusetts; Dr. Felix Held, Professor of Economics, and Secretary of College of Commerce and Business Administration in Ohio; Milan V. Ayres, Analyst of the National Association of Finance Companies from Chicago; Walter H. Johnson, Jr., President of the Marine Trust Company of Buffalo; Rolf Nugent, Assistant Director, Department of Remedial Loans, Russell Sage Foundation, New York; and others.

The complete business program outlined by President Ball is as follows:

THURSDAY MORNING October 8, 1931

9:30 to 9:45—Call to order. Report of Registration Committee. Notice of Meeting—Committees.
9:45 to 10:15—Address of Welcome, the Honorable George White, Governor of Ohio.
10:15 to 10:30—Response, Luther H. Tucker, of Albany, New York.
10:30 to 11:00—Presidential Address.
11:15 to 11:30—Report of Secretary-Treasurer.
11:30 to 12:00—Sectional Association Meetings.
12:00 to 12:30—Official Convention Photograph—Delegates and ladies.
12:30 to 1:00—Board of Governors Meeting at luncheon.

THURSDAY EVENING

8:30 to 9:00—Address, I. J. Fulton, Superintendent of Banks, State of Ohio.
9:00 to 9:15—Response, Thomas Coughlin of Cleveland, Ohio.
9:15 to 9:45—"Morris Plan from the Standpoint of a Borrower," Earl E. Davidson, Supervisor of Loan Agencies, State of Massachusetts.
9:45 to 10:15—"Morris Plan Banks and Consumer Credit," Ralph W. Pitman of Philadelphia.
10:15 to 10:30—Open discussion.

FRIDAY MORNING October 9, 1931

9:30 to 10:30—Routine matters.
10:00 to 10:30—"The Economist and Consumer Credit," Dr. Felix Held, Professor of Economics and Secretary of College of Commerce and Business Administration, Ohio State University.
10:30 to 10:45—"Thrift and the Morris Plan," Peter W. Herzog, author of "The Morris Plan of Industrial Banking" of St. Louis.
11:45 to 11:15—"Consumer Credit and the Finance Company," Milan V. Ayres, Analyst of the National Association of Finance Companies, Chicago, Ill.
11:15 to 11:45—"Morris Plan from the Inside by a Commercial Banker," Walter H. Johnson, Jr., President Marine Trust Company, Buffalo, New York.
11:45 to 12:15—"Consumer Credit and the Social Agencies," Rolf Nugent, Assistant Director, Department of Remedial Loans, Russell Sage Foundation, New York.
12:15 to 1:00—Open discussion.

SATURDAY MORNING October 10, 1931

9:30 to 9:45—"Cutting Down Overhead and Increasing Profits," H. Ellsworth Brown, Bridgeport, Conn.
9:45 to 10:00—Discussion.
10:00 to 10:15—"New Business During Depression," E. M. Richardson, Akron, Ohio.
10:15 to 10:30—Discussion.
10:30 to 10:45—"Credits During 1931," John M. Fox, Jr., Memphis, Tenn.
10:45 to 11:00—Discussion.
11:00 to 11:30—Committee Reports; Auditing, Resolutions, Etc.
11:30 to 11:45—Report of Nominating Committee.
11:45 to 12:15—Meeting of Board of Governors.
12:15 to 1:00—Meeting of Executive Committee.

SATURDAY EVENING

7:00—Annual banquet. J. Rodney Hall, toastmaster; Honorable Robert J. Bulkley, principal speaker; Arthur J. Morris, greeting; Playlet, "Judgment Day"—Characters, Thomas Coughlin, Robert O. Bonnell, William Jenkins, Ralph W. Pitman and J. Frederick Green.
Adjournment.



An all-weather business . . .

Any kind of weather is good weather in the telephone business. Rainy days put no damper on calls. More and more the American public is relying on the telephone.

Today there is a Bell or Bell connecting telephone to every six persons, compared with one for every nine in 1920. Growth of the "telephone habit" is outstripping the use of all other forms of communication.

For the investor this means

security behind the security. It is a factor that appeals strongly to the more than 600,000 American Telephone and Telegraph stockholders.

Another assurance is the careful management of the Bell properties. Dividends have been paid continuously for fifty years. Surplus has been invested in telephone property for the protection of the service.

May we send you a copy of our booklet, "Some Financial Facts"?

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



Essay Contest

IN A statement to the Association of Advertising Men of New York which each year sponsors the G. Allen Reeder Award contest for the best essays on foreign trade topics, Dr. Julius Klein, assistant secretary of commerce, said:

"The increasing activity of the United States in the financial and commercial spheres of world affairs requires of the youth of America that they become thoroughly informed on these great issues. The provincialism and self-sufficiency which characterized our business minds a generation ago are poor endowments for the young man in business today. Knowledge of the world, of its peoples, its resources, its communications and the interdependence of its nations is essential to the clear vision of the business executives of the future.

"The stimulation of the minds of youth such as that provided by the G. Allen Reeder Awards, which are presented annually through the Association of Advertising Men for the best essays on foreign trade topics, is an object worthy of countrywide notice and support. Every serious contestant for the prizes receives a direct benefit to himself through his participation in the contest. The donor is making a practical contribution to the up-building of our commerce."

Details of Contest

THE topic for the 1931 essay contest is "What Advertising Can Do for American Products in Foreign Markets." The contest closes November 1, 1931, and is open to all young men not holding executive positions or titles. Essays are not to exceed 2,500 words, and may be less; those submitted are not to be returned.

In addition to the beautiful Tiffany silver cup award which he keeps for one year the winner of the first prize will receive \$100 in cash. Second prize is \$35 in cash, third prize is \$25 in cash and there are eight additional prizes of \$5 in cash.

All essays should be typewritten, if possible, and on one side of the paper; and also show the name, address and business connection (if any) on the title page. Mail entries to the Chairman, G. Allen Reeder Award Committee, Association of Advertising Men, Grand Central Palace, New York, N. Y.

Heads Women's Committee

Miss Ruth Bergum, First Minneapolis Trust Company, has been appointed chairman of the Women's Committee, Minneapolis Chapter American Institute of Banking, by Lawrence O. Olson, president.

Minneapolis Chapter now has a membership of more than fifteen hundred. Miss Bergum's duties will include directing the activities of the women in the Chapter during the coming year.



The conservative recommendations of this institution will be found valuable in the *impartial* analyses of your bond account. This counsel is available at regular intervals to all banks for whom we act as Chicago correspondents.

THE NORTHERN TRUST COMPANY

Northwest corner LaSalle and Monroe Streets
CHICAGO

More than forty years in the service of Chicago

AK-SAR-BEN LIVE STOCK, HORSE SHOW AND RODEO

Omaha, October 31 to November 6

You are invited to make this Bank your headquarters while visiting these shows.

The Live Stock National Bank of South Omaha

OMAHA—UNION STOCK YARDS

Entrust Your Business to a Bank With World-Wide Connections



The fact that we number among our extensive list of correspondents the largest and the strongest banks of the country is a matter of some price with us.

To country banks in the smaller cities and towns this circumstance has a practical advantage as well: not only are we able to collect the business committed to our care through the quickest and most reliable channels, but we can make telegraphic transfers to every point conveniently and with no delay.

All points in the Third Federal Reserve District reached direct.

All items received at par.



... THE ...

PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA, PA.

Capital, Surplus and Profits, \$46,000,000

Selling Bank Service Through Advertising

(Continued from page 16)

each additional increment of risk commands a tremendous premium.

"We have here the very antithesis of the heedless optimism that distorted our viewpoint two and three years ago. There is entirely too much band wagon psychology in American business. We are carried away by the enthusiasms of the moment and are prone to think that conditions will continue indefinitely to be as they are now, in spite of all our experience to the contrary. When times are good, we overlook or minimize the signs of danger; and when depression sets in, although we try to cheer ourselves and others by optimistic statements, we lack either the confidence to see the favorable factors in their true light or the courage to act upon our convictions."

—
GEORGE BARROWELOUGH, Detroit:

"The theory that it is unwise to tell your customers anything about your business was exploded prior to the Spanish-American War. Bankers know the fallacy in the fable of the mousetrap maker who lived in the woods, and because he made a better mousetrap than his neighbor the public made a beaten path to his door. That mousetrap maker would have been advised by his banker to work out a merchandising plan for his traps before the public became lost in the woods, and yet that same banker hesitates to tell the public anything that really matters concerning the banking business.

"Institutional advertising has its place. It pays to keep our banks before the public in a favorable light but I repeat that if the bank at X-ville had been known as a bank of sound loan policies that zealously guarded the safety of its depositors' funds instead of the bank with the chime clock, it would still be open for business. The time has come when banks must merchandise their loan policies as efficiently as they have merchandised savings accounts. It is time to brand and package credit in an attractive wrapper of cellophane."

Declare Dividends

At the meeting of the directors of the Drovers National Bank of Chicago, the regular 2½ per cent quarterly dividend was declared.

At the board meeting of the directors of the Drovers Trust & Savings Bank, the regular quarterly dividend of 3 per cent was declared.

These dividends are payable October 1, 1931, to stockholders of record September 30th.

—
I would be loath to cast away my speech; for, besides that it is excellently well penn'd, I have taken great pains to con it.
—Shakespeare.



Money that talks in every tongue

Speaking for the prestige of your depositors — protecting their funds against theft or loss — surprising them with a spendability that is world-wide, American Express Travelers Cheques truly represent travel “money” that talks in every tongue.

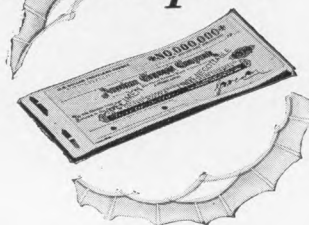
Practically wherever your clients may travel, there are few more cheering sights than the uniformed representative who is the living symbol of the Helpful Hand of American Express Service. He and many others are stationed in distant lands to aid

travelers who carry American Express Travelers Cheques, now sold in the new, dollar size.

Perhaps it is a rickshaw problem? Visiting the pyramids... steamship, hotel, and rail reservations, passport problems... whatever it may be, he is ready to aid in making travel easy and comfortable. This valuable personal service is automatically assured to your patrons on their trips abroad, the moment you sell them the small and convenient American Express Travelers Cheques.

accepted the world over
AMERICAN EXPRESS
Travelers cheques

Steamship tickets, hotel reservations, itineraries, cruises and tours planned and booked to any part of the world by the American Express Travel Service





Investments Secured Twenty-Fold

Ordinary bonds are generally rated high if they are secured by *twice* their value in tangible property.

Iowa School Bonds are secured by *Twenty* times their amount in tangible, taxable Iowa property.

Here, in a nutshell, is the fundamental reason why Iowa school, municipal, and county bonds are the premier of "gilt edge" investments today. Such a tremendous margin of absolute safety is rarely even approached by ordinary types of bonds. In addition, school, municipal, and county bonds are tax-exempt, are salable on shortest notice, and pay liberal interest.

If you want maximum safety, write for our attractive list of school and municipal bond offerings. No obligation.

CARLETON D. BEH CO.

Investment Securities

12th Floor, Des Moines Building

DES MOINES, IOWA

Dial 4-8156

Bonds and Investments

The Average Banker Looks at His BONDS

By A. C. ROBINSON
President, Savings Bank Division,
American Bankers Association

WHEN the average banker opens his vault and takes a look at the bonds which he has been buying with the money of his depositors and stockholders, he will have a series of varying emotions, depending on the order in which the bonds come to hand.

If the first bonds the banker sees as he looks in his safe are those which most bankers purchased several years ago, such as U. S. Governments, Atchison General 4s, Pennsylvania Consolidated 4½s, New York Central 3½s, American Telephone 5½s, Illinois Steel 4½s, good municipals or other first grade issues, he has a feeling of confidence. His old friends have fluctuated in price, true enough, but only in response to changing money rates and not because of any question as to security. He is like the teamster of my early days on the farm who, when his wagon was hub deep in the mud and the pair of young leaders had quit, went back for a word of encouragement to his old team at the pole. They had never failed him in the past, and he knew they would come through this time also.

The Old Stand-Bys

AS HE looks further his eye falls on other issues and the feeling of absolute confidence which the sight of his old stand-bys gave him begins to change to an attitude of questioning. As this questioning and wondering increase his feeling of confidence subsides and a new line of thought comes into his mind. He visualizes a railroad, its capital structure quite heavy with debt, its line of track between two cities whose stacks are not belching forth their usual quantity of smoke, and he sees a Limited pull out with not more than a third of its space occupied, followed by a freight with only a few cars. He then sees in his mind's eye the operating statements for the past six quarters, each one showing a constant decline in gross and net. As he follows these figures from good to fair, from fair to poor, from poor to bad, and from bad to worse, a depressed feeling comes over him and he begins to wonder what will be the end. Slowly it dawns on him that he has been through times of depression before, and his thoughts go back to 1921. He remembers his fears of that time and realizes that while conditions may be even worse now than they were ten years ago, this country has always weathered the storms and that this time will be no exception. He knows, however, that many of the declines in these

bonds are due to forced liquidation of unseasoned securities, and that substantial recoveries are certain in time. His attitude of questioning and wondering gradually gives way to cheer, and he turns to another part of his box.

Here he finds a group of issues brought within the past seven or eight, years. Here is a new pair of leaders he has recently broken to harness. They work in step with the old pole team. While not tried by years of good times and bad, they have come through this depression satisfactorily. He sees Public Service Electric and Gas 4½s, Philadelphia Electric 4½s, Pacific Gas and Electric 5½s, Commonwealth

"The past three years have been trying times for the average banker. He has seen shrinkages in values which were impossible to predict, and the resultant losses have been enormous but there is a way out. It will require courage and patience. Draw your plans for the new list and start at once to lay your foundation. Bonds will continue to be issued; we shall continue to buy them!"

Edison 5s, and Cleveland Electric Illuminating 5s and others. By this time his feeling of confidence has returned and he thinks he can look his depositors and directors straight in the eye.

Over in another corner a name catches his eye, another, and then another. As he picks up a package of bonds in either hand his elation rapidly gives way to renewed depression. He realizes that he has made a number of mistakes, and begins to take stock. There they are, his mistakes, all in one corner of his vault, placed side by side as a little girl will place her broken dolls, or a boy his one-legged soldiers and other injured toys. As he looks at them a crushed feeling comes over him, and his confidence in himself as an investor goes down to a low ebb. However, being a banker with experience, he regains control of himself and begins to think, then to figure. A few rapid calculations soon show him that with all the terrific shrinkage in the last lot he looked at, and the sizable

amount in the second lot, his reserves built up over a period of years, plus the write-offs he can take during the next two or three years, will absorb these losses without impairing his capital assets.

But how about his friend the banker in the next block, who never had a pair of reliable wheel-horses, bought the new issues with large yields, and never set up reserves while the high coupons were being paid? He is in a bad way, and we all know it.

Analyzing the Situation

LET us return to our first banker's office. We find him deep in thought, analyzing the causes back of the present condition of his bond account. Instead of thinking backward from the present time he goes back to 1910 and begins to think forward. What composed his assets at that time and how have they changed? He then had about 20 per cent of his capital assets in his building and lot, the rest of his capital and about 25 per cent of his deposits in bonds of the wheelhorse type, another 25 per cent of his deposits in good outside commercial paper, the remainder in local loans and mortgages.

What has he today? A limestone building, the pride of the town, in which he has about 40 per cent of his capital funds; perhaps 25 per cent of his assets in government and other first grade to good bonds; another 20 per cent in second grade to defaulted issues, and the balance in local loans. I would say his condition is that of the average banker; some are in better shape, but many are in much worse.

He begins to wonder why, in the last twenty years, 20 per cent of the liquid paper which he has always carried has been replaced by nondescript bonds. The period of extreme prosperity during the war and following 1921 gave many of the large commercial borrowers an opportunity to build up their cash position to a point where it was no longer necessary to sell paper to finance seasonal requirements; many of them became lenders, either directly or through the purchase of securities. As the old time commercial borrowers gradually withdrew from the bond market, a new type of borrower appeared, to finance the enormous expansion of all kinds which was taking place. Many times it was a first grade name, but more often it was a new name, and that is when our present grief began. As the visits of the commercial paper salesman with his up-to-the-minute statements became less

frequent, the visits of the bond salesman, polished, fluent and persuasive, became more and more frequent. He had other merchandise to replace the old established and familiar names. Sometimes he brought up-to-date statements, but more often he brought extravagant estimates. Sometimes it was a new office building, hotel or movie palace; sometimes it was a toll bridge, a tunnel, or a new utility holding company; frequently it was an industrial merger of a number of companies whose owners were glad to get out, a small industrial company increasing its capacity to take care of greater-than-a-boom volume of business or a sell-out where the original

owners received the full value of their business in cash and retained the common stock, which in many cases only represented capitalization of earning power during prosperous times. Still others had foreign issues about which we knew little or nothing. We did not buy bonds on careful investigation and judgment—we let them be sold to us. Then what happened? After a few months or a year we began to realize that estimated earnings were not materializing, that former high earnings were beginning to slip, that foreign political conditions were becoming ominous, and with this realization came a decline in market values.

Who is to blame? I would say we all are. We made it easy to finance new ventures or sell out old ones, to make great public improvements in Europe or South America and to Americanize their plants to compete in a world market, already glutted. Of course it helped to create great prosperity while it lasted, but now we are having the feeling of the morning after. Many bankers of the old school who had been satisfied to buy the going rate for good paper were tempted by the high coupon and failed in their duty to depositor and stockholder.

Causes of Depreciation

HAVE given you what I believe to be the primary cause for the heavy depreciation in so many bond accounts, and will try to outline some of the contributory causes. The primary cause is economic; the contributory causes are largely the banker's responsibility.

First: The lack of a definite, predetermined investment program, suited to the bank's requirements of security and liquidity.

Second: Insufficient facilities for investigation of conditions not disclosed in the prospectus. You must remember that the prospectus is primarily written to produce sales. Frequently important points are purposely omitted or evaded, some of which can be covered in the paragraph on "Purpose of Issue," by the words "and for other corporate purposes."

How many of us get our statistical information and our manuals, and try ourselves to dig out the facts, past and present, or do we rely entirely on the prospectus? When we were offered, say a Brazilian issue, did we look up the financial and economic history of the country, its resources, foreign trade, ability to command exchange for making payments on dollar bonds, and its record as regards defaults in interest, sinking funds and principal? When offered an Australian issue did we remember that economic and financial disaster are inevitable when a government becomes tainted with socialism?

Third: Inexperienced personnel. The investing of bank funds is a matter of great responsibility. In large institutions it is entrusted to very competent men, whose business it is to know more about bonds in general and the particular issue under discussion than does the salesman making the offering.

Fourth: Trading. Here is where the salesman of long profit bonds made his killing and left the inexperienced banker holding the bag. It is the natural inclination for a banker to tell a salesman he has no money, but during the conversation will mention a few issues he holds. One of them may be a very high grade issue which has advanced substantially during the past few months. The salesman begins by telling him that the bond returns, we'll say,

A. G. Becker & Co.

C O N S E R V A T I V E B A N K

I N V E S T M E N T S

• We are serving a large number of banks in the formulation and construction of their primary and secondary reserves. This service is based upon an intimate association, extending over a period of thirty-eight years, with banks in all parts of the country. • Some of the principles involved in this work are set forth in an interesting memorandum, a copy of which will be gladly sent to any bank officer, upon request. • Ask for NB-2.

100 South La Salle Street, Chicago • 54 Pine Street, New York

Facilitating Bank Investment Planning

Bank investment planning is often made easier for the officer charged with this responsibility if his bank maintains a connection with an investment organization which has an understanding of bank investment needs. The Continental Illinois Company, by reason of its contact with banks, meets this requirement

CONTINENTAL ILLINOIS COMPANY

CHICAGO

NEW YORK

SAN FRANCISCO

+

1010 Bankers Trust Building
Des Moines

only 4.20 per cent; is selling close to the call price; and advises the banker to take his profit. The word profit arouses interest, and then all of the salesman's persuasive powers come into action. What is the result? The sale is made, the banker has disposed of a very high grade issue, of unquestioned security and ready marketability, replacing it with a name he may never have known before. The 6 per cent coupon and the stock purchase warrants overcame that objection.

Fifth: Failure to investigate the responsibility, capability and integrity of the issuing house. During the period prior to 1928 when it was so easy to sell foreign issues of all kinds, many houses had men in different countries competing for loans. Few of these houses had previous experience in foreign financing, yet they pro-

ceeded without limit to contract for loans and resell them in this country. It has been said that at one time in 1927 there were representatives of thirty-five New York firms in Berlin alone, all there for the purpose of buying issues. When you consider that not over a half dozen American firms were qualified by experience and connections properly to investigate and safeguard foreign loans you will realize how we jumped pell-mell into something we knew very little about. Further, do you ever investigate the reason for a change of bankers on the part of governments or corporations? A change in bankers is always a signal to investigate. Of course there are changes of banking connections due to change of control of companies, and this does not necessarily indicate danger, but it does constitute a warning signal.

How many of us from time to time analyze the offerings of various bond houses to see how the prices of their issues are maintained when the underwriting syndicates are dissolved, and the artificial support to the market is removed? How many who are not on syndicate lists have yielded to the plea for the purchase of so many bonds at syndicate price provided they took an equal or greater amount at full retail price less one quarter?

We also need to take with reservations the statement that "the bonds being oversubscribed the books were promptly closed." Often this means only that the bonds have moved from the underwriters to dealers who have large unsold balances. Things are done better in London, where there has to be prompt public announcement of the percentage of bonds not taken by investors when the books are closed.

In all this there is no reflection on the many bond houses of high integrity and sense of responsibility to their investing customers, and no reflection on their intelligent and honest salesmen.

Suggested Remedies

THE contributory causes for depreciation in the bond account can all be overcome. Each banker should study his own situation and take steps to correct the weakness in his methods of purchase and review of securities. Suggested remedies are:

First: Discontinue the purchase of all issues with which you are not thoroughly familiar, unless you obtain a satisfactory opinion from an unbiased authority.

Second: When adding to your list, pay greater attention to security, marketability and maturity than to coupon rate and price.

Third: Study your holdings, appraise them frequently, disposing of weak holdings on market bulges which may be caused by sinking fund operations or other temporary causes; replace with issues of sound companies in industries which will recover more rapidly when the turn comes, issues which may be off in price mainly in sympathy with a generally weak bond market.

When applying remedies it is always well to do it with an eye to the future. A definite investment program should be laid out as the objective to be reached two or three years hence. Since the program differs with various institutions, only a general plan can be outlined, and the individual account must be planned to meet the bank's own requirements as to liquidity of the bond account, which in reality is the secondary reserve.

Some authorities claim there should be a division in the account, and draw a distinction between the secondary reserve and the bond account. For institutions with less than \$5,000,000 in bonds, the entire account may be treated as secondary reserve.

20 MILLION Corporate Trust Shares

LESS than 1 million CORPORATE TRUST SHARES remain available for issue. Issuance ceases when 20 million Shares have been authenticated by the Trustee. At the end of August over 19 million CORPORATE TRUST SHARES had been issued.

You can always buy or sell CORPORATE TRUST SHARES because quotations and markets are international. Ask your Investment House or Bank about CORPORATE TRUST SHARES.

5-YEAR FIXED TRUST SHARES are also sponsored by the originators of CORPORATE TRUST SHARES. The total issue of 5-YEAR FIXED TRUST SHARES, under the terms of the offering, is limited to 5000 Full Participations. The unsold remainder of 5-YEAR FIXED TRUST SHARES is now available to investors.

Because of the limited issue of 5-YEAR FIXED TRUST SHARES this trust has not been submitted to the Committee on Stock List of the New York Stock Exchange.

These are fixed investment trusts sponsored by
ADMINISTRATIVE AND RESEARCH CORPORATION

SMITH, BURRIS & CO.

Central Syndicate Managers

120 SOUTH LA SALLE STREET, CHICAGO
DETROIT NEW ORLEANS OMAHA

A study of deposit and loan swings for a period of years will determine the seasons of high and low deposits and loans. To provide funds for these seasonal requirements is the aim of the secondary reserve, and is the determining factor in deciding the amount of government and other immediately liquid securities necessary. Naturally, the bank with a high percentage of time deposits and relatively uniform demand deposits does not need as large a proportion of immediately liquid assets as one where ten per cent of the accounts comprise seventy-five per cent or more of the deposits. For the average bank, at least ten per cent of the deposits should be invested in government securities, exclusive of any securing circulation. In states where part of the legal reserve may be kept in certain securities, these bonds should be kept free for emergency and not be pledged to secure public deposits or used for reserve purposes. As soon as they are pledged they become frozen.

The Proportion

THE amount of government securities determined, the next problem is to distribute the remaining loanable assets to the best advantage, always keeping in mind that a banker's first duty is to return his depositor's money in accordance with the terms of deposit. Let us assume that the banking house and the government securities together are equal to the capital and surplus. The entire deposits must then be put to work in other ways—40 per cent in bonds, 35 per cent in loans and 25 per cent in mortgages makes a good distribution. If the bonds are the right kind, well diversified as to groups and maturity, the bank will never be embarrassed by shrinkage in value of its investment account.

Real estate mortgages have always been a prime favorite with savings banks, but they are not liquid in times of stress, and the present unfortunate condition of real estate all over the country teaches us a sharp lesson of greater caution in appraisements and percentage of loans. In my institution we require a credit statement with each application for a mortgage to determine what assets, income, and earning power there are to back up required payments of interest and principal.

I recognize that legal restrictions on investments by savings banks must in many cases modify and control the suggestions I am making about bonds.

The reckless issuing of bonds by municipalities, the great extravagance in expenditures and increase in taxation have already resulted in a number of defaults. Municipal obligations require more careful scrutiny than ever before, and are of less value as a secondary reserve.

Just now we are interested in the distribution of the 40 per cent of deposits

invested in bonds other than governments. We have five major groups in which to divide the account. A good distribution is 25 per cent railroad, 35 per cent utility, 20 per cent industrial, 10 per cent foreign, and 10 per cent municipal bonds.

The next step is diversification according to maturities. The trying times of the past two years have shown the wisdom of a good percentage of high grade short-term issues. Like the wheel-horses mentioned at the outset, good short-term bonds fluctuate to some extent, but only with varying money conditions; even in times of stress they can be liquidated at slight concessions. The distribution by maturities should be 20 per cent up to five years,

and another 20 per cent from five to ten years, leaving 60 per cent for longer maturities.

Once the plans for the investment program are drawn, the next step is to lay the foundation. Every account has a certain amount of the right kind of bonds which need not be disturbed. These can be used for the foundation upon which to build the account. Let us say that your present holdings will build 60 per cent of the new account. The problem then is with the other 40 per cent. All purchases and exchanges should be made to fill the gaps in the various groups. As a supplement to your own efforts it would be well to have outside assistance. The



WHEN one bank in the Middle West wanted a particular and unusual service rendered in Chicago, it called the Drovers because of its reputation for careful, personal attention. " " " "
The Drovers more than fulfilled expectations. " " " "

DROVERS
NATIONAL BANK
TRUST & SAVINGS BANK
Union Stock Yards • Chicago, Ill.

worst account obviously needs the most help from experienced people, and consultation is recommended with some organization specializing in bank investment supervisory service. There are several reliable organizations which render this service on a fee basis. The fee usually depends on the par value involved. In addition to the organizations of this type, some of the large financial institutions have special departments for this purpose available to their customers without charge.

Above all, avoid relying on tips or forecasts without trying to do some hard, intensive analysis of your own. One weakness is to subscribe to a number of statistical bureaus and then, swamped with the mass of literature, to skim their information and general opinions, often so very

valuable, looking eagerly for specific recommendations without further consideration. After all, while knowledge is invaluable, a little wisdom in using that knowledge is essential.

Banks should not confine their bond purchases exclusively to the old, seasoned issues. The greatest sources of liquid capital in the world today are the banks and insurance companies. It is essential that each institution furnish a part of the new capital needed to finance the growth and development of the country. In addition to the duty to supply a portion of this new capital, the bankers of the country have another duty, and that is to see that none of the funds entrusted to their care are invested in any industry which of itself is not inherently sound. Being satisfied with the soundness of the

industry, the next factor to examine is the company's financial structure. Be sure the company is strong enough to carry through its program, should its estimates fall short of actual costs, and still have ample working capital. The third point to determine is the need for the particular development being financed.

We all know that the electric light and telephone businesses are sound, but would you buy the first mortgage bonds issued for 50 per cent of the cost, by a company organized to build a large hydro-electric plant at Victoria Falls, South Africa? The industry is sound and the mortgage conservative, but is there a need for this development? Is there a market for its product? Again, the telephone industry is sound, but would you help finance a company to build a network of lines in the southwestern desert? Always consider the three essentials for a successful enterprise: a soundly financed company, engaged in an essential industry, having a market for its product at a reasonable profit. Be sure the bonds you purchase have all these characteristics, and you will not go far wrong. Even though a bond may meet all these requirements, you should not buy unless it fits into your plan. If it is an issue you know you should buy, because of outstanding quality at an attractive price, do not let it pass because it does not fit, or for lack of funds. Move out a less desirable issue and make a place for it.

Do not be too tender about getting rid, even at a loss, of any bonds the intrinsic security of which you have come to distrust after careful investigation and advice. Set up out of earnings adequate reserves against which to charge such losses, and also do not hesitate to charge against these reserves a marking down to market prices of any bonds which have had serious declines, but which you have decided to retain. With adequate reserves there is much less hesitation about selling doubtful bonds or reducing carrying prices. Be sure to amortize consistently and adequately the premiums paid for any bonds. In my institution we at once charge down to par any bonds bought at a premium, and do not mark up any bought at a discount.

The past three years have been trying times for the average banker. He has seen shrinkages in values which were impossible to predict, and the resultant losses have been enormous, but there is a way out. It will require courage and patience. Draw your plans for the new list, and start at once to lay your foundation. Bonds will continue to be issued; we shall continue to buy them. No investor, no matter how wise and great, is infallible, and we shall continue to have losses from time to time. It is our opportunity and duty to minimize these losses by the application of the accumulated wisdom of all investors.

LIQUID COLLATERAL

NORTH AMERICAN TRUST SHARES are exceptionally liquid collateral. They may be quickly liquidated by conversion into cash at any time without penalty through the trustee, the Guaranty Trust Company of New York. If 500 trust shares or any multiple thereof are held, they may be converted into the underlying stocks at any time without penalty through the trustee. Prompt delivery of underlying stocks may be anticipated when liquidation is accomplished through conversion.

In addition they are actively traded on the Chicago Board of Trade. The sponsor, Distributors Group, Incorporated, owned by a nationwide group of investment houses, has at all times maintained a bid at half a point under the offering price through over 1500 authorized security dealers. Daily prices are quoted in leading newspapers of the country.

More than 21,000,000 NORTH AMERICAN TRUST SHARES are owned today by well over 100,000 men and women who have already invested more than \$180,000,000 through this largest of all fixed investment trusts.

The twenty-eight common stocks underlying these trust shares are all listed on the New York Stock Exchange. All are constantly being accepted daily by large banks as good and sufficient collateral. They are:

AMERICAN TEL. & TEL. COMPANY
WESTERN UNION TELEGRAPH CO.
ATCHISON, TOPEKA & SANTA FE RY. CO.
STANDARD OIL COMPANY (N. J.)
CANADIAN PACIFIC RAILWAY CO.
ROYAL DUTCH COMPANY (N.Y. Shares)
LOUISVILLE & NASHVILLE R.R. CO.
OTIS ELEVATOR COMPANY
INGERSOLL-RAND COMPANY
SOUTHERN PACIFIC COMPANY
STANDARD OIL COMPANY OF CALIF.
UNION PACIFIC RAILROAD CO.
CONSOLIDATED GAS CO. OF N. Y.
AMERICAN TOBACCO COMPANY

F. W. WOOLWORTH COMPANY
GENERAL ELECTRIC COMPANY
PENNSYLVANIA RAILROAD CO.
EASTMAN KODAK CO.
AMERICAN RAD. & STAND. SAN. CORP.
NEW YORK CENTRAL R.R. CO.
STANDARD OIL COMPANY OF N. Y.
ILLINOIS CENTRAL RAILROAD CO.
UNITED STATES STEEL CORP.
UNITED FRUIT COMPANY
WESTINGHOUSE ELEC. & MFG. CO.
TEXAS CORPORATION
NATIONAL BISCUIT COMPANY
E. I. DU PONT DE NEMOURS & CO.

North American TRUST SHARES

Distributors Group, Incorporated, 63 Wall St., New York
(Owned by a Nationwide Group of Investment Houses)

CHICAGO • PHILADELPHIA • LOS ANGELES • ATLANTA

KNOWLEDGE BASED ON LONG SPECIALIZATION

*Iowa's Oldest and Largest Municipal Bond
House Places It at the Service of Banker
Clients in Every Part of the Country*

In times like the present, when a bank's investment and secondary reserve accounts assume such outstanding importance, it is a convenience to have at call the counsel of specialists in any of the classes of securities making up the bond portfolio.

For forty years, the House of Bechtel has specialized in the purchase and sale of high-grade Iowa Municipal Bonds. From the very beginning, it has had the privilege of cooperating closely with banks all over the country in the analysis of Iowa municipal securities with a view to selecting those best adapted to their special requirements.

And this broad experience, which has involved careful study of the individual needs of hundreds of banks in all classes of communities and under all types of economic conditions, provides an especially valuable background for useful counsel to clients in situations such as we are facing today.

Inquiries from bankers and other large-scale buyers, touching any aspect of the situation in Iowa municipal securities, will receive prompt attention and specific recommendations where desired.

*Our Current List of Attractive Offerings
in High-Grade Iowa Municipal Bonds Will
Be Gladly Sent Upon Request. Kindly ad-
dress Our Davenport Office.*

Geo. M. Bechtel & Co.

Established 1891

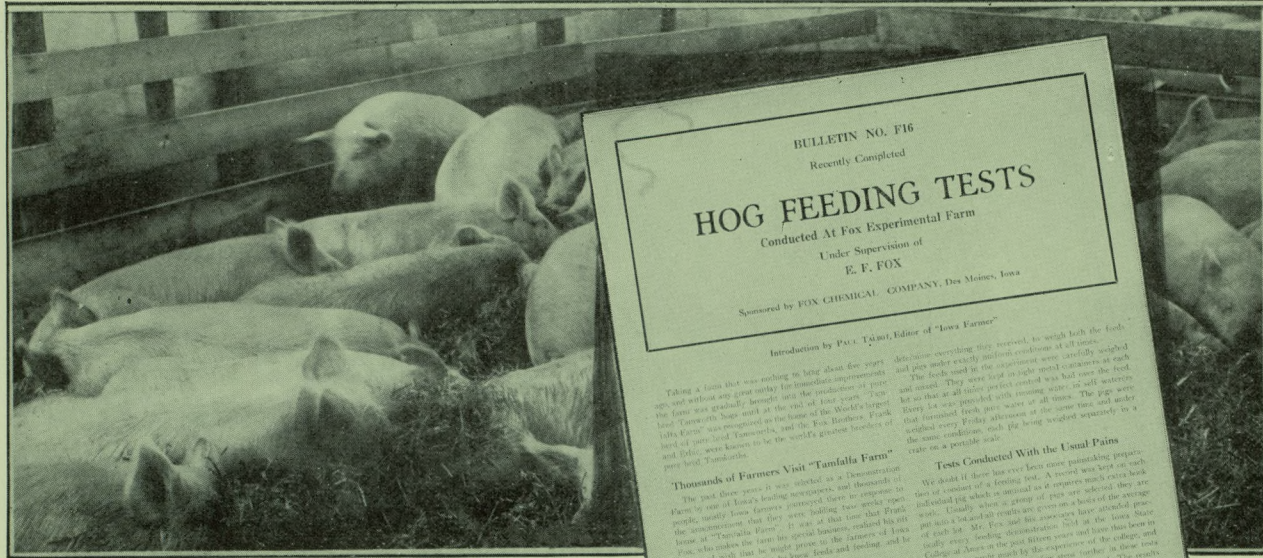
Bechtel Building, Davenport, Iowa.

First Iowa Trust Bldg.
Burlington

Equitable Building
Des Moines

Grand Opera House Bldg.
Dubuque

I O W A ' S O L D E S T A N D L A R G E S T B O N D H O U S E



Guarding Hog Profits

Healthy hogs fed a balanced ration are more immune to disease than those in a weakened condition. Fox Service men are working every day, upon request, with farmers, assisting them to keep hogs healthy and growing, to get largest gains at lowest feed cost per hundred pounds of pork produced. These trained service men ask no fees or wages from farmers. They are working — as every business man and banker in Iowa should work—to help farmers market grain in pork at the largest profit.

Fox Service Men are doing their share. They can accomplish much more when given the cooperation of bankers who are also keenly interested in the success of farmers.

Many bankers now suggest to farmer customers that they talk to the Fox Service Man about keeping hogs healthy thus making profitable gains.

Fox Service Men are able to give farmers definite assistance due to the extensive tests carried on at the Fox Experimental Farm—the largest privately owned experimental farm devoted to most economical and profitable hog raising.

BULLETIN NO. F16
Recently Completed

HOG FEEDING TESTS

Conducted At Fox Experimental Farm
Under Supervision of
E. F. FOX

Sponsored by FOX CHEMICAL COMPANY, Des Moines, Iowa

Introduction by PAUL TALBOT, Editor of "Iowa Farmer"

Taking a farm that was nothing in being about five years ago, and without any great money for immediate improvements, the farm was gradually brought into the production of pork. The farm was gradually brought into the production of pork. The farm was gradually brought into the production of pork.

Thousands of Farmers Visit "Tamulla Farm"

The past three years it was visited as a demonstration farm by one of Iowa's leading newspapers, and thousands of people, mostly Iowa farmers, prospective buyers in response to the announcement that they were holding two special open houses at "Tamulla Farm." It was at that time that Frank Fox, who makes the farm his special business, outlined his system of raising hogs to the farmers of Iowa, and he expressed with him the best price to the farmers of Iowa, and he expressed with him the best price to the farmers of Iowa, and he expressed with him the best price to the farmers of Iowa.

Tests Conducted on Concrete Floors

Probably the one thing that surprised Mr. Fox to conduct this feeding test more than anything else was the fact that all other hog feeding tests that he knew anything about were conducted on either dry lot or pens, but in all cases the hogs were on ground, not on concrete floors. It was impossible to know of or judge or weigh the effects of concrete floors on hogs until this feeding test was conducted. It was reported that hogs fed on concrete floors, and had no more trouble to get off of the concrete floors, and had no more trouble to get off of the concrete floors, and had no more trouble to get off of the concrete floors.

Fox Service Profitable to Farmers

It is a pleasure to see to give advice to the farmer, but we will be glad to give advice to the farmer, but we will be glad to give advice to the farmer, but we will be glad to give advice to the farmer.

PROOF

The feeding information contained in Bulletin Number F-16 is of extreme importance to everyone interested in farm prosperity.

These feeding tests show the way to farmers in producing pork and getting more money from their low priced grain. Every test reported in this bulletin has been made under controlled and most approved conditions to determine what feeding methods will produce the best profit.

It is indeed a pleasure to send this bulletin to you or any list of farmers whom you might wish to suggest. Your cooperation in spreading this feeding information to farmers will be mutually beneficial to everyone.

E. F. FOX

FOX CHEMICAL COMPANY

Manufacturers of the famous Fox Mineral Powder
Des Moines, Iowa

Sees Favorable Factors

Various factors have continued highly favorable to the bond market despite its somewhat retarded activity, Halsey, Stuart & Company point out in their quarterly review issued recently.

"Money rates remain at extraordinarily low levels. Business inactivity has left a great deal of money free for investment which in ordinary times would be required in the conduct of business. The supply of fixed income bearing obligations has been added to only moderately; and, because of the extremely conservative attitude adopted by the majority of investors, new bond offerings have consisted almost entirely of issues combining security and liquidity to a high degree."

Public utility bonds offered during the first eight months of 1931 led all other classifications in aggregate amount, the review points out, and these issues continue to enjoy higher favor among all classes of investors than practically any other of the major divisions of the bond market. This popularity is a direct reflection of the comparative stability in earnings which the utility division, considered as a whole, has been able to show in the face of the severe and protracted depression in business.

The review then turns its consideration to the attitude of investors at the present time, saying:

"Reflecting the prevailing overcaution, a distinct cleavage has continued between gilt edge bonds and issues of the less widely recognized variety—in fact, has even further widened. Investors have been demanding high quality, and have not hesitated to pay the price. Consequently, gilt edge issues have alone enjoyed ready acceptance and, because of some preponderance of demand over supply, have shown well-sustained strength during the greater part of the year. As an indication of the availability of large amounts of investment capital and the concentrated demand for the gilt edge classification, the recent financing by the United States Government, amounting to \$1,100,000,000, was oversubscribed. This was one of the largest flotations since the war, and bore the extremely low interest rate of 3 per cent for the 24-year bonds and 1½ per cent for the one-year certificates.

"Many opportunities to obtain unusually liberal income exist in the present market among sound but less widely recognized issues. To avail himself of these opportunities by no means signifies that undue concessions must be made by the investor from the standpoint of security, but he should be willing to study the issues offered. Those investors who have maintained much the same discriminating attitude toward bonds recently as in ordinary times have been quietly engaged in 'averaging up' the secured income received from their accounts. The last two years have

been unusually favorable for this purpose. If past experience may be taken as a guide, the eventual improvement in business and the return of confidence will tend to change the demand by investors for extreme security and liquidity to a demand for safety, marketability, income, and other features in the degree that they are actually required. It is reasonable to expect that when that time comes the present opportunities among the less widely recognized issues will disappear quite rapidly."

Corporate Trust Shares

John Y. Robbins, president of Administrative and Research Corporation, announced recently that the first bulletin to be issued by the New York Stock Ex-

change with regard to fixed trusts had just been released. Members of the New York Stock Exchange are permitted to participate in the organization and management of Corporate Trust Shares and the distribution of its securities. The New York Stock Exchange has expressed no opinion as to the desirability of the securities of this trust as an investment.

To Handle Bond Advertising

Carroll Dean Murphy, Inc., Chicago and New York, has been appointed to handle the bond and investment advertising of the First Union Trust and Savings Bank, Chicago, in addition to the trust advertising which is already placed through this agency.

Exempt From All Federal Income Taxes

WE OWN AND OFFER

\$66,000

CLOVERPORT, KENTUCKY

6% Water Revenue Bonds



Dated April 1, 1931—Due serially as follows:

| | | |
|-----------------------|-----------------------|-----------------------|
| \$2,000 April 1, 1934 | \$2,000 April 1, 1943 | \$2,500 April 1, 1952 |
| 2,000 April 1, 1935 | 2,000 April 1, 1944 | 2,500 April 1, 1953 |
| 2,000 April 1, 1936 | 2,000 April 1, 1945 | 2,500 April 1, 1954 |
| 2,000 April 1, 1937 | 2,000 April 1, 1946 | 2,500 April 1, 1955 |
| 2,000 April 1, 1938 | 2,500 April 1, 1947 | 2,500 April 1, 1956 |
| 2,000 April 1, 1939 | 2,500 April 1, 1948 | 3,000 April 1, 1957 |
| 2,000 April 1, 1940 | 2,500 April 1, 1949 | 3,000 April 1, 1958 |
| 2,000 April 1, 1941 | 2,500 April 1, 1950 | 3,000 April 1, 1959 |
| 2,000 April 1, 1942 | 2,500 April 1, 1951 | 3,000 April 1, 1960 |
| | 3,000 April 1, 1961 | |
| | Denomination, \$500 | |

Interest payable semi-annually, April and October 1, at the NATIONAL CITY BANK OF THE CITY OF NEW YORK, NEW YORK, or at the offices of W. D. Hanna and Company, without expense.

FINANCIAL STATEMENT

| | |
|---|-------------|
| Estimated Real Value of Taxable Property..... | \$1,200,000 |
| Assessed Valuation | 528,395 |
| Total Bonded Debt Including this Issue..... | 66,000 |

These bonds are issued by the City of Cloverport (population 1385) to build a water distributing system, including two deep wells and a stand-pipe with a storage capacity of 75,000 gallons. The law makes mandatory upon the City of Cloverport the maintenance of such rates as will always provide sufficient funds to pay principal and interest on these bonds, all operating expenses including depreciation. This law has been declared constitutional by the highest court of Kentucky—the Kentucky Court of Appeals.

In the opinion of counsel these bonds are legal investment for insurance companies in Iowa.

The legality of this issue has been approved by Messrs. Chapman and Cutler of Chicago and we will furnish their opinion with the bonds.

Price 100 and interest to yield 6%

W. D. Hanna and Company

INVESTMENT BANKERS

BURLINGTON, IOWA

WATERLOO

CEDAR RAPIDS

KEOKUK

Pay \$755,000 Dividends

Distribution of \$755,707 to the stockholders of the Northwest Bancorporation was one of the largest distributions for the quarter by a Twin City institution, officials of the holding company said last month. The dividend checks mailed October 1st, go to 16,865 stockholders, 94 per cent of whom are residents of the northwest. Of the distribution 10,356 Minnesota stockholders will receive \$438,744; 1,413 in South Dakota, \$32,559; 941 in North Dakota, \$19,399; 936 in Iowa, \$48,376; 626 in Wisconsin, \$17,991; 540 in Nebraska, \$34,010; 429 in Montana,

\$16,492; 404 in Washington, \$14,809, and 1,041 in other states and foreign countries, \$133,327.

No Tax, No Thought

Senator Glass of Virginia, whose opinions on finance are usually interesting, believes that congress will have to increase taxes. He thinks that we should do what the British have done—increase the rates in the lower brackets as well as in the upper. He regards this as necessary, not merely for the sake of the revenue but because Americans should be made to feel a "direct and personal inter-

est in their government through taxation," thus provoking a more intense interest in the selection of their public servants.

This argument is not new, of course. It was the one thing which made conservative students of taxation doubtful of the wisdom of the income tax law passed in February, 1926. Before that the exemption for married men and heads of families was \$2,500 and for single persons \$1,000. These were raised to \$3,500 and \$1,500 respectively. The result was startling. The personal income tax returns dropped from \$7,369,788 for 1924 to \$4,171,051 for 1925. More than three million persons had been released from the vexatious shackles of the law. Forty-three per cent of those who had been making returns gained freedom from the headaches and expense attending the payment of the federal tax. At the same time, however, they doubtless lost personal interest in what congress was doing with tax money. They were well out of it, so why should they worry?—New York Sun.

In the Wake of Britain

Norway and Sweden have temporarily abandoned the gold standard, because Britain has; Denmark is considering the same action; the central banks of these countries and the central bank of Finland are cooperating to protect their national currencies. These countries have largely been using pounds as the medium of exchange in international transactions, and now pounds are unavailable. The British suspension of gold payments has produced a severe dislocation in the mechanism of international finance and commerce.

How soon gold payments will be restored by Norway and Sweden, and any other countries in the same situation, will depend on the outlook in Great Britain. The uncertainty about the pound causes a similar uncertainty in other countries. Those that are especially affected can do little but take the familiar measures, against the exportation of gold, and await British developments. — From *Chicago Journal of Commerce*.

Lansford Business Good

Illinois local improvement bonds, like other sound securities, are finding a ready market throughout the middle west, according to a letter received by the Northwestern Banker from Paul T. Lansford, president of Lansford & Company, 33 North La Salle Street, Chicago. While the principals of the firm have been in the investment business in Chicago for many years, October marks the second anniversary of the organization now well and favorably known as Lansford & Company.

The letter from Mr. Lansford, reads as follows: "We are glad to see that it is once more becoming fashionable for investors to look for security first in their

To Bankers

temporarily "Out of the market"

for Bonds



- Because of the extraordinary conditions which have prevailed throughout the country for some time, most banks are carrying cash reserves far in excess of what would be considered necessary or conservative under ordinary conditions.
- Under these circumstances, there is an inclination to defer consideration of bonds until such time as gradual modification of present policies appears justified.
- How strong a cash position should be maintained?—and when may it safely be modified?—these are questions strictly within the province of the bank management itself. It does not follow, however, that all consideration of bond investment should be deferred until the time for actual purchases arrives.

• On the contrary, there will never be a better time than the present for working out and adopting a policy of bond investment for the future. What percentage of your resources, under ordinary conditions, may advantageously be invested in bonds? Precisely what needs should they be expected to serve? What structural requirements of your account should be met in your future bond selections? In the main, such questions as these are better answered in advance than at the time individual bonds themselves are up for consideration.

• Our organization will gladly cooperate with bankers seriously interested in evolving bond investment policies properly adapted to their requirements—regardless of whether immediate purchases are contemplated. Further suggestions on this subject will be found in our folder, *Sound Investment Practice for the Commercial Bank*. A copy will be sent any bank officer on request.

HALSEY, STUART & CO.

INCORPORATED

CHICAGO, 201 South La Salle Street NEW YORK, 35 Wall Street
AND OTHER PRINCIPAL CITIES

• THE PROGRAM THAT DOES MORE THAN ENTERTAIN Every Wednesday evening thousands increase their knowledge of sound investment by listening to the Old Counsellor on the Halsey, Stuart & Co. program. Broadcast over a nation-wide NBC network. 9 P. M. Eastern Time 8 P. M. Central Time 7 P. M. Mountain Time 6 P. M. Pacific Time.

B O N D S T O F I T T H E I N V E S T O R

Northwestern Banker October 1931

investment. We have made sales, for instance, of a new Willmette, Illinois, issue of paving bonds, to investors who have seen some of their listed securities decline to 30 to 40 per cent; common stock dividends have either been reduced or omitted entirely, and some of their other securities are in default. Naturally these investors are cautious under these circumstances, and they made a much more thorough investigation of the Willmette bonds than they have been in the habit of doing. It was interesting to note that after going to Willmette and making a personal inspection, not one of them failed to make favorable comment on the appearance of the homes in this well built up section, and not a single objection was raised concerning the price. It seems to us that these people are no longer looking for bargains or cheap prices but when satisfied as to the security back of their investment, are perfectly willing to pay the price asked without hesitation."

Urges Convention Attendance

In a nation-wide call for bankers to attend the annual convention of the American Bankers Association, which will be held at Atlantic City, New Jersey, October 5-8, Rome C. Stephenson, president of the organization, declares that the bank failure history of the past two years "challenges our profession and our association to a new era of activity and achievement. Great tasks lie ahead of your association. They demand the earnest and active participation in its deliberations and activities on the part of bankers in all parts of the nation."

The vast majority of bankers "stand four square before the public as faithful stewards of their trusts and their institutions continue to serve their communities through an unparalleled economic storm in a way that brings new honors to our banking traditions," Mr. Stephenson says in his communication. He adds that "the acts of a few have been unduly magnified to the detriment of all," and that "demagogic criticism of banking has created problems not only affecting bankers but the public interest as well."

His letter also bespeaks "increased banking-wide support and development of the association's already extensively operative functions for promoting more scientific and impregnable banking methods throughout every part of the profession whether in large cities or small rural communities. The association believes it is the duty of every banking institution in the nation to give its community the benefits of the best banking experience and practice such as are being made available by this association's scientific bank management studies."

Railroad Refunding

During the next ten years approximately \$2,000,000,000 of railroad bonds will

come due and will have to be refunded. Regardless of the ability of the carriers to raise capital for improvements and betterments, they must make provision for issuing new securities to replace these maturing obligations if wholesale defaults and receiverships are to be prevented.

An essential fact in connection with these maturities is that the bonds coming due over the next decade bear an average interest rate of less than 5 per cent. Hence, unless this refunding can be arranged on at least moderately favorable terms a substantial increase in fixed charges is in prospect for the carriers on this account alone. If new capital requirements also must be met through the issuance of bonds with high coupon rates, the carriers will again face, as they did ten years ago, the necessity of allocating an abnormally large proportion of their income to funded debt service. This will

make virtually impossible the sale of stock for most of the roads, resulting in the further piling up of obligations and the undermining of railroad credit generally.

The problem of handling maturities is merely one aspect of the broader question of maintaining railroad credit, which the present depression has brought emphatically to the fore. It is out of the question to permit the railroads to continue to go along for several years with the small volume of earning power they now show. It is also precarious to rely upon an upturn in business activity to furnish additional traffic needed, for it is uncertain when such an upturn will come and even then, owing to effective competition from competing transportation agencies, it is not likely that the recovery in tonnage carried would be as rapid as in past periods of business recovery. Accordingly, the problem has to be faced squarely

Lincoln, Neb. (Pop. 76,000)

Columbus, Ohio, (Pop. 290,000)

Kansas City, Mo. (Pop. 393,000)

are included in the 550 cities and towns served by subsidiaries of the Continental Gas & Electric Corporation in Iowa, Nebraska, Missouri, Ohio, Texas, Kansas and Oklahoma. Approximately 88% of net earnings is derived from the sale of electricity.

We recommend for seasoned investment:



Continental Gas & Electric Corporation

5% Debenture Bonds due 1958

Price at the New York Curb Market to yield about 6.75%.

Bonds of this issue have been outstanding since 1928. Net earnings for 1930 amounted to over 1.70 times fixed charges including interest on the above. The Company is under the supervision of the United Light & Power Company.

Write for descriptive circular

PRIESTER · QUAIL & CUNDY · INC.

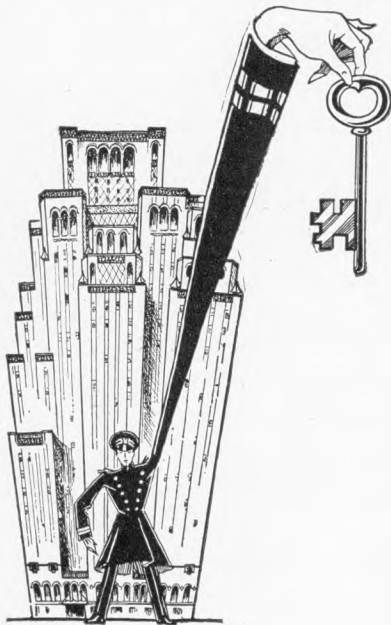


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American Bank Building

Davenport, Iowa

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OPPOSITE
PENNA. R.R. STATION**



A pre-eminent Hotel of 1200 Rooms, each having Bath, Circulating Ice Water and many other innovations featuring a sincere spirit of hospitality.

ROOM AND BATH \$3 UP



INVESTORS SYNDICATE maintains cash, United States and Canadian Government and Municipal Bonds, securities that qualify for investment of life insurance companies under the laws of the State of New York, and first mortgages on improved city real estate, in an amount never less than 110% of its liabilities under terms of its Installment Investment Certificates.

ASSETS OVER \$40,000,000



Recognized financial authorities invariably advise prospective investors that the best policy is to choose an investment house of unquestioned integrity and to rely upon its guidance. Our claim to your confidence is our record of service.

The White-Phillips Co., Inc.

Investment Bankers
DAVENPORT, IOWA

and ways and means for increasing revenues or cutting costs, or both, must be energetically and quickly found and made effective.

If relief is not forthcoming it is evident that the breakdown of railroad credit will take place at a steadily accelerating pace. Excessive cost of new capital, and even if additional investments are kept down to a minimum an exorbitantly high cost of additional funds absolutely needed for refunding existing obligations, will further cut down an already insufficient margin of earnings over fixed charges, and thus tend to aggravate the existing unsatisfactory financial situation of the carriers.—From *New York Journal of Commerce*.

No Bonus

Representative Patman of Texas, who was a leader in the soldiers' bonus fight in the last session of congress, will resume his activity in the approaching session, notwithstanding the decision of the American Legion to steer clear of the treasury. He says his bill for full payment of the bonus certificates will be strongly supported. It will, but not strongly enough for victory. A large majority of each house of congress does not want to vote for more bonus payments, and now the Legion has removed their fear of the "soldier vote." How can they be accused of injustice to the veterans, if they are square with the Legion program? Mr. Patman's bill has been defeated by the Legion.—From *Chicago Journal of Commerce*.

Opens Des Moines Office

The National City Co., investment division of the National City Bank, of New York, has established a Des Moines and Iowa office at 1001 Valley National Bank building, John F. Norton, company representative, announced last month.

Although the present address is temporary, the company will establish permanent headquarters. Norton, for a number of years associated with the company in Omaha, has already moved to Des Moines.

To Add Space

Melvin A. Traylor, president of the First National Bank of Chicago, has announced the completion of negotiations between the bank and the Moir Hotel Company, subject to the approval of two-thirds of the bondholders of the Morrison Hotel, which is now being obtained, for space in the hotel building immediately adjoining the bank on Clark street. As the protective committee for the Morrison bondholders has approved the proposed lease, there is no practical doubt of the closing of the transaction. The lease is drawn for a period of 25

years, with a term rental of approximately \$2,500,000.

The space acquired has a 75-foot frontage on Clark Street and is the first five stories and a strip on the south side of the basement of the hotel; a mezzanine floor makes seven floor areas to be occupied by the bank. This space is equivalent to about one floor of the present First National Bank building, and gives the advantage of lateral rather than vertical expansion. The First National Bank and its affiliate, the First Union Trust and Savings Bank, with the addition of this leasehold, have a frontage of 248.8 feet on Clark Street, 321 feet on Monroe and 191 feet on Dearborn Street, giving the banks the largest floor area of any financial institution in Chicago.

Floor levels of the bank and hotel buildings are relatively the same, so that the unification of the leased space with that of the bank building offers no major engineering obstacles.

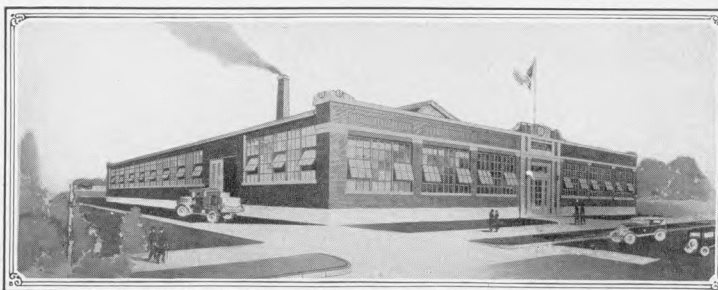
The bond department of the First Union Trust and Savings Bank will occupy the newly acquired space on the ground floor. The space on the second floor will be added to the officers' section of the First National Bank. This will release a considerable amount of space, which will be utilized for tellers' cages, for general working space, and also provide for enlarged lobbies for the convenience of customers in the transaction of their business with the bank. A permanent mezzanine floor on the north, east and south sides of the main banking room will be completed before the end of the year, creating 14,000 square feet of space. Above the main banking floor the newly leased space will be utilized by the various departments of the two banks.

Will Issue New Trust

The announcement made recently by the sponsors of Corporate Trust Shares that a new fixed investment trust would soon be offered and that sale of the present trust would be discontinued as soon as 20,000,000 shares had been issued has created much favorable comment in banking and investment circles.

Fear that individual fixed trusts were growing too large has often been expressed by market students on the ground that when the trust has terminated there is the possibility of liquidation of large blocks of stocks comprising the trust portfolio and that such procedure might easily depress the market. Such a situation would have an unfavorable effect not only on the holders of the trust shares but on general market operators as well.

With 20,000,000 Corporate Trust Shares outstanding, this trust alone will be holding 40,000 shares of the common stock of each of 28 counties. While only two fixed trusts have attained anything approximating this volume, it is possible



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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 individuals, institutions and thousands of banks the country over.

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GENERAL MOTORS ACCEPTANCE CORPORATION

OFFICES IN PRINCIPAL CITIES

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS -- OVER \$80,000,000

Northwestern Banker October 1931

FEW "infant" industries are as assured of future success as the natural gas industry. Increasing demand and an unlimited natural supply guarantee rapid development for many years to come.

We offer for your consideration the One Year Six Per Cent Gold Notes of the Arkansas Valley Natural Gas Company. Having a satisfactory yield and short maturity, they constitute an admirable investment for your secondary reserve.



DUTRO & COMPANY

E. RAYMOND DUTRO, President

American Bank Building

DAVENPORT, IOWA

that if sales of individual trusts were permitted to continue indefinitely, enormous blocks of stocks might be thrown on the market within a relatively short space of time.

The policy such as evidently has been adopted by the sponsors of Corporate Trust Shares of spreading the sales of trust shares over various series, each terminating at different periods of time, should in the opinion of market students alleviate this fear so often expressed by critics of investment trusts.

Corporation Earnings Better

Aggregate earnings of 260 representative industrial corporations in the second quarter of 1931 were 28.70 per cent higher than in the first quarter, according to compilations of published reports announced by Ernst & Ernst, accountants. This compares with an increase of 9.86 per cent for the same companies as between the first and second quarters of 1930, and an increase of 25.72 per cent between the same two quarters of 1929. In recent years the increase of second quarter over first quarter earnings has averaged around 20 per cent.

Included in this study are all industrial corporations whose first and second quarter earnings are available for this year and for the two preceding years—260 in all. That this list fairly portrays the general trend of industrial earnings is suggested by the fact that the six months' comparison of 1931 with 1930 for the 260 is approximately the same as for a list of twice as many industrials not all of which report earnings by quarters.

Another compilation shows six months' earnings of 928 corporations, including 526 industrials, 171 railroads, 103 telephone companies, 80 other public utilities, and 38 finance companies other than banks. Aggregate earnings of all of these were \$1,029,998,912, as compared with \$1,625,890,327 for the first six months of 1930, a decrease of 36.65 per cent this year under last year.

Of the 526 industrials whose six months' earnings have been reported, one-fourth, or 131, made more profit this year than last year, while three-fourths, or 395, made less. The aggregate profits of the 526 industrials were \$364,190,944 in the first six months of this year, a decrease of 54.50 per cent from the aggregate of \$800,498,606 reported by the same companies in the first six months of last year.

By classified groups of industrials, merchandising made the best record, with profits 19.23 per cent higher in the first half of this year than in the first half of last year. Telephone companies showed a 2.66 per cent increase. Merchandising and telephones were the only groups reporting increases. Beverages and confections showed approximately the same this year as last year. Among the groups showing

relatively minor decreases this year under last year were: Drugs, 5.13 per cent; public utilities other than telephone companies, 5.16 per cent; bakeries, 12.33 per cent; restaurant chains, 12.96 per cent; food products, miscellaneous, 12.97 per cent; paper products, 16.34 per cent. Textiles made a notable record by reducing the aggregate deficit to \$1,884,386 this year from \$2,822,497 last year. Aeronautics also made good progress by reducing the aggregate deficit to \$467,072 this year from \$7,320,288 last year.

Net operating income of 171 railroads showed a decline of 36.79 per cent this year under last year, approximately the same as the 36.65 per cent decline for the entire group of corporations, and less than the 54.50 per cent decline of industrials only.

Other groups and their percentages of decline are as follows: Amusement companies, 21.30 per cent; automobile manufacturers, 31.24 per cent; auto parts and accessories, 58.12 per cent; building supplies, 55.16 per cent; business equipment, 48.70 per cent; chemicals, 29.57 per cent; cigar manufacturers, 31.93 per cent; coal mining, 21.07 per cent; electrical household equipment, 52.11 per cent; iron and steel, 87.35 per cent; machinery and tools, 61.59 per cent; metal products, sundry, 77.42 per cent; mining and smelting, 77.57 per cent; oil producing and refining, 156.05 per cent; printers, publishers, 37.64 per cent; railroad equipment, 85.54 per cent; rubber goods manufacturers, 44.38 per cent; wearing apparel, 38.75 per cent; finance companies, other than banks, 35.49 per cent.

Foreign Bond Distribution

The foreign bond market has suffered very severely this year. Except for obligations of the strongest governments, such as France and Great Britain, prices of these obligations have declined sharply, losses running up to 50 per cent and even more in many instances, apart from those cases where actual defaults have taken place. A variety of unsettling news serves to explain these declines in quotations, which brought on liquidation that could not be absorbed except at material price concessions. However, now that these market adjustments have taken place, it is interesting to trace any accompanying shift in the distribution of these bonds among different investing groups in this country.

Based upon available statistics, there is reason to believe that about \$1,000,000,000 of foreign bonds were absorbed by the commercial banks of this country. The bulk of them is held by the member banks of the Federal Reserve system, and regular statistics on the fluctuations in the amount of their holdings are made available by the Federal Reserve Board. Reports show that the member banks, numbering nearly 8,000 institutions, held \$715,-

State University of Iowa

(Athletic Council)

5% STADIUM SERIAL GOLD BONDS

Dated March 15, 1929

Due 1940-44

The issuance of these bonds has been authorized and approved by the Iowa State Board of Education, and, in opinion of counsel, these bonds are free from Federal Income Tax.

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specializing in

THE SELECTED TRUSTS

000,000 of foreign bonds at the end of 1930. During the first three months of the current year their holdings dropped \$10,000,000, while for the second three months' period the decline was \$63,000,000. In other words, the commercial banks appear to have parted with more than 10 per cent of their holdings of foreign obligations during the first half of 1931, sales having been made chiefly in the second quarter of the year.

A smaller volume of these bonds had been purchased by investment trusts and cognate financial institutions. Their financial statements do not indicate any great shift in the volume or character of their

foreign bond holdings during the first half of this year. Many such organizations which originally intended to invest liberally in foreign securities were deflected from this course by the facile profits available in the domestic stock market up to and for a time even after the stock market panic of 1930. As a result their interest in foreign bonds is smaller than might have been anticipated in case of organizations modeled after the British investment trust companies.

Foreign dollar bonds in large volume found their way back to Europe, especially at the beginning of the general decline in prices. Reference to this absorption of

foreign issues by investors abroad has been made by Col. Allen M. Pope in his able reports as chairman of the foreign securities committee of the Investment Bankers Association of America, and private investigation indicates that as much as 50 per cent of certain smaller issues had found their way abroad. There is reason to believe that certain of these expatriated bonds are coming back to this market during the present financial stringency, adding to the volume of liquidation here.

When these institutional and foreign holdings are combined, however, it is seen that they constitute a relatively small proportion of the total of foreign issues floated in this market. The bulk of these bonds were placed with individual investors and are held by them now. The great change in price levels has reflected the liquidation of a comparatively moderate volume of bonds by institutional and individual holders who tried to sell in a market in which buying demand was absent except when stimulated by very sharp recessions. Closer investigation may well show, in fact, that the bulk of the foreign bonds sold in this country are held by individual purchasers who originally subscribed for them.—From *New York Journal of Commerce*.

Prosecutes Defaulters

From records compiled by the National Surety Company for the last eighteen months the number of embezzlements by employes has increased more than 17 per cent.

The present business depression has caused the financial and business institutions of this country to take careful inventory and to audit their accounts. In doing so it has, of course, unearthed defalcations that have been going on for a long period. So much so that it should prove an object lesson for the future.

The unusually large embezzlement losses paid by the National Surety Company have prompted William B. Joyce, chairman of the company, to make the following observation of the situation:

"There are more trusted employes causing losses during this depression than ever before in the history of this company and they seem to be getting worse.

"This company will continue its policy of vigorously prosecuting every convictable defaulter. During the past ten months the National Surety Company has established a record of convictions resulting in sending embezzlers away for long prison terms."

From a list of 278 sentences it is interesting to note that seventy received from one to five years, nine received sentences of from 20 to 25 years, and one individual was given life.

Everything comes if a man will only wait.—Disraeli.

Municipal Electric Light Plant 6% Pledge Orders

*Free from Federal income tax and all taxation
in Iowa when issued by Iowa municipality.*

THESE ORDERS are a lien on and payable from the earnings of municipal light plants of various cities and towns in Iowa and neighboring states. They are issued to pay a part of the cost of the installation of new, modern generating equipment. THESE ORDERS are in bond form, with semi-annual interest coupons attached.

PRICE — PAR TO YIELD 6%

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DES MOINES

Municipal Bonds

Yielding 4.50% to 6%

Circulars on Request

The Hanchett Bond Co.
Incorporated 1910

39 South La Salle Street, Chicago

NEW YORK

DETROIT

PHILADELPHIA

ST. LOUIS

News and Views

(Continued from page 18)

neer for the Permanent Construction Company, which organization was engaged in erecting storage tanks for the Great Lakes Pipe Line.

Paul was a very popular member of his community and greatly liked by all who knew him.

That he was more than a banker-engineer, was indicated by a poem which he wrote, "Build Me a House," and which also represents his philosophy of life:

Build me a house, in a yard, with grass
And trees and flowers, where the folks
that pass
Wear smiles and greet me with hearty
zest:
Where a man can breathe and think and
rest.

Build me a house, where the doors swing
wide
And beckon the friends to pass inside
And neighbor a bit in the fireside cheer
Where hearts are honest and tongues
sincere.

Build me a house, where my children
play
And haste to return, when they chance
to stray,
For a comfort and solace that naught
else can give.
Build me a house where contentment shall
live.

Consolidation

Merger of the Straus National Bank and Trust Company of New York into The Continental Bank & Trust Company of New York and acquisition by the consolidated institution of certain assets of International Trust Company were effected recently.

Capital funds of The Continental on the new basis comprise \$11,000,000, consisting of \$4,000,000 capital, represented by 400,000 shares of \$10 par value stock; \$6,000,000 surplus and \$1,000,000 undivided profits and reserves. Each share of stock of the bank carries with it ownership of one share of stock of The Continental Corporation, which has a paid-in cash capital of \$2,000,000 and a surplus of \$2,500,000.

Frederick H. Hornby, until now president of the bank, assumes the chairmanship of the board; C. Howard Marfield, president of the Straus National Bank and Trust Company, becomes president of the enlarged institution; Frederick E. Hasler, who has been president of the International Trust, becomes chairman of the executive committee; and Allen K. Brehm, vice president, assumes the first vice presidency. In addition to these four, the board of directors is made up as follows:

Julian A. Acosta, Springs & Company;
Frank E. Andruss, Kountze Bros.; John

G. Bates, Taylor, Bates & Company; Ellsworth Bunker, director, National Sugar Refining Company of New Jersey; John W. Castles, Chas. D. Barney & Company; Andre de Coppel, de Coppel & Doremus; Oscar Dressler; Fred W. Frazier, director, Houdaille Hershey Corporation; Siegfried Gabel, Hagedorn & Company; Albert R. Gallatin, Smith & Gallatin; Frost Haviland, J. H. Holmes & Company; Arthur F. Hetherington, de Coppel & Doremus; Frazier Jelke, Frazier Jelke & Company; Stuart G. Lyon, Lyon, Pruyn & Company; Jeremiah D. Maguire, president, Industries Development Corporation; Nicholas Roberts, president, S. W. Straus & Company, Inc.; George P. Smith, Smith & Gallatin; Mason B. Starring, Jr., Alured & Company; S. J. T. Straus, chair-

man of the board, S. W. Straus & Company, Inc.; Mackenzie Williams, Mackenzie Williams & Company; and Henry M. Wise, of Wise, Shepard & Houghton.

Sensations of an "Ex" Banker

(Continued from page 13)

who is supposed to collect my life insurance premiums within the thirty-day grace period. In the next block resides the manager of the finance company which paid for my automobile a few years ago. My landlord, I discovered, is secretary of a fire insurance association to which I owe an agency balance for August, 1929. All in all, the place is coming to feel almost like home.

*To Bankers who desire a Safe Investment
and good yield, we recommend*

WILMETTE, ILLINOIS

6% Local Improvement Bonds

With maturities from 2 to 10 years

The Village of Wilmette is the fastest growing suburb north of Chicago with population (1930) of 15,233, having practically doubled during the past 10 years. It is an ideal residential community made up of beautiful and expensive homes and also has 200 retail establishments with an annual sales volume in excess of \$5,500,000.

Detailed circular may be obtained upon request.

LANSFORD & COMPANY

SECURITIES

33 North LaSalle Street, Chicago

Specializing in Illinois Local Improvement Bonds . Exempt from All Federal Income Taxes

LAMSON BROS. & Co.

Established 1874

Members of Leading Exchanges

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| DUBUQUE, IOWA 1005 Federal Bank Bldg. | DAVENPORT, IOWA 305 Union-Davenport Bank Bldg. | |
| CEDAR RAPIDS, IOWA 503 Merchants Nat'l Bank Bldg. | MARSHALLTOWN, IOWA 201 Masonic Temple Bldg. | MASON CITY, IOWA 216 Bagley-Beck Bldg. |
| SIoux CITY, IOWA 620 Warnock Bldg. | WATERLOO, IOWA 203-205 Marsh Place Bldg. | |
| STORM LAKE, IOWA Brader Block | IOWA FALLS, IOWA 618 1/2 Washington Avenue | FORT DODGE, IOWA 404 Snell Bldg. |

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STOCKS GRAIN COTTON BONDS



THE OCTOBER HOROSCOPE

Famous persons born in October are Christopher Columbus, Liszt, Bancroft, Jennie Lind, William Penn, James Whitcomb Riley, Macaulay, Theodore Roosevelt and Chester A. Arthur.

Hope, ambition, energy and courage are notable characteristics of people born this month.

Excitability is strongly marked, and if you were born in October you should keep a strong grip on your nerves and hold your temperament in constant check.

The Opal is your lucky stone.

Your lucky colors are dark blue and gray.

If you are in the life insurance business but not now under contract, it will pay you to contact the Royal Union. Our General Agency plan of operation offers ample room for your ambitions. Write us today.



ROYAL UNION LIFE INSURANCE COMPANY DES MOINES, IOWA

A. C. TUCKER, Chairman of the Board
B. M. KIRKE, Vice Pres. and Field Mgr.

J. J. SHAMBAUGH, President
W. D. HALLER, Secretary

Checking Up on Your Safe Deposit Box Insurance

THE safe deposit companies of this country are custodians of unknown fortunes, the very mystery of which makes their business interesting. It has been stated by a prominent economist that there has been added recently to the contents of the safe deposit boxes of this country at least \$300,000,000 in currency, increasing the moral liability of the safe deposit box companies if not the legal liability. There is an amazingly small amount of law on the subject of legal liability of the safe deposit companies, and I want to bring out a word that carries various shades of meaning, especially when the case is in the hands of a jury. That word is "negligence."

Various cases in several jurisdictions of the United States have held that the safe deposit companies' legal liability to its customers is similar to that of a warehouse man, or is similar to that of a bailee for hire. In these capacities the safe deposit company is not an insurer of the property deposited in its vaults against loss or damage, but is obliged to exercise diligent care to protect the property from theft or damage.

Burden of Proof

THE burden of proof in a case against the safe deposit company for damages on account of negligence is on the plaintiff unless there is a prima facie evidence. In the case of the Safe Deposit Company of Pittsburgh vs. Pollack—85, Pennsylvania 391, bonds were stolen, yet there being no evidence that the vault was broken or the lock tampered with, it was held that the burden of proof was on the safe deposit company to show whether it was guilty of negligence, and that question was properly left to the jury.

Another case on the subject of duty and care is Cussen vs. Southern California Savings Bank—133 California 534 which brings out the following principles:

"The safe deposit company must exercise ordinary care in the preservation and safekeeping of its vaults. Also the company must use proper care in the selection of its employees, and both keys to the boxes should be in the possession of the lessee of the boxes."

Box Insurance

By H. SCARBOROUGH, JR.

Further lack of care is shown where a boy of 17 years of age, with only three months of previous employment was employed by a defendant, and put in charge of the safe deposit box room. Thus the cases quoted prove that the safe deposit company is a depository for hire, and that the parties to the contract are bailor and bailee, and the company, itself, is warehouseman. The very nature of the business puts an extra burden upon the company in the care and management of its affairs, and insurance is supplemental, taking up the slack, so to speak, filling in where the human element fails.

The risks incident to the business of the safe deposit companies present some problems which are unusual in their na-

"The interest displayed by the general public in the type and amount of insurance carried by the Safe Deposit department of banks is of great importance at the moment. In order to establish confidence in the minds of the public, several banks have purchased very large policies covering their safe deposit department, and put them on display so that their customers may see the policies. The displaying of these policies has quieted the fears of an oversensitive public at the same time giving to the bank much needed protection. The untold millions that have been stuffed away into safe deposit boxes have become somewhat of a burden to the bank. Even the worry and the added responsibility which has been thrust upon the safe deposit box department has made the purchase of insurance indispensable during this trying period."

ture to the comparison of the risk of banking, and for this reason it has been the practice of safe deposit companies to obtain policies of insurance especially applicable to the risk incurred in this business.

The lessees of boxes being permitted to withdraw and deposit various kinds of property without informing the company of the amount and value or description, makes it impossible for the safe deposit company to know the amount risk in any one box or series of boxes. The amount of insurance the safe deposit company should carry is the wildest kind of a guess.

Right here it is important to know that the bankers' blanket bond does not protect the contents of the lessees of safe deposit boxes unless the loss was occasioned by an identifiable employe. A great many banks are under the im-

pression that the bankers' blanket bond, covering burglary, robbery, misplacement and embezzlement, etc., covers customer's boxes, and this misapprehension has led to the failure on the part of a great many safe deposit box companies to purchase insurance for their own protection.

Best Known Form

PERHAPS the best known form of insurance policy is the bank burglary and robbery policy covering the contents of safe deposit boxes. This policy covers securities and jewelry only from loss of burglary and robbery only, sustained by the lessees of safe deposit boxes, and also agrees to pay the pecuniary loss sustained directly, resulting from damage with the exception of fire to the insurable property and to the premises, furniture and fixtures. The policy is written in the name of the bank, but liability for loss of property belonging to the bank is not assumed except loss caused by damage to furniture and fixtures. The insurance company agrees to defend any suit which may be brought against the assured for loss and agrees to pay all costs taxed in any legal proceedings and all expenses incurred for investigation negotiations in defense. All such costs and expenses are in addition to and not a part of the limitation of insurance expressed in the policy.

At this point it is interesting to know the definitions of both burglary and robbery as defined in the policy. "Burglary" is defined as:

"Securities feloniously abstracted during the day or night from within specified safe or vault to which the insurance applies, committed by any person who shall have made forcible entry by the use of tools, explosives, electricity, gas or other chemicals, while the safe or vault is closed and locked, and while located in the assured's premises."

The term "Robbery" means:

"The felonious and forcible taking of property; (1) by violence inflicted upon the person or persons having the actual care and custody of the property; (2) by putting such person or persons in fear of violence; (3) by an overt fe-

lonious act committed in the presence of such person or persons and of which they are actually cognizant."

Here it is important to know and differentiate between burglary and robbery. An interesting case occurred in Michigan recently, wherein the bank sustained a loss by means of a hold-up man demanding at the point of a gun that the cashier open the locked vault, which resulted in a very large loss to the bank. The bank had a policy covering burglary *only* in one surety company, and a policy restricted to robbery *only* in another insurance company. The surety company who had issued the policy limited to rob-

bery only paid, but the company who had issued the burglary only policy resisted claim. They were sued by the bank, and the court decided that it was not a burglary or forcible entry to the vault by means of tools, gas, etc.

The amount of the insurance on any one box shall not exceed 10 per cent of the total amount of insurance in force; the idea being to distribute the risk of loss and to limit the liability of the insurance company; therefore, in the purchase of this form of contract, you should be more than generous in naming the amount of insurance for which the policy is written.

Directly to Lessee

RECENTLY there have been a great many policies issued direct to the lessee of boxes to insure his property. This contract does not contain the 10 per cent limitation clause and, of course, is restricted to the loss from burglary or robbery. It is necessary that an accurate description of the vault containing the boxes be set forth in the policy and it should be endorsed stating that the vault is of burglar-proof construction.

Another form of contract much broader than the two policies that have just been described agrees to indemnify the assured against all claims, damages and cost and expense which they may sustain by reason of the loss, theft or mysterious disappearance of the contents of safe deposit boxes. It covers such a loss whether the assured is legally liable or not. Property owned by the assured is definitely excluded under this contract, but property temporarily out of the vault, but on the premises of the assured, is covered. Of course, sufficient proof is demanded by the underwriters in the event of a claim, and it is necessary for the lessee to prove his claim with affirmative evidence. Under this policy, not only securities, jewelry and silverware are covered, but also money and articles of intrinsic value. There is no limitation clause of 10 per cent as found in the contract covering burglary and robbery only, and if sufficient insurance is not carried to cover the entire loss the assured becomes co-insurer under this policy to the extent of prorating with the underwriters the cost or expense incurred in the settlement of replacing of lost articles. The reinstatement clause is retroactive and applies to prior as well as future losses. The contract is a discovery policy covering losses discovered during the policy year and in the event of nonrenewal the assured has twelve months after the expiration within which to discover losses sustained during the policy period.

A fourth form of contract quite similar to the one just described is available to the safe deposit box companies, but covers the legal liability only of the companies from disappearance, theft or loss of money or securities, or articles of an intrinsic value from the lessees' boxes.

The moral liability of the safe deposit company is one that the legal department passes over rather brusquely. In fact, the deposit company feels rather smug and contented having been advised of their legal rights, having a small capital structure, and consequently a liability limited to that amount in the event they are held guilty of negligence and, therefore, liable for loss of the customer's property. But how about the moral responsibility of the deposit com-

...in Times like these

THERE'S satisfaction in co-operating with Mid-Western Bankers in helping to lessen the blows of an economic depression. There's satisfaction, too, in continuing to receive the utmost confidence of these leaders. Central Life—now in its thirty-sixth year—looks forward to another year of aggressive activity in the Middle West.

Central Life's assets total more than \$35,000,000.00; insurance in force nearly \$200,000,000.00

Central Life Assurance Society

MUTUAL

T. C. DENNY, President

DES MOINES

IOWA

pany that is affiliated with a bank whose reputation and good will is keenly affected by the nonpayment of a loss?

A loss at a bank now closed, where the amateur job of opening 20 boxes with a chisel and hammer resulted in losses running to over \$100,000, and there was no insurance specifically carried by the company. Confidence has been shattered in the minds of the people who regarded the safe deposit vault as the "nth" degree of protection.

A Narrow Escape

A NARROW escape was had by a bank that discovered the burglars in the act of swinging a net of boxes around and extracting the boxes from the rear. It was an interesting case; the bandits having spent eight months in digging a tunnel from a barn over 100 feet away and across the alley from the bank, and were successful in breaking through the floor of the vault and got as far as cleaning out the silver from the floor of the vault before an officer happened into the room.

Experience has proven that not over 10 per cent of the claims made upon the safe deposit companies are valid claims. There is a tendency to immediately make claim upon the part of the lessee against the safe deposit box company for losses which, when subsequently investigated, prove that the securities or articles of property had, in fact, been withdrawn by the lessee from the box and mislaid at home.

The mysterious disappearance clause is best appreciated when it is understood that all fictitious claims as well as claims proving to be valid are covered under the broad form of contract.

A recent suit was brought by the lessee of a box against the deposit company for permitting his wife to have access to his box, and abstracting the contents. The bank had to defend the case, paying legal fees and court costs, which incidentally amounted to more than the premium for an insurance policy covering such costs and indemnity if the court held the deposit company liable.

A great many cases are pure frame-ups upon the part of the crooked customer who, seeing an opportunity, maliciously plans to stick the deposit company. A customer having joint tenancy with his sister, claimed \$3,000 in currency missing from his box. He brought suit, and the underwriters in this case, by the most skillful investigation, proved that the claimant could not have accumulated \$3,000 on his present income, and received a favorable decision in the courts.

Ellingson Promoted

Appointment of Victor H. Ellingson of Des Moines as home office supervisor for the Central Life Assurance Society was

announced recently by Dr. T. C. Denny, president of the society.

Mr. Ellingson's life insurance experience began in 1920, when he became connected with the Equitable of New York as sales representative in Des Moines. Later he became assistant branch manager in Iowa for the Missouri State Life, which position he relinquished for his present one.

Mr. Ellingson, who is a native Iowan and for many years a resident of Des Moines, will devote much of his time as supervisor to the eastern half of Iowa, Dr. Denny announced.

Insurance Securities

Following an audit just concluded, securities held by the insurance department of Iowa are announced to be \$393,400,610.88 at the end of the present fiscal year as of June 30, 1931. This represented an increase of \$39,129,250 over the total held on April 30, 1930, according to Insurance Commissioner E. W. Clark. Mortgage loans were by far the largest total item in the list of securities, their value amounting to \$213,408,182.96.

Fire Prevention Week

President Hoover has proclaimed the week of October 4th to be observed as Fire Prevention Week, earnestly soliciting "the assistance of each citizen to help lessen the loss and needless waste and suffering from fires which are largely preventable."

At Sioux Falls

The Northwestern National Insurance Company has announced the appointment of Erickson Bros., Sioux Falls, as special agents in North and South Dakota and eastern Montana. The agency succeeds Raymond W. Piehl, who was recently appointed manager of the Cleveland branch office. The agency has represented Northwestern National locally at Sioux Falls for many years.

Iowa Hail Damage

According to figures in the forthcoming year book of the Iowa Department of Agriculture, damage from hail in Iowa during the year 1930 totaled \$1,598,963. This figure, the lowest in eight years, is about \$3,000,000 below the average loss in the years 1923-1930. The total amount at risk was \$320,704,507, or about \$70,000,000 less than the eight-year average. These figures indicate that the percentage of damage in 1930 was 0.50, likewise the lowest in eight years, which compares with the average per cent of damage of 1.15.

Great men should think of opportunity and not of time. Time is the excuse of feeble and puzzled spirits.—Disraeli.

N^WNL GENERAL AGENTS

have been selected
with the greatest care

N^WNL wants for general agents only those men who have the capacity to build substantial agencies. It is a company for which large agencies can be built, as has been proven repeatedly. Candidates for new general agencies are carefully selected. No one is appointed to such a position of authority and responsibility until he has visited the Home Office in Minneapolis.

Perhaps this explains why N^WNL has fewer general agencies than any company of its size—and more big ones. To a remarkably great extent N^WNL agencies are either big or on their way to substantial size. A general agency contract with this company is a valuable franchise.

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

Northwestern Banker October 1931

Bankers' Wants



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



Foreclosed Farms—Can be made to pay even under present farm prices if given proper management. Highly trained and experienced farm manager seeking location. Will consider connection with bank to supervise bank's farms and build up a service department through the bank for

non-resident land owners on a fee basis. Best of references from banks and state colleges. Prefer Iowa. Address the Northwestern Banker, No. 3175. 9-10-11.

and even, from this instant, do build on thee a better opinion than ever before.—Shakespeare.

Plough deep while sluggards sleep.—Franklin.

CHECKS THAT COMMAND RESPECT . . .

stand out in the day's run of financial transactions . . . bear the distinctive wavy lines of La Monte



National Safety Paper. You can give your checks this added distinction . . . this safety, crispness and durability by specifying La Monte on your next order.

George La Monte & Son, 61 Broadway, New York City. Also branch offices in Chicago, Cleveland, Kansas City, St. Louis, Atlanta, Dallas, San Francisco, and Baltimore.

LA MONTE NATIONAL SAFETY PAPER FOR CHECKS • Identified by wavy lines

Situation Wanted—Female bookkeeper wants position in office or in bank. Operates Burroughs Posting Machine. Four years experience in bank. Can furnish best of references. Phone 46 or write to Box 25, Lone Rock, Iowa. 10-11

Wanted—Position in bank as bookkeeper or teller. Four years experience as bookkeeper and assistant cashier in country bank. Lutheran. Age 21, single. Can furnish best of references. Address the Northwestern Banker, No. 3176. 10.

The merit of originality is not novelty; it is sincerity. The believing man is the original man; whatsoever he believes, he believes it for himself, not for another.—Carlyle.

Why, now I see there's mettle in thee,

Steel and Copper Engraved

STATIONERY, BUSINESS ANNOUNCEMENTS AND CARDS

For quality work address

Wallace-Homestead Co., Des Moines

Accountants

Oldest firm in Des Moines
Call us for certified work

MUEHLE, REAM & McCLAIN
1106 Commonwealth Building

FRANCIS DRAKE HOTEL

200 ROOMS \$2.00 PER DAY AND UP
Guest rooms and kitchenette apartments

200 BATHS Special weekly and monthly rates

10TH STREET AT 5TH AVENUE

MINNEAPOLIS



HOTEL FONTENELLE

400 ROOMS WITH BATH FROM \$2.50

100 Rooms Priced From \$3 DOWN!
150 Rooms Priced From \$3.50 DOWN!

OMAHA, NEBRASKA



J. W. BRYANT
President

South Dakota Bank News

Officers South Dakota Bankers
Association

President.....J. W. Bryant
Mitchell
Vice President.....T. M. Brisbine
Woonsocket
Treasurer.....Russell Bard
Miller
Executive Manager, Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

May Pledge Securities

National banks in South Dakota are authorized to pledge their securities for deposits of public funds of the state or any political subdivision, the attorney general's office has informed W. C. Brower, state's attorney at Clark. The same kind of securities as may be pledged by state banks can be given by national banks, the opinion said.

Hayter at Sioux Falls

Expansion of the executive staff of the Citizens National Bank & Trust Company of Sioux Falls by the election of T. N. Hayter, Vermillion banker, as cashier, was announced recently by W. E. Stevens, president. Ray G. Stevens, who has served in the dual official capacity as vice president and cashier, will continue as vice president.

Mr. Hayter goes to Sioux Falls from Minneapolis where for several months he has been attached to the central staff of the First Bank Stock Corporation, with which the Citizens National Bank is affiliated. He began his banking experience in 1912 with the First National Bank of Vermillion and in 1915 was elected assistant cashier of the bank. In 1924 he became cashier and when the First National Bank and the Vermillion National Bank consolidated in 1929, he continued as cashier of the combined institutions. Since May of this year he has been with the headquarters organization of the group.

Mr. Hayter and his family will move immediately to Sioux Falls. The family consists of Mr. and Mrs. Hayter and two daughters.

Gets Four Years

Confessing embezzlements and excessive loans while he was president of the Hoven State Bank, Thomas O'Brien, former head of the South Dakota Bankers Association, has been sentenced to serve four years in the state penitentiary at Sioux Falls.

Appearing before Judge J. H. Bottum, at a special circuit court session in Faulkton, the former banking leader pleaded guilty of two counts of embezzlement and one of making himself an excessive loan.

Beebe Memorial Library

A memorial library in honor of Marcus P. Beebe, pioneer banker of Ipswich, South Dakota, has been presented to that city by the Beebe family. At the dedication ceremonies last month in Ipswich were Governor and Mrs. Warren Green and Mrs. C. E. Coyne, secretary of state.

Lake Preston Banker Dead

J. H. Lloyd, age 75, pioneer banker of Lake Preston, South Dakota, and president of the Bank of Lake Preston for 40 years up to 1923, died last month.

Advertising, the Background of Banking Development

(Continued from page 12)

of public opinion—society's security against the hysteria born of mob fear. We are a nation of newspaper readers, and the metropolitan dailies with their successive editions keep the news of America before the people of America, with minutes. The advertisers are using the newspapers as the battle ground of competitive effort.

So use these mediums, and with this magnet draw from the masses the buyer of your product, the user of your bank, and adjust your pace to the quick thinking, fast traveling tempo that is our environment if we survive in business.

Should we doubt the efficacy of advertising? Then listen to an authority on the pure food and drug act: "Millions of dollars are spent every year on worthless medicines and cure-alls, and this entire practice could be virtually wiped out if the pure food and drug act provided for supervision of the advertising copy covering these products. Unfortunately, it only regulates the publicity on the label."

If a tissue of lies can establish a market for a worthless product through advertising, should we for one moment hesitate to appropriate out of our earnings a substantial sum to enlarge the circle of our influence? Certainly not.

Consider also the record of the Detroit Edison Company who have created for their stockholders a fifty million dollar

equity in excess of book value. In these days of depressed stock prices, this establishes an impressive example of a sane publicity program and a continuity of wise advertising.

All your copy should be tested in the light of its contribution to the desired results and from the standpoint of what will be of interest to the public rather than what the officials of your bank would like to say. The question to ask yourself is whether or not you would be content if all the people you met knew as much about your bank as it contained in your advertisement.

Say the same thing in your copy that you would say to your depositor—stating facts only and placing emphasis according to VALUE.

In every advertisement it will be quite safe to leave a great deal to the imagination and intelligence of the reader; and, if you desire to determine the impression that will be created by any single piece of copy, the only safe test is to read it once. It is the first impression that is sought in advertising. The public does not analyze copy; it reads it once and goes on to something else. Another advertisement appears and another impression is created. After a time, without recalling any particular advertisement, the people will discuss, with intelligence and friendliness, your bank, and this cumulative feature of the written word will come into being as a builder of good will.

The Law of Increase

BELIEVE it to be a fundamental law of nature that every effort, every formation, every evolution, every spawn and product has within itself the seed of further development. This principle applies alike to agriculture and industry; and, if we would sustain the life of that seed in finance, we must nurture and irrigate it with the printed word. "The pen is mightier than the sword" was not conceived, nor does it wholly apply to the throes through which this country passed in the birth of this great republic. It applies to our day and our time, and will be a principle as long as words are used or persons communicate thoughts.

Any organization brought together to serve a useful purpose in this day must know the elements in their symphony that will sustain development, and, being known, that organization will survive whose efforts are directed to applying a logical force to their increased usefulness in their chosen field.

In 1929 a banker was an optimist;

In 1930 a banker was a pessimist;

In 1931 a banker is a philanthropist.

In the face of such conditions, we are apt to say, "What's the use?"; but, if that thought enters your mind, put it out as unworthy. It is just such times as these that make and unmake men or banks.

Northwestern Banker October 1931

Results

IN SUMMING up, may I give you what will surely result in our organization, through the wise expenditure of advertising appropriation and the assembly of the efforts of our entire organizations, toward a constructive theory of the public rights?

Better team work;

A stronger pride in the institution we serve;

Increased loyalty and energy of employees;

Increased faith on the part of the public—not only in the institution itself, but in the securities we sponsor.

It will stimulate the pride and cooperation of present stockholders, and encourage investors in our stock, with a consequent increased interest on the part of a large number of stockholders.

It will create a spirit of cooperation in the entire banking field you serve.

It will create a bulwark against unwarranted and irresponsible attacks based on misinformation or malice affecting the scope or ability of our organizations.

Can we afford to regard as unimportant any of these objectives?

U. S. to Pay \$23,000,000 Claims

An arrangement has been made whereby the United States will pay Germany approximately \$23,000,000 this year in claims

awards, it was announced at the state department.

The United States government is going ahead with its payments, despite the fact that Germany has taken advantage of a provision on the separate debt agreement with this country whereby it can postpone its payments for a year. The amount due this country is \$9,000,000, half of which was due to have been paid September 30th.

As far as can be learned, the United States will make the following payments: Hamburg - American Lines, \$9,656,000; North German Lloyd, \$6,284,000, and claims for patents and the Sayville radio station, approximately \$7,000,000.

Leola Banker Dead

Earl Wicklander, cashier of the First National Bank of Leola, South Dakota, passed away at the St. Lukes Hospital in Aberdeen last month. Mr. Wicklander went to Leola from Groton, where he was connected with a bank.

New Chicago Agency

A new agency to develop the Chicago suburban district has been established by Northwestern National Life of Minneapolis at Evanston, with Edward E. Hawkes, Jr., as general agent. This new agency will operate in the counties of DuPage, Kane, Kendall and Will.

Mr. Hawkes, the new general agent, has been in the life insurance business in Chicago for the past three years where he established an enviable record as a personal producer. Previous to that he was connected with a Chicago bank.

Bank to Reopen

Reopening of the First State Bank of Watford City, North Dakota, which closed voluntarily August 8, is expected to take place about October 15, Gilbert Semingson, state bank examiner, said recently.

Officials of the bank conferred with Mr. Semingson, discussing reorganization plans, which contemplate elimination of practically all outside stockholders, so as to make the bank locally owned.

Bank officials voluntarily closed the bank as the result of a "run" caused when the Security State Bank of Watford City was closed. The First State Bank was not placed in the hands of a receiver, but closed pending reorganization.

Oratory is the power of beating down your adversary's arguments, and putting better in their place.—Johnson.

There is a majesty and mystery in nature, take her as you will. The essence of poetry comes breathing to a mind that feels from every province of her empire.—Carlyle.

Our 35 Years of Experience

—and what it means to you

Established in 1895—eight years after the Sioux City stock yards were opened—the Live Stock National Bank has grown steadily. The rapid development of the stock yards has been side by side with the sound progress of this bank.

To correspondent banks and to live stock interests in the Northwest, our 35 years of experience at the Sioux City yards mean expert handling of all items—sound decisions—a background of valuable knowledge tempering present-day outlooks in this specialized field.

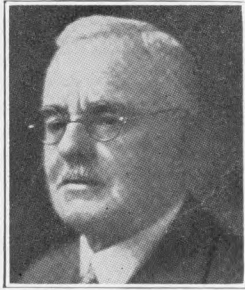


LIVE STOCK NATIONAL BANK

SIoux CITY, IOWA

Affiliated with

NORTHWEST BANCORPORATION

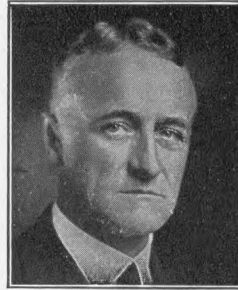


J. G. LOWE
President

Nebraska Bank News

Officers Nebraska Bankers Association

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Kearney
Chairman, Executive Council....
.....E. N. Van Horne
Lincoln
TreasurerDenman Kountze
Secretary.....Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

Nebraska Banks Plan State Convention

NEBRASKA bankers are looking forward to their annual convention at Lincoln, October 22d and 23d, as to a meeting marking the definite beginning of better times in the state.

There has been a great deal of progress made in ending critical situations in Nebraska banking. Most of the weak institutions have either suspended operations, or mergers and consolidations have greatly relieved the "overbanked" conditions of the state.

The bankers feel, too, that the threat of political meddling in banking affairs is ended. The state banks no longer are faced with a guaranty law which, they came to feel, penalized the good bankers for the benefit of the poor ones.

Most of the bad paper has been taken care of, reserves are in a better condition than before, note cases are clean, and the movement over the state for a sound system of service charges to repay bankers for much of their formerly "free" service, is gaining steadily.

Savings funds and deposits in the banks are large, and show a gratifying surplus over loans. There was not a great flow of money into the banks this year after the wheat harvest, because of the prevailing low prices, but farm conditions generally are considered as good as could be expected, and better than in many states. The business, farming and banking groups together view the future with confidence.

This air of confidence will mark the annual convention, when the bankers meet both for fellowship and for the exchange of experiences that will make for better banking. The program the officers have arranged is one that is expected to prove extremely interesting and helpful.

After the opening registration on Thursday morning, October 22d, at the Lincoln hotel, the visitors will be guests of the Lincoln bankers at a luncheon at the Shrine country club. The first business

meeting will follow immediately, when J. G. Lowe, of Kearney, the president of the association, will make his annual address and report; and E. N. VanHorne, Lincoln, chairman, will talk. The first of the principal addresses will then follow: that of Julius H. Barnes, chairman of the board of the United States Chamber of Commerce.

Thursday evening the opening social affair, a theater party and dance, will be held.

Friday's program will be replete with good things. The morning session will be held at the state agricultural college. C. Q. Chandler, Wichita, Kans., chairman of the board of the First National Bank there; Fred S. Sargent, of Chicago, President of the Chicago and North Western railroad, will speak. Luncheon will follow, at the college and there the afternoon session will be held.

Edward P. Brown, Arbor, Nebr., a director of the Kansas City Federal Reserve bank, will speak. The business meeting will close the convention, but many of the visitors are expected to stay in Lincoln for the Nebraska University-Kansas University football game. It will be homecoming for Nebraska.

Nebraska Crop Report

Prospective corn yields are very poor and have lowered during the past thirty days according to Nebraska bankers in their September report to the state and federal division of agricultural statistics. Prospective supplies of small feed grains and hay are short in many localities. The general level of farm prices have declined during the past month.

Prospects for corn, according to bankers, have declined somewhat during the past month and the average of the returns now indicate an average yield of 17.5 bushels for the entire state. The official

estimate of the bureau on September 1st was 18.5 bushels per acre, but according to bankers, the crop was unable to hold its own against the extremely warm temperatures and high winds which have prevailed since the first of the month. Late corn matured too rapidly and some injury was sustained by much of the corn which had made fair development by the first of September. Corn in the northern half of the state is generally very poor while the crop in the southwestern counties is fair and in the southeastern counties, fair to good. The condition of the crop in the southern half of the state is spotted.

Moisture supplies on the 19th and 20th of the month were very poor over the entire state according to bankers. Rains since that date has afforded partial relief in some sections.

Somewhat more than the usual acreage of alfalfa has been saved for seed this season. Yields of the crop for hay have been poor in most sections and many farmers, since the yield for seed appears fair, expect better returns from the crop in the form of seed rather than as hay.

Prospective supplies of small feed grains, alfalfa hay and wild hay are only fair for the entire state and many localities are extremely short. Apparently the state has sufficient supplies of these feeds if they could be properly distributed but at present, many localities have not been able to obtain enough feed to hold spring pigs and sows for fall farrowing. It is estimated by bankers that somewhere near 8 per cent of the entire spring pig crop has been sold as feeders. Most of this taking place in northeastern counties. About 6 per cent of the sows intended for fall farrowing have been sold on account of the lack of corn.

Nebraska Bank News

ONE of the most active of the regional clearing house associations in Nebraska is the first, which meets at Fremont and includes the bankers of Dodge county and vicinity. J. M. Sorenson of the Stephens National Bank of Fremont, is president; L. O. Stoker, Rising City, vice president, and H. H. Peters, Yutan, secretary-treasurer of the group. The association is studying the adoption and extension of service charges of a uniform nature, among all the banks, as well as service charges for handling county funds.

VICTOR B. SMITH, vice president of the Omaha National Bank, recently spent ten days in New York, on business.

GUY C. KIDDOO, former vice president of the Omaha National Bank and afterwards of the Foreman State-National in Chicago, has been made an assistant vice president of the First National Bank of Chicago.

ELLSWORTH MOSER, secretary of the United States Trust Company, of Omaha, spent his vacation this year in Yellowstone Park on a "dude" ranch in Montana.

ROBERT T. YORK, secretary of the First Trust Company of Omaha, has returned from a vacation in the Minnesota lake region.

CARL R. GRAY, a director of the Omaha National Bank, has been named to the unemployment relief commission headed by Walter S. Gifford, working under the direction of President Hoover.

REDUCED COSTS and better operating efficiency were reported by the receivership division of the department of trade and commerce of Nebraska, last month.

E. H. Luikhart, secretary, announced that 178 parcels of real estate had been disposed of during the first six months of 1931, for a total of \$451,714. Fifty-five of the tracts were city property and 123 were farms embracing 25,019 acres of land. City property sold for \$119,600 and the farms for \$332,114. The farms were mortgaged for \$83,228, leaving \$368,486 for distribution to bank depositors. During the last six months of 1930, 160 parcels of land were sold for \$597,970. Cost of operating the real estate department of the receivership division were \$9,858 for six months, compared to \$17,444.

The POTTER STATE BANK of Pot-

ter, Nebr., has applied for a national charter. John Seyfang has been elected a director to succeed N. H. Troelstrup. Joe Johnson is the president of the bank; Joe Nelson, vice president; D. F. Enevoldsen, cashier; M. W. Mayer, assistant cashier.

WITH A DIVIDEND payment of 8 per cent in September, the 3,000 depositors of the City National Bank of Kearney, have now received 48 per cent of the allowed claims of \$1,563,000.

PRESIDENT D. P. HOGAN of the Federal Land Bank of Omaha, has appointed Harvey M. Johnson counsel for the bank and for the Federal Intermediate Credit Bank of Omaha. Mr. Johnson succeeds Edward F. Dougherty, who has removed to Seattle.

S. N. WOLBACH, banker at Grand Island for nearly sixty years, merchant there and former state senator, died in September. He was, for six years until 1929, president of the First National Bank at Grand Island, and when he retired from the presidency, became chairman of the board of directors. His son, Emil, succeeded him as president.

W. H. Thompson, Correctionville banker, has been appointed to succeed W. L. Egan as Woodbury county auditor. Egan died Wednesday morning.

The appointment was made at a meeting of the county board of supervisors. For twenty-five years Thompson was assistant cashier in the Baily State Bank at Correctionville. When the bank closed December 8th he became associated with the state banking department.

Hard Luck

Hard luck is generally due to laziness or poor judgment or to a combination of both. Eliminate the former, correct the latter and your hard luck will vanish into thin air.—(Mental Attitude)—The Weekly App.

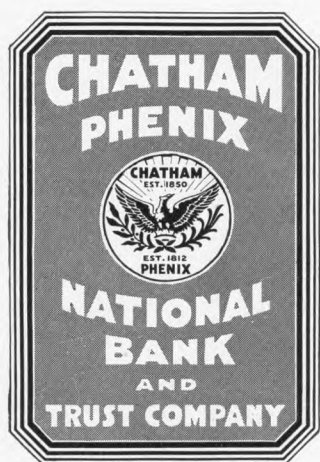
No artist work is so high, so noble, so grand, so enduring, so important for all time, as the making of character in a child.—Cushman.

Is not music the food of love?—Sheridan.

Opportunity is more powerful even than conquerors and prophets.—Disraeli.

There is no friendship, no love, like that of the parent for the child.—Beecher.

No craven-hearted man was ever fit to be a citizen. Courage is the source of patriotism.—Beecher.



Charter Member
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Minnesota Bank News

Officers Minnesota Bankers Association

| | |
|---------------------|------------------|
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| | Winona |
| Vice President..... | Martin F. Ernst |
| | St. Paul |
| Treasurer..... | Walter L. Brooks |
| | Bemidji |
| Secretary..... | George Susens |
| | Minneapolis |



GEORGE SUSENS
Secretary

Lund Resigns at Glenwood

Advised by his physician to take a complete rest to restore his health, Andrew Lund, a strong figure in the reorganization of the Pope County State Bank, Glenwood, Minnesota, tendered his resignation to the board of directors at their regular meeting recently.

Oluf Gandrud, a director and former cashier of the bank, was elected to fill the vacancy caused by Mr. Lund's resignation. He is now the cashier of the Swift County Bank of Benson.

Visits Twin Cities

Jackson E. Reynolds, president of the First National Bank of New York, visited the Twin Cities recently. He was the guest of Ralph Budd, president of the Great Northern, and George H. Prince, chairman of the First National Bank. In Minneapolis he was the guest of Lyman Wakefield, president of the First National Bank, Minneapolis.

Mr. Reynolds, who was returning home after a visit to California and Glacier Park, refused to comment on business and financial conditions.

The financier is a graduate of Leland Stanford University where he played football when Herbert Hoover, president of the United States, was manager. He was chairman of the organization committee of the Bank of International Settlement under the Young plan.

Minnesota Bank News

THE FARMERS AND MERCHANTS STATE BANK of Springfield, Minnesota, recently moved into their new bank building. It is located directly across the street from the old building which they occupied for thirteen years. The new building is 50x50 with offices on the second floor. The exterior of the bank is of face brick. The decorations on the interior of the bank harmonize very well with the ceiling of a cream color, while the walls are dark green. There are five tellers' cages with the new low type counter which is marble and walnut to match.

THE FOLLOWING BANKS in Sibley

County, Minnesota, have reduced interest rates: State Bank of Gibbon, Minnesota; First National Bank, Winthrop, Minnesota; Citizens State Bank, Gaylord, Minnesota; The First State Bank and the Farmers and Merchants Bank at Arlington, Minnesota.

Two per cent is being paid on six months' C. D.'s and 3½ per cent on twelve months' C. D. Savings accounts bear interest at 3 per cent, figured January and July.

EFFECTIVE OCTOBER 1st, the following banks in Chisago County, Minnesota, will reduce interest rates from 4 per cent to 3 per cent: State Bank of Rush City, Rush City, Minnesota; State Bank of Harris, Harris, Minnesota; Merchants State Bank, North Branch, Minnesota; Chisago County State Bank, Center City, Minnesota; Security State Bank, Lindstrom, Minnesota.

On the first of June, Chisago county banks installed a service charge on checking accounts of 50 cents on minimum balances of \$25.00.

THE FIRST NATIONAL BANK and the FARMERS AND MERCHANTS STATE BANK of Pine City, Minnesota, will reduce interest rates from 4 per cent to 3 per cent on October 1st. This will apply on six and 12 C. D. as well as on savings accounts.

M. E. KALTON, cashier of the Security State Bank of Wells, Minnesota, has an 8½ pound sugar beet in his bank which was raised one-half mile from Wells.

Banking Changes

The following banking changes have recently taken place in Minnesota:

Closings

Farmers & Merchants State Bank, Silver Lake, Minnesota; First State Bank, Odessa, Minnesota.

Consolidations

The Citizens State Bank and the Farmers State Bank of Pine Island, Minnesota, consolidated under a new charter, the name of the new bank being

"The Security State Bank of Pine Island."

The First State Bank of Mountain Lake merged with the Farmers State Bank of Mountain Lake, Minnesota, under the name of "Farmers State Bank of Mountain Lake."

The Citizens State Bank of Kenyon and the Kenyon State Bank consolidated under a new charter. The name of the new bank is "The State Bank of Kenyon."

Reopened

Prinsburg State Bank, Prinsburg, Minnesota, reopened for business.

Removal

The Buckman State Bank, Buckman, Minnesota, changed its location to Rice, Minnesota, under name "First State Bank of Rice" and increased capital from \$10,000 to \$15,000.

Corporate Existence Extended

Nassau State Bank, Nassau, Minnesota, corporate existence renewed from August 1, 1931, to August 1, 1961. Renewal certificate issued August 1, 1931.

Enters Investment Field

P. J. Soukup, after competing almost twenty-five years in the banking business, three of which were with the Brown County Bank and twenty-one and a half with the Citizens State Bank of New Ulm, Minnesota, has resigned his position with the latter institution. Mr. Soukup has opened offices over the State Bank of New Ulm where he will devote his time as representative of the Minnesota Building & Loan Association of St. Paul.

John W. Barton Resigns

John W. Barton, vice president and director of the Northwest Bancorporation, has resigned those offices. Mr. Barton was the senior vice president of the Metropolitan National Bank of Minneapolis prior to its consolidation last year with the Northwestern National Bank and Minnesota Loan & Trust Company, Minneapolis institutions of the Northwest Bancorporation group. He became an officer and director of the latter following the merger. Mr. Barton will take a vacation of possibly two months.

Is New President

Edward E. Manuel is the new president of the First National Bank of Battle Lake, Minnesota. Mr. Manuel has purchased stock in the bank and it is his intention to take over the controlling interest which now belongs to the estate of the late president, K. C. Hansen.

For the past year Mr. Manuel has been a special examiner, checking securities for the Northwestern National Bank of Minneapolis.

He was born and raised in Brewster, Minnesota, where he worked in the Brew-

Northwestern Banker October 1931

ster State Bank before enlisting in Uncle Sam's forces during the World War.

In 1919 he went to Foxhome where he started a bank, which he sold to the Farmers and Merchants State Bank of Breckenridge in 1930.

Albert Lea Banker Dead

Frank Barlow, 78 years of age, one of the leading financiers and oldest citizens of Albert Lea, Minnesota, died recently of a heart attack. Mr. Barlow, in spite of his advanced age, was still actively interested in Albert Lea business circles, being vice president of the First National Bank and president of the Peoples Building & Loan Association of that city.

Cuts Rate

The Farmers National Bank of Waseca, Minnesota, has reduced its interest rates on time deposits to a 3 per cent basis,

according to an announcement by Vice President K. H. Kanne. The new rate became effective September 1st on time certificates and will become effective on October 1st on savings accounts, likewise.

Resigns at Benson

H. W. Lundin has resigned as cashier of the National Bank of Benson, Minnesota, to become a member of the examining staff of the First Bank Stock Corporation. Wm. Perrizo, Jr., vice president of the bank at Benson, will assume the duties of cashier, likewise.

Begins 45th Bank Year

E. W. Decker, president of the Northwestern Bancorporation, recently observed the 45th anniversary of his service with the Northwestern National Bank, of which he is president. He began his career with the bank as a messenger boy.

Buy Ponsford Interests

The interests of J. J. Ponsford in the State Bank of Maple Plain, Minnesota, have been purchased by Maple Plain people. F. P. Holgren becomes president and H. V. Miller, vice president. Both are Maple Plain business men. Mr. Ponsford organized the bank in 1904.

Honor O. O. Erling

O. O. Erling, vice president of the Fourth Northwestern National Bank of Minneapolis, was recently honored by the Norwegian Lutheran Church of America, the occasion being his 60th birthday and his 20th year as a member of the synod board of trustees.

Elect Officers

The following new officers have been elected by the Farmers State Bank of Borset, Minnesota: President, Aug. H. Welge; vice president, Peter Avensen; C. R. Hewitt was re-elected cashier. Mr. Hewitt recently purchased the stock of J. C. Hewitt and owns a controlling interest in the bank.

Reduces Interest Rates

The Pipestone National Bank, Pipestone, Minn., will reduce interest rates on October 1st from 4 per cent to 3 per cent. This includes savings and also C. Ds.

Pays \$6,917 in Rewards

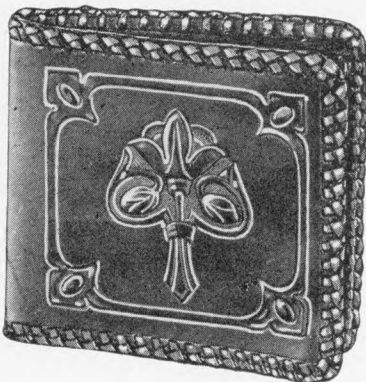
The Minnesota Bankers' Association has paid \$6,916.63 in rewards for information that led to the capture and conviction of bank bandits in Minnesota this year, according to the report of the association. The maximum reward of \$1,000 has been paid in five instances, the report said.

Increase in Loans

Loans and discounts of the Federal Intermediate Credit Bank of St. Louis for the first six months of this year totaled in excess of \$12,000,000, compared to about \$2,000,000 for a similar period in 1930, according to a statement made by Charles R. Dunn, fiscal agent for the federal intermediate credit banks.

"This increase is about equally divided between loans to farmers' cooperative marketing associations and discounts of farmers' notes for agricultural credit corporations and live stock loan companies and is caused by a greater demand for intermediate credit money in the states served by this bank: Illinois, Missouri and Arkansas," Mr. Dunn said. "The St. Louis bank now has outstanding about \$2,778,000 on cotton warehouse receipts and about an equal amount on receipts on wheat owned by farmers' cooperatives. These loans are amply protected, despite the drop in prices. The balance of loans to cooperatives is on rice and beans.

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The Christmas Holidays offer a splendid opportunity to *THANK* those good friends for past business and to *INVITE* a continuation of their friendship and patronage.

The beautiful Calf Hand-Laced, Two-Fold Billfold illustrated is particularly suited for distribution by the discriminating banker, who insists upon a gift that combines utility value, with quality in both workmanship and material, and representing a comparatively small investment.

Also, an exceptionally fine gift for distribution to your employees.

Each billfold can be stamped either with the individual name or monogram of the recipient, giving a personal touch to the gift which adds greatly to its retentive value. Each is carefully wrapped in tissue and packed in a white enamel gift box.

A post card will bring further information concerning this beautiful billfold together with information relative to our complete line of PARAGON leather consisting of more than one hundred attractive and practical Desk and Pocket Utilities for both men and women. *NO OBLIGATION.*

THE GERLACH-BARKLOW CO. JOLIET, ILLINOIS

Creators of Good Will Advertising that Makes Friends of Customers and Customers of Friends

"There has been a large increase in the number of agricultural credit corporations doing business in the St. Louis territory in the last year, and that is largely responsible for the fact that our discounts of farmers' notes have increased from \$1,331,000 for the first six months' period in 1930 to \$6,000,000 during the first half of this year. During the last year a total of 99 agricultural credit corporations has discounted farmers' 'paper' with us.

"The 12 federal intermediate credit banks, covering the whole United States, during the first seven months made loans to farmers' cooperatives totaling \$87,391,474, as compared to \$65,476,362 for a like period a year earlier, and their discounts were \$71,384,625 and \$58,550,618, respectively. There were 421 institutions which had discounted farmers' notes with the banks during the first seven months of this year, compared to 277 during a like period a year ago."

Increased Farm Sales

"The twelve Federal Land Banks sold during the first seven months of this year more than a million dollars' worth of farms in excess of the amount sold in a similar period in 1930," declared F. H. Klawon, president of the Federal Land Bank of St. Paul, recently. "Last year they sold, in the twelve months, about \$8,000,000 worth of farms. This year, in seven months, they have sold \$6,395,456 worth of farms compared to \$5,274,098 in an equal time last year.

"The larger number of sales is accounted for largely by the improved demand for farm properties and partly by increased sales efforts on the part of the banks and the National Farm Loan Associations through which the loans were made upon the foreclosed properties. The farms sold represent properties upon which the banks have been forced to foreclose in the last few years and which they are selling either for cash or upon reasonable terms as they wish to put these farms back into the hands of owner-operators.

"We find there is an increasing demand for farms from people living in the cities. Some of these are out of jobs and others have decided that there is a better living for them on the farm. Many of them were formerly farmers and left the farm during the year when wages in the cities were high and jobs plentiful. Another large group of purchasers is composed of farmers living in the vicinity of the farms which are offered for sale. They have watched the property and know exactly what to expect from it in the way of returns. In addition, there are a few speculators who reason that the price of farm lands had dropped too far, due to the temporary depression in farm commodity prices and that when the latter are established on a higher level again, farm real estate prices will also advance."

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pondent for Northwest Banks.

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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 2550 branches in Great Britain and Northern Ireland.

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

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TOTAL RESOURCES EXCEED \$2,000,000,000

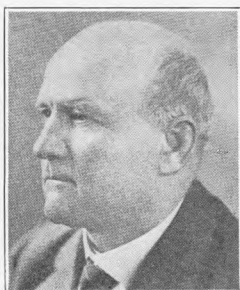
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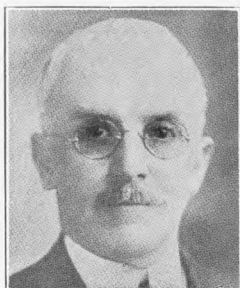
North Dakota Bank News

Officers North Dakota Bankers Association

President Paul T. Kretschmar
Venturia

Vice President T. A. Tollefson
Dickinson

Secretary W. C. Macfadden
Fargo



W. C. MACFADDEN
Secretary

North Dakota Merger

The Lefor State Bank of Lefor, North Dakota, has been merged with the Farmers State Bank of Dickinson, the Dickinson institution assuming the deposit liabilities of the Lefor bank. The new consolidated statement shows the Farmers State Bank of Dickinson to have assets in excess of \$430,000. Officers of the Dickinson institution include Adam Lefor, president; Otto Bremer, chairman of the board of directors of the American National Bank of St. Paul, vice president; M. J. Raschko, vice president; P. E. Splichal, cashier, and A. J. Becker, assistant cashier.

First National Promotions

Appointment of former officers of the Foreman-State Banks to the official organizations of the First National Bank of Chicago and First Union Trust and Savings Bank was announced recently by Melvin A. Traylor, president, following the regular meeting of the board of directors.

In the First National Fred H. Carpenter was made a vice president; Charles A.

Burns, W. F. Copeland, Thomas G. Johnson, Guy C. Kiddoo, Austin J. Lindstrom, Oscar F. Meredith, Fred A. Rozum, Trygve A. Siqueland, Melvin H. Sowles and Chester G. Weston were appointed assistant vice presidents; V. L. Bartling, Ray H. Matson and Donald E. McClure were made assistant cashiers.

In the First Union Trust William C. Miller was appointed vice president in the trust department and Joseph F. Notheis, assistant vice president in the bond department. Edwin C. Crawford and Louis W. Fischer were made personal trust officers, and Jos. T. Keekeisen and John W. Bissell, assistant secretaries in the trust department. Henry Hayes and Frank J. Klauek were made assistant managers in the real estate loan department, and Edward L. Jarl, assistant cashier in the savings department.

Mr. Traylor also announced promotions in the First National Bank as follows: James L. Buchanan, William K. Harrison and R. K. O'Hara were appointed vice presidents, all having been assistant vice presidents, and Elmer E. Schmus was pro-

moted from assistant cashier to assistant vice president. In the First Union Trust and Savings Bank, James P. Feeley was promoted from assistant cashier to assistant vice president, and Raymond Becker and George S. McNeil were made assistant cashiers.

Foreign Investments

AMERICAN private investments in foreign countries at the close of 1930 amounted to between \$14,900,000 and \$15,400,000. These figures include all holdings except short term capital items, obligations of foreign governments direct to the United States treasury, investments in missionary and education institutions, and investments in American territories.

Such investments include both direct investments and portfolio investments. The former includes corporate investments in American controlled manufacturing and selling organizations and in the stocks and bonds of foreign controlled manufacturing and selling corporations.

Portfolio Investments

PORTFOLIO investments include all foreign bonds publicly offered in the United States as far back as 1904, foreign bonds privately taken in the United States in large blocks, shares of foreign corporations owned in the United States and traded on the American exchanges, and bonds of American subsidiaries of foreign corporations or of American corporations that lend abroad directly.

The investment of American capital in foreign countries has not, to any substantial extent, been confined to Europe, but has been among numerous other countries, with Canada, Mexico and Central America occupying prominent positions. The following figures compiled by the United States Department of Commerce shows the distribution of American private investments by territory.

Private American Investments

| (Last 000 omitted) | | | |
|--------------------------|-------------|-------------|--------------|
| As of December 31, 1930: | | | |
| | Direct | Portfolio | Total |
| Canada . . . | \$2,048,787 | \$1,892,906 | \$ 3,941,693 |
| Europe . . . | 1,468,648 | 3,460,629 | 4,929,277 |
| Mex. & Ont. | | | |
| America | 930,843 | 37,733 | 968,576 |
| S. America | 1,631,105 | 1,410,821 | 3,041,926 |
| W. Indies | 1,072,000 | 161,484 | 1,233,484 |
| Africa . . . | 115,329 | 2,500 | 117,829 |
| Asia | 419,504 | 603,445 | 1,022,949 |
| Oceania . . . | 14,594 | 264,700 | 419,294 |
| Total . . . | \$7,840,810 | \$7,834,218 | \$15,675,028 |

That part of American private capital, which has been invested in Europe, has gone in greatest amount to Germany, with Great Britain, France and Italy being the other leading recipients.

Branch Banking Legislation

The news from Washington indicates that branch banking legislation will be pushed from at least two sources, the office of the comptroller of the currency,

Health and Prosperity

(Little Talks on Tiling, No. 34)

"Water seeks its level"—if a way onward is prepared. Swamps are breeders of disease and insect pests awaiting the time when proper tile drainage will convert them into the most fertile of farming lands. Water weeds give way to wheat and corn; croaking frogs give way to lowing Holsteins. For such is the marvel wrought by tile drainage—a benefit to the farmer—to the community—to the nation. He who contributes his share in time, in work or in financing a tile drainage program is a benefactor to the health and prosperity of himself and his neighbors.

*A Loan to Make a Tile Drainage System
Possible Is an Investment in Prosperity*

Mason City Brick and Tile Company

312 Denison Building

Mason City, Iowa

which favors permission to the banks to open branches within "trade areas," and the Senate committee on banking and currency, which is said to favor state-wide branch banking. The sponsors of these proposals doubtless regard them as an important aid in tackling the bank failure problem, and as such they become legislative projects of a current nature that should be pushed to the limit if relief from the disastrous bank failure epidemic can really be expected from them.

The permission to operate branch banks does not necessarily mean that the large institutions will go out immediately and buy up existing weak unit banks, to transform them into out-of-town branches. Back in 1928 and 1929, when confidence was widespread and interest rates were high, it was truly said that the extension of branch banking privileges would have been like the firing of a gun, which would have been followed by a competitive race among the large metropolitan commercial banks to acquire strings of branches over as wide an area as the law permitted. But now we face the spectacle of banks in New York turning down opportunities to take over smaller institutions on a liquidating basis, resulting in the closing of seven small institutions here.

Branch banking, if it is to really cure the bank failure problem, must be something more than merely permission to open banks in the future. It should, if it is to be of direct aid in the current depression, provide a procedure whereby weaker banks can be speedily absorbed by other institutions. The law should be liberally drawn with a minimum of restrictive provisions, and in return the large banks might be expected to give informal assurance to Congress that they will utilize wider branch banking powers immediately and seek to cooperate to cut down bank failures by absorbing fundamentally sound institutions that are temporarily frozen by prevailing conditions.

It does not much matter whether a branch banking law of this kind is limited to state lines, to rather indeterminate "trade areas" or to federal reserve districts. When these various geographical limitations are weighed, advocates of a strong unified system of banking will perhaps favor most the last two alternatives, because they carry the branch banking systems beyond state lines, thus virtually compelling incorporation under a national charter. As the comptroller of the currency in the past has frequently stated, the national banks constitute the basic membership of the federal reserve system, and for other reasons as well encouragement to national incorporation of banks may well be favored in branch banking legislation.—*New York Journal of Commerce*.



SALMON P. CHASE, *Secretary of the Treasury under LINCOLN*

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CHASE NATIONAL BANK
of the City of New York

Capital \$148,000,000 . . . Surplus \$148,000,000
 Deposits (June 30, 1931) . . . \$1,897,000,000

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Chairman Governing Board

JOHN MCHUGH
*Chairman
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CHARLES S. McCAIN WINTHROP W. ALDRICH
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 accounts of banks, bankers, corporations,
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 THE CHASE SAFE DEPOSIT COMPANY
 THE CHASE BANK (*Paris—Mexico City*)
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will find us just as interested
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Assistant Cashiers
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The
Cedar Rapids National Bank
Cedar Rapids, Iowa

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Treasurer.....Jos. J. Brus
Davenport
Secretary.....Frank Warner
Des Moines



FRANK WARNER
Secretary

Cherokee Meeting

The Cherokee County Bankers Association held their annual shoot meet at Cherokee, Iowa, last month. The meeting was open to vigilantes, bankers and bank employes. There were three matches, namely, rifle, pistol and shotgun and appropriate prizes were given for each match. L. L. Flint, Cherokee, won first place in the rifle match and A. D. Brewer, Quimby, won second place. In the pistol contest, Harry Peterson, Quimby, won first place and E. J. Fox, Quimby, won second place. With the shotgun, L. L. Flint of Cherokee again won first place and R. W. White of Cherokee second place.

Banks Merge at Ledyard

The Farmers Savings Bank of Ledyard, Iowa, was merged last month with the Ledyard State Bank.

L. W. Weimer is cashier of the new state bank.

Edward C. Christ, who has been cashier of the farmers bank, becomes assistant cashier of the state bank.

J. F. Sullivan, who has been president of the farmers bank, retires from banking.

Capital of the merged bank is \$25,000.

New Branch Bank

The Whitten-Union Branch Bank of Zearing, Iowa, opened last month.

Assistant Cashier T. F. Reynolds was in charge and President Jensen of Des Moines was present. Mrs. T. F. Reynolds also assisted with the work.

Checks for the first dividend of the State Bank of Zearing were distributed at the new bank. Many of these were used to open an account with the new institution.

Is Named Receiver

J. P. Murphy, Sumner attorney, has been named receiver for the Bank of Sumner, Iowa, which closed August 31st.

Resigns at Osceola

D. T. Eells, receiver for Simmons & Company, Osceola, Iowa, defunct bank, resigned recently and J. H. Lewis was named his successor. Lewis is an Osceola

man and was formerly a banker, county treasurer and sheriff.

Marcus Banker Killed

Lee Woods, 45, cashier of the Farmers State Bank of Marcus, Iowa, was killed by a shotgun charge while in the vault of the bank last month. Ray Jayne, clerk, said Woods opened the vault and entered to open the safe. The shotgun, he stated, stood against the vault wall and Jayne believes it was accidentally dislodged and discharged.

Bank Declares Dividend

The board of directors of the Central National Bank and Trust Company of Des Moines, recently declared a quarterly dividend of \$3 a share to stockholders of record October 1st, according to Grant McPherrin, president.

The dividend was the ninety-eighth consecutive quarterly dividend paid by the bank. Approximately 90 stockholders will receive about \$7,500.

Moves to Holstein

C. J. Obrecht, cashier of the new Holstein State Bank at Holstein, Iowa, has rented the C. C. Wohlenberg residence and expects to move his family there soon. They are now living at Spirit Lake, Iowa.

E. E. Phelps Dead

E. E. Phelps, former president of the State Trust and Savings Bank of Mt. Pleasant, Iowa, committed suicide by hanging last month. He had been in poor health for months.

Formerly a banker at Packwood and Delta, he came to Mt. Pleasant several years ago and was the treasurer of the Iowa Wesleyan College. After resigning from that office he was cashier of the First National Bank and later took part in the organization of the State Trust and Savings Bank of which he was president until he resigned about two months ago.

Former Iowan Honored

J. Lyle Kinmonth, a former Columbus Junction, Iowa, young man and the son of

J. T. Kinmonth of Columbus Junction, was chosen president last month of the Seacoast Trust Company, a banking organization at Asbury Park, New Jersey, with resources of \$6,488,196. The Seacoast is one of the big bank organizations of New Jersey.

Mr. Kinmonth was born near Columbus City, in 1870, and after graduating from the Iowa City Academy in 1891, he matriculated at the University of Iowa where he received the degree of bachelor of philosophy in 1895. He then entered the Wharton School of Finance under a University of Pennsylvania fellowship. He went to Asbury Park in 1895 where he bought an interest in what was then known as the *Shore Press* and has since been one of the leading publishers and business men in that section of New Jersey.

By the following year he established a daily edition of the *Press*, which he had run as a weekly. He erected a five-story brick and concrete building when the *Press* building was destroyed by fire in 1916.

Mr. Kinmonth is a director of the Asbury Park National Bank and Trust Company and a director of the Asbury Park Hotel and Realty Company which owns and operates the Monterey Hotel.

Bankers Invited to Experimental Farm

For the past several years the Des Moines *Register and Tribune* have held their farm improvement exhibition at the Fox Experimental Farm, during October and November. The central location of the Fox Experimental Farm, just north of Des Moines on highway No. 65 has made this exhibition extremely popular in the past years.

Feeding tests conducted at the Fox Farm are made known to farmers and stock raisers during this exhibition and in past years has been looked forward to by farmers in all parts of Iowa, since it shows them the way towards making better profits in hog raising.

Due to present conditions and restricted sales promotion budgets of the larger implement manufacturers, the *Register and Tribune* have decided to postpone this exhibition. However, the Fox Chemical Company have conducted feeding tests of special importance to farmers this year and were prepared to distribute information in bulletin form at this year's exhibition.

Since the exhibition will not be held, Mr. Frank Fox, head of the Fox Chemical Company has issued a general invitation to farmers and bankers everywhere to visit the Fox Experimental Farm at any time and receive the information on recent hog feeding tests.

Mr. Frank Fox lives on the farm and will be very glad to meet any banker or farmer visiting the farm at any time. In case farmers or bankers find it inconvenient

ient to visit the farm personally, they should send for the report of these hog feeding tests, which have been issued in bulletin form. A letter to the Fox Chemical Company of Des Moines, Iowa, will bring this bulletin free.

"After Hours" Depository

With the installation of an "after-hour depository" under way at the First National Bank of Council Bluffs, Iowa, a new banking service in this vicinity is about to be inaugurated.

The "after hour depository" is a service designed to permit deposits at the bank after the institution is closed for the day.

A separate vault, weighing more than a

ton, is being placed in thick cement near the lobby of the bank, just inside the outer door. A chute connects this vault with a small door in the wall of the lobby.

Branch Bank at Duncombe

The First State Bank and Trust Company of Fort Dodge will open a branch bank in Duncombe, it was announced last month, with L. J. Connors, assistant cashier of the former Duncombe Savings Bank, as manager.

In New Building

The First State Bank of Tabor, Iowa, recently moved into its own building.

The new building is built on the site of

the First National Bank and is a modern banking house in every phase. The front is of dark faced brick. The windows are the cottage style, permitting ventilation as well as light and the entrance is at the south side. The floor is of concrete with an asbestos covering in blocks of brown and green.

The walls are of the new style of plaster in colors of green and tan and with ornamental medallions of white.

The vault has two compartments, one for the banking business and the other for the patrons.

The heating system is of the hot air type. There are consultation rooms and offices. The lighting system is such that daylight is available most of the day and the electric system is of the most approved type.

In New Home

The First National Bank is now opened for business in its new quarters at Dayton, Iowa.

The bank is now in the former Farmers State Bank Building at the corner of Skillet and Main Streets, which was recently purchased in the final sale of the bank's assets and remodeled into a professional office and bank building.

Branch at LeGrand

G. C. Ogler has been appointed as manager of the new bank that opened recently at LeGrand, Iowa. This announcement came from the president, J. P. Cooper, who is officially identified with the Iowa Savings Bank of Marshalltown. The LeGrand institution is a branch of the local bank and becomes the first bank for LeGrand known there for many years.

Suffers Slight Stroke

A. Wildberger suffered a slight stroke of paralysis last month at his home in Sidney, Iowa.

Mr. and Mrs. Wildberger had just returned from their annual vacation in Estes Park. Mr. Wildberger is president of the Sidney National Bank and proprietor of the Wildberger Furniture store.

Receiver for Two Banks

J. P. Spalla, receiver in charge of the Citizens Savings Bank of Spencer, Iowa, and the Citizens Savings Bank of Dickens, has been placed in charge of the First Trust and Savings Bank and Provident Trust Company of Estherville and will divide his time between Estherville and Dickens.

New Correctionville Bank

Correctionville, Iowa, is to have a new bank, to be headed by A. W. Jones, president of the Sac City State Bank and also of the Central State Bank of Cherokee.

EXPERIENCE

EXPERIENCE in the business of banking is of prime importance because through banks and bankers all other businesses are conducted.

The Pioneer National—Waterloo's oldest bank—places at the disposal of its correspondents the cumulative experience of seventy-five years of successful banking.



PIONEER NATIONAL BANK

*Established by John H. Leavitt in 1856
Waterloo, Iowa*

IRA RODAMAR, *President*

J. O. TRUMBauer, *Vice President*

J. A. YOUNG, *Vice President*

C. A. CLARK, *Vice President*

D. J. WALKER, *Vice President*

FRED H. WRAY, *V. Pres. and Cashier*

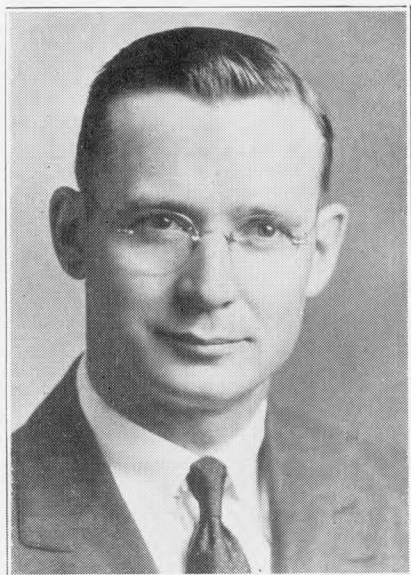
A. G. Redman of Sac City will also be a substantial stockholder in the new bank, which will be known as the Corn Belt State Bank.

Correctionville is a town of about 11,000 people, 20 miles southwest of Cherokee.

Goes to Sioux City

President Leonard P. Manly of the Security National Bank of Sioux City, Iowa, has announced the election of C. R. Gossett of Mapleton, Iowa, as vice president and a director of the Security National. He has also announced the promotion of assistant cashier Delko Bloem to the position of assistant vice president. Mr. Bloem also becomes a member of the board of directors.

Mr. Gossett goes to Sioux City from Mapleton where he has been cashier of the State Bank for the past five years. He has had eighteen years of experience in



C. R. GOSSETT

the banking business in Iowa. Before he went to Mapleton in 1925, he was associated with the Iowa banking department for three years in the capacity of examiner. He will remain on the board of directors of the Mapleton bank.

As a member of two committees, Mr. Gossett has been active in the Iowa Bankers Association and has a wide acquaintance over the state. At present he is chairman of group one of the Iowa Bankers Association, which includes ten counties in northwestern Iowa.

Mr. Gossett is a charter member of Ascension Commandry, Knights Templar, at Ames, Iowa, his former home.

Branch Bank

The First State Bank and Trust Company of Fort Dodge, Iowa, will open a branch in Duncombe it was announced re-

cently. L. J. Connors, who was assistant cashier of the former Duncombe Savings Bank, will be manager of the branch.

Duncombe now is without banking accommodations and business men of Duncombe in a meeting with officials of the First State Bank urged the Fort Dodge institution to open a branch there.

Closed Bank Dividends

Depositors of twenty-three closed Iowa banks received \$671,869.32 in dividends on their accounts during July and August, L. A. Andrew, state superintendent of banking, announced last month.

The July and August payments brought the total dividends by Iowa closed banks to \$3,670,255.88 since January 1st.

The payments announced last month ran from a minimum of \$8,831.58 by the Anthon State Bank of Anthon to a maximum of \$68,834.27 by the County Savings Bank of Algona.

Five of the payments were the final ones to be made by the banks. These ranged from 7 per cent by the Exchange State Bank of Walker to 16 per cent by the State Bank of Fremont.

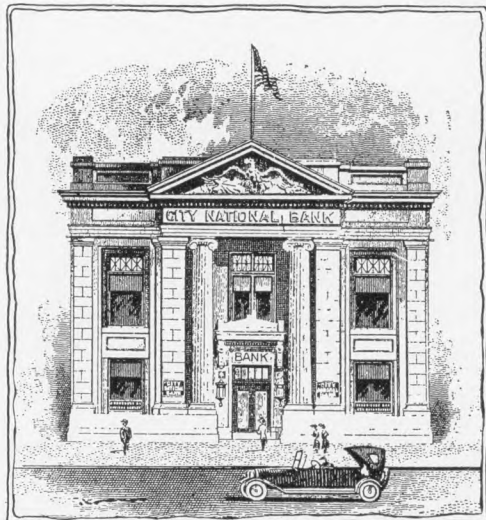
Mr. Andrew, in announcing the figures for July and August, said earlier payments this year had been as follows:

ACCURATE appraisal of industrial and business activity in Iowa yields much substantial encouragement. Here in this bank, it has been our consistent purpose to build in accordance with Iowa's growing needs, to cooperate fully in furthering progress and prosperity.

BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
Capital \$1,000,000.00 Surplus \$200,000.00





Clinton County's Largest Bank

OFFICERS

G. L. CURTIS
President

MILO J. GABRIEL
Vice President

W. A. ANDERSON
Vice President

O. P. PETTY
Vice President and
Cashier

OFFICERS

J. H. NISSEN
Assistant Cashier

H. G. KRAMER
Assistant Cashier

H. M. OLNEY
Assistant Cashier

F. E. CONOVER
Assistant Cashier

F. H. HAMANN
Assistant Cashier

| | |
|-------------------|---------------|
| Jan. and Feb..... | \$ 531,797.80 |
| March | 1,029,718.04 |
| April | 243,475.79 |
| May | 642,597.00 |
| June | 550,807.93 |

The list of banks making payments in July and August and the amount paid by each follows:

| | Pct. | Amount |
|--|------|-------------|
| Arnolds Park Savings..... | 15 | \$15,976.83 |
| Warren County State, Indianola | 10 | 27,139.07 |
| Hogan State, Corning..... | 15 | 21,551.24 |
| Peoples Savings, Nevada..... | 10* | 56,338.40 |
| Union Savings, Union..... | 15* | 11,653.59 |
| State Bank of Fremont..... | 16* | 26,193.11 |
| Farmers Savings, Grant..... | 15 | 12,226.12 |
| Farmers State, Paton..... | 25 | 27,990.86 |
| Lamont Savings | 25 | 44,130.83 |
| Exchange State, Walker..... | 7* | 22,457.24 |
| South Side Savings, Center- ville | 10 | 25,303.03 |
| Security Savings, Greeley..... | 20 | 22,518.50 |
| Oxford State, Oxford..... | 10 | 18,537.30 |
| County Savings, Algona..... | 5 | 68,834.27 |
| State Bank of Alden..... | 15 | 50,251.34 |
| Hiteman Savings | 20 | 18,769.95 |
| Farmers State, Logan..... | 15 | 15,071.45 |
| Farmers Savings, Minden..... | 25 | 54,733.10 |
| Exchange State, Walnut..... | 25 | 50,259.43 |
| Ryan State | 9* | 29,012.39 |
| Turin Savings | 40 | 24,848.67 |
| Anthon State | 5 | 8,831.58 |
| Citizens State, Anthon..... | 15 | 39,204.40 |

Totals\$671,869.30
(*) Plus, final.

To Erect New Building

The State Savings Bank of Hornick, Iowa, has let the contract for a \$10,000 bank building to the Rowles Construction Company, Onawa. The building will be one story and a basement.

Paul M. Simmons Dead

Paul M. Simmons, former banker of Osceola, Iowa, was fatally injured last month when the car in which he was riding with friends turned over on an Omaha street.

Mr. Simmons, who had been employed by the Great Lakes Pipe Line Company for a few weeks, had accompanied Ed. Arenz, also with the Pipe Line Company, to the home of Mr. and Mrs. Coye, former residents of Osceola.

Is Elected President

James O. White was elected president of the Melbourne Savings Bank, Melbourne, Iowa, to succeed W. B. Nason, deceased, at a meeting of the board of directors. Mr. White has served as one of the vice presidents of the bank for several years past and therefore is familiar with the duties of his new office.

E. A. Nason was elected a director to fill the vacancy occasioned by the death of his father, W. B. Nason, to serve until the annual meeting in January, 1932.

Shambaugh Bank Merges

The Shambaugh Savings Bank merged with the Page County State Bank of Clarinda last month, the latter taking over the

NAMES of customers first entered on our books OVER HALF A CENTURY AGO ARE STILL THERE—tangible evidence surely of the confidence that sound, conservative, progressive management has merited and earned.

THE CITY NATIONAL BANK CLINTON, IOWA

Assets Over \$8,500,000.00

DIRECTORS

| | | |
|--|--|---|
| W. A. ANDERSON Vice President | G. W. DULANY, JR. President Eclipse Lumber Co. | J. PETERSON, O. P. PETTY, Vice President and Cashier |
| C. A. ARMSTRONG President C. F. Curtis Company, Inc. | Chairman Climax Engineer- ing Co. | H. W. SEAMAN |
| A. P. BRYANT, Manager of Operations Clinton Corn Syrup Refining Co. | G. L. CURTIS, President | J. O. SHAFF, Farmer and Live Stock Dealer |
| O. D. COLLIS, President The Collis Co. | President Curtis Companies, Inc. | W. P. SMITH General Manager Clinton Corn Syrup Refining Co. |
| E. J. CURTIS, Vice President Curtis Bros. & Co. | MILO J. GABRIEL, Vice President | R. C. STEWART F. H. VAN ALLEN, President J. D. Van Allen & Son, Inc. |
| | President Gabriel Lumber & Fuel Co. | G. E. WILSON Pres. Clinton Bridge Works |
| | B. M. JACOBSEN, Congressman Second Iowa District | |
| | E. L. MILLER Attorney | |

business of the Shambaugh bank, feeling that the combination will add strength to the banking circle of that community. J. W. Denny who had been cashier of the Shambaugh bank for a long period, will continue to be officially connected with the Page County State Bank, and will be in Shambaugh part time.

Goes to Sioux Rapids

L. F. Pingel, cashier of the First National Bank of Rembrandt, Iowa, has accepted the cashiership of the First National Bank in Sioux Rapids, taking the place made vacant by the resignation of F. H. Diercks. Mr. Diercks will go into the Sioux Rapids insurance agency, having purchased a half interest of Harold Langsett.

Mr. Pingel has been actively and successfully engaged in the banking business for the past fifteen years and has been cashier of the First National of Rembrandt since 1918. Within the past year he organized and is the president of the First State Bank of Linn Grove.

Lion Finance Progressing

M. D. Anderson, president of the Lion Finance Corporation, had his first banking experience with the Security Savings Bank of Wellman, Iowa, in 1923.

In 1929 he organized the Lion Finance Corporation at Kansas City, Missouri. He soon found, however, that the majority



M. D. ANDERSON

of their business was being received from automobile dealers in Iowa, therefore, in January, 1930, he moved the company to Des Moines.

Under Mr. Anderson's able management the company has done an excellent business which now has assets of over \$300,000 and a capital and surplus of over

\$100,000, with offices located both in Des Moines and in Clinton, Iowa.

Since the Company has been in business their loss ratio has been less than 1 per cent, which certainly is ample proof of the sound manner in which Mr. Anderson and his associates are conducting the business.

Opens Branch Office

The Security Savings Bank of Marshalltown, Iowa, is starting a branch office at Clemons, Iowa.

This business will be carried on in the old bank building of Clemons and the manager of this new office will be A. A. Arney.

Office in Linden

The Valley National Bank of Des Moines has opened a branch bank in Linden, Iowa.

Denison Banker Dead

Dr. C. W. Carr, 66, president of the Crawford County Trust and Savings Bank of Denison, Iowa, died suddenly at Craik, Canada. He was there in connection with his large land estate.

Dr. Carr began the practice of medicine at Dow City more than forty years ago and later went to Denison to practice.

He became president of the Crawford

RESPONSIBILITY

IS MORE
IMPORTANT
THAN SIZE

*And We're Not
So Small Either*

**It Will Pay You to
CENTRAL-ize**

| | | |
|------------------------------|----------------------------------|---------------------------------------|
| GRANT McPHERRIN President | LELAND WINDSOR Vice President | LYNN FULLER Vice Pres. and Cashier |
|------------------------------|----------------------------------|---------------------------------------|

**The Old Reliable
CENTRAL NATIONAL
BANK & TRUST COMPANY**

*Fifth Ave. Between Walnut and Locust
Des Moines, Iowa*

County Trust and Savings Bank when it was organized after the closing of the Crawford County State Bank.

Reelects Officers and Directors

The Onslow Savings Bank, Onslow, Iowa, held its annual meeting last month, reelected all its former directors and officers, and declared its usual dividend. Melvin Spencer is president, N. C. Holst, vice president, George H. Paulsen, cashier, and J. R. Ramey, assistant cashier.

Handles Cloverport Issue

W. D. Hanna & Company, investment banking house at Burlington, Iowa, re-

cently offered for sale \$66,000 of Cloverport Kentucky, 6 per cent Water Revenue Bonds. The bonds were issued by the city of Cloverport to build a water system including two deep wells and a standpipe. Cloverport is ninety miles southwest of Louisville.

Has Twentieth Anniversary

The Lone Tree Savings Bank of Lone Tree, Iowa, recently celebrated its twentieth anniversary.

In April, 1891, the bank was incorporated by John Burr, J. M. Lee, A. H. Brown, A. H. Leonard, John Oglevee and Andrew Rubleman, with a paid capital stock of \$10,000. After two years this

capital was increased to \$20,000 and in 1912 the capital again increased to \$40,000.

The present capital of the bank is \$40,000 and in addition to this there are undivided profits on hand of \$50,000 more.

The present officers of the bank are: President, Joseph Walker of Iowa City; vice president, John P. Burr; directors, Fred Kirchner, Joseph Yakish, August Rossman, Gustav Herring and Harry Buell. Three of the original stockholders are still identified with the bank as directors. They are J. P. Burr, Joseph Yakish and Fred Kirchner. John Burr is the only first incorporator living.

Ten Years of Service

The Farmers State Bank of Independence, Iowa, is this year celebrating its tenth anniversary. In a recent letter sent out to customers, E. F. Sorg, cashier, says, in part:

"In entering the second ten years of our banking existence, we look backward upon what we believe has been a most satisfactory decade. On February 14, 1921, the Farmers State Savings Bank first opened its doors for business. Since then the resources of this banking institution have grown from less than \$100,000 to three-

SERVICE AND SECURITY IN SIOUX CITY

FIRST NATIONAL BANK IN SIOUX CITY

A. S. Hanford, Sr.
President

Frederick R. Jones
Vice President

Fritz Fritzon
Cashier



E. F. SORG

quarters of a million dollars as you will notice by the enclosed statement. This steady growth can be attributed to the strict adherence to sound banking practice by the capable officers and experienced directors.

"We recognize that much of the success we have enjoyed during these past ten years can be attributed to our friends and customers.

"To you, whom we have served during our years of steady growth, we pledge a continuance of principles upon which the bank was founded—personal, intimate attention to every financial problem. The loyalty you have felt for your bank in the

past, the friendship you have felt for your officers and directors, will be more than ever justified in the future. This bank has proved its ability to serve."

The Farmers State Savings is capitalized at \$50,000 and has \$25,000 surplus and undivided profits. Deposits for the first quarter of the year increased \$50,000. Officers include: President, Charles C. Meythaler; vice president, Will Blank; cashier, E. F. Sorg; assistant cashier, Alverna Sullivan. The bank's slogan is "Ten Years of Conservative Banking."

Iowa Banking News

FRANK STECKMEST, president of the Peterson Bank, Peterson, Iowa, has been in ill health the past six weeks. His heart has been failing him. He spends most of his time at home but gets to the bank to take care of duties, occasionally.

MRS. W. G. SIEVERS, wife of the cashier of the First National Bank of Remsen, Iowa, has been at Rochester, Minnesota, for an operation. Mr. Sievers was with her.

C. L. SCHNEIDER, vice president of the Security State Bank of Sheldon, Iowa, left September 13th on a two weeks' vacation. He motored to Madison, Wisconsin, to visit his father and mother. Mrs. Schneider and their little boy accompanied him.

C. M. CRONK, cashier of the First National Bank of Everly, Iowa, took the first vacation he has ever had last month and made it a good one. He left last month for Denver, Colorado, and from there to Yellowstone Park. His next stop was Lake Louise, Calgary, Canada. He then went to Winnipeg and then south to Duluth, Minnesota, and on home.

THE CHEROKEE STATE BANK at Cherokee, Iowa, has recently installed bandit proof equipment and bullet proof glass in their bank.

H. G. MORRISON, cashier of the First National Bank of Peterson, Iowa, has been ill for the past three weeks and confined to his home. It is expected he will be able to return to the bank soon.

O. J. STRAMPE, formerly cashier of the First National Bank of Paullina, Iowa, has been transferred to the Farmers State Bank of Marcus, Iowa. He took charge September 5th. Both of these banks are Toy banks as the Farmers State Bank was taken over by J. F. Toy of Sioux City in July. The transfer of Mr. Strampe was made after the sudden death of Lee Woods, formerly cashier, who was accidentally killed when a gun was discharged while he was dusting out the vault on September 2nd. The officers of the Farmers State

EDMUND W. MILLER, President

JAMES M. GRAHAM
Vice President

H. A. MAINE
Vice President

A. M. PLACE
Vice President

W. A. LANE
Vice President



H. W. WENTE
Cashier

S. C. KIMM
Assistant Cashier

R. L. PENNE
Assistant Cashier

C. S. McKINSTRY
Assistant Cashier

THE Commercial National Bank is equipped with facilities and men with which to meet the problems that each day brings.

Its service is dependable, complete and courteous.

It is strong in resources—rich in experience.

This is why the Commercial National is outstanding in a rich trade territory.



THE COMMERCIAL NATIONAL BANK

WATERLOO, IOWA

Safety and Liquidity...

Safety of principal is the prime requisite of every loan which your bank makes.

Such safety is assured when you purchase our Collateral Trust Notes bearing a very good rate of interest with maturity dates to suit your requirements.

These Collateral Trust Notes are a direct obligation of the Lion Finance Corporation and are secured by deposit with and assignment to the City National Bank of Clinton, Iowa, of loans secured by Chattel Mortgages or Conditional Sales' Contracts principally on small automobiles, (adequately covered by insurance) in an amount at all times in excess of 120 per cent of the total Collateral Trust Notes outstanding.

Write us today for our list of maturities.



LION FINANCE CORPORATION

M. D. ANDERSON, President
701-705 Old Colony Building

Des Moines, Iowa

1876

1931

FRIENDLY—DIRECT—EFFICIENT

Our service to correspondent banks
consistently maintains these qualities

Consolidated National Bank

DUBUQUE, IOWA

J. K. Deming, President

Geo. W. Myers, Vice President

Jos. W. Meyer, Cashier

**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
W. M. WILSON, Vice Pres.

J. O. JEFFERIES, Vice Pres.
J. L. BOHNSON, Cashier

J. C. LANGAN, Vice Pres.
C. S. HARRIS, Assistant Cashier

F. W. SPALDING, Asst. Cashier
EMIL JOHANNSEN, Asst. Cashier

Bank now are J. F. Toy, president; M. C. Evans and L. D. Simons, vice presidents; O. J. Strampe, cashier, and E. J. Knebel, assistant cashier.

Accident Prevention

Dr. Herbert J. Staek, supervisor of Child Safety Activities of the National Bureau of Casualty and Surety Underwriters, has just finished a summer trip in furtherance of his work. In ten weeks he traveled 10,000 miles by automobile, lecturing before 19,000 summer students of forty-five colleges and universities in sixteen states, addressing about the same number of luncheon meetings of insurance agents, Rotarians, Kiwanis and Lions. Betimes he studied the safety laws and the enforcement in the various communities. His trip west was as far as Denver, by way of Pennsylvania, Ohio, Illinois, Iowa and Nebraska and southwest through Arizona, New Mexico, Texas and Arkansas. He came home by way of Tennessee, North Carolina and Virginia. His audiences were made up of teachers and school superintendents who have charge of school safety instruction in the classrooms of their district this fall.

Dr. Staek reports that accident prevention work is without system throughout the country he visited. Some states have progressive and scientific laws and effective enforcement, others apparently pay no heed, although the records will disclose that conditions with them are worse than in other places. There are good states with very bad communities and some very fine cities and towns in bad states.

"No effective fight can be made against the automobile accident evil," he said, "until there is uniformity of laws and traffic regulations, throughout the country. Although their citizens are being killed and injured by the hundreds of thousands, some states apparently have not yet awakened. If adults of the land were as safety-conscious as the school children, we would not have to record, in all likelihood, at the end of this year that 36,000 had been killed and more than a million injured."

Dr. Staek, this fall, will resume his duties as supervisor of child safety demonstration in the New York public schools and lecturer on the subject at Columbia and Rutgers Universities.

Goes to Mapleton

Brigham M. Wheelock, for 10 years associated with the Union National Bank of Ames, Iowa, and for about five years the bank's assistant cashier, has announced his resignation and acceptance of the position as cashier of the First State Bank at Mapleton, Iowa.

A lieutenant in the quartermaster corps at Camp Grant at the close of the World War, Mr. Wheelock came to Ames upon his release from military service and accepted a position at the Union National

Bank. He has been with this institution since with the exception of two years during which he was associated with the Tilden Manufacturing company. He was made assistant cashier about five years ago.

Wants Fireworks Banned

One way in which the local agent can effectively aid in fire prevention in Iowa is to encourage the passage and enforcement of an anti-fireworks ordinance in every town and city in the state, said Claude W. Borrett, secretary of the Iowa State Fire Prevention Association, state agent for the Hanover Fire, at the Silver Anniversary convention of the Iowa Association of Insurance Agents at Sioux City. Commenting on this subject, Mr. Borrett said in part:

"Just as soon as your association passes a resolution in favor of the committee's fireworks ordinance and suggests one of your members to represent you on the committee, that member will be appointed. In fact we want you represented. The purpose of this committee is to encourage the passage and enforcement of an ordinance in every city and town in Iowa prohibiting the storage, sale and use of fireworks and then at the next session of the legislature introduce a bill supported by these ordinances and press comment which will make the fireworks ban statewide. The committee will be kept intact, however, and sponsor a movement favorable to a general fire prevention law in the state. We hope to use members of your association in many cases for contact or key men in the various communities. Every county, we hope, will eventually boast of a committee actively supporting this movement. Another thing about the committee just mentioned is that we realize that petty jealousies retard efficiency and that an amalgamation of cooperation is necessary if results are obtained. We are going to get results and don't care who gets the credit."

Are You Playing for a Draw?

(Merle Thorpe in *Nation's Business*)

The truth is that if a good many of us were to be judged by our present state of mind, business would seem not worth fighting for.

We talk about the enjoyment of the American standard of living as if it were an automatic blessing to be turned on at pleasure. We dilate on the permanence of our markets as though those markets were any more enduring than the wills of men who saw them and set out to capture them. We glibly parrot the phrase "competition is the life of trade" as though sheer repetition of that mental image could relax the continuous pressure on commercial existence we know as "survival of the fittest."

Things don't just happen in business. Back of every brilliant stroke is an alert

intelligence that is playing the game to win. "Fight for alma mater" did well enough as a slogan for the sporting spectacles of our college years. But the man who said he'd die for "dear old Gowanus" seems to have few counterparts in the business arena.

From the history of bankruptcies and insolvencies in the United States it is possible to suggest that the business man who is content with a "draw" will eventually find himself among the camp followers.

Capablanca, former world's champion at chess, puts it this way:

"The first-rank player, the acknowledged master, must not play for a draw. He must play for a win, and it is in attempt-

ing to turn a draw into a win that the supremely good player occasionally suffers defeat from the player who is only very good. Playing for a draw is unworthy of a master, and no one ever became a master except by playing for a win."

In a time when it is a fashion to say more about difficulties than about opportunities there is something of a tonic force in the discovery that some business men have played to win—and that they are winning.

The first six months of the year show that in the first quarter, industrial production was 30 per cent below the corresponding period of 1930, and so were industrial sales.



Conservative
Banking
for
Sixty-Three
Years

1868 --- 1931



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



Ask Any Banker

The reputation of the Valley National for conservative strength has been building for over 58 years. It is one of the major factors in making this one of the favorite correspondent connections here in Iowa's logical reserve center.

Established 1872

VALLEY NATIONAL BANK DES MOINES

OFFICERS

R. A. CRAWFORD, *President*
 CHARLES W. ENYART, *Vice President* D. S. CHAMBERLAIN, *Vice President*
 C. T. COLE, JR., *Vice President* W. E. BARRETT, *Cashier*
 C. O. CRAIG, *Vice President*



By the end of the second quarter, industrial production was only 15 per cent under the second quarter totals of 1930, and sales were just 18 per cent short.

And our industrial activity reflecting pig iron production, building contracts, bank clearings, bituminous coal, and electric power output—declined only 6.8 per cent from March, 1931, to June, 1931—2.8 per cent inside the average seasonal drop from the period 1925 to 1930, inclusive. So says R. C. Dun & Company.

Remote as the figures may seem from the human equation, they are eloquent reminders that problems are being licked, that clear heads are on the job, that there are men who are facing and conquering formidable adversities.

These are the minds and hearts that are advancing the nation toward a new prosperity. Men so possessed will assuredly come to power and superiority. They belong to the "aristocracy of victory."

They are members of that select company who "attack when others hesitate, who believe when others doubt, who dare when others are accumulating excuses for timidity."

Cecil Rhodes knew the zest of struggle. "If there were no difficulties," he said, "what would be the use of you and me?"

Nineteen thirty-one is still business history in the writing. Your own chapter will be what you make it.

Wealth and Famine

Suggesting the surprise with which a hypothetical visitor from Mars would greet the incongruous situation faced by the United States wherein want on the part of the populace is blamed by many upon overproduction, John E. Rovensky, vice-chairman of the Bank of America N. A., addressing the annual convention of the West Virginia Bankers Association at White Sulphur Springs, drew vivid attention to the intricacies of our modern economic machine. The Martian would discover that the country is experiencing both want and plenty at one and the same time. Discussing the complexities of our economic scheme, Mr. Rovensky said that each factional panaceist wants somebody to push forward his particular wheels and is quite impatient when told that any attempt in that direction simply puts the machine further out of adjustment.

"The economists call our present system the capitalistic system," said Mr. Rovensky. "That is a misnomer and grossly overemphasizes the importance of the part played by capital in our present system. I should much prefer to call it the 'individualistic' system. This would properly distinguish it from the socialistic, communistic, etc., and would also call attention to the fact that many of its defects are the results of its blessings and that the remedy would be worse than the disease. Many 'ists' are like the child that wants to kill the fly that has alighted

on her sleeping daddy's head by hitting it with a hammer."

Contrasting the old manorial system, under which the average man was utterly bound, with the present-day 'individualistic' system, under which any man is permitted to follow his own plans unless and until he trespasses upon the rights of his neighbor to do likewise, Mr. Rovensky expressed the belief that the latter state was preferable even though it brought periodic waves of depression whereas under the former system hard times were viewed as acts of God, directly traceable to nature or war.

"You cannot readjust the delicate and complicated mechanism of the individualistic system by banging away with a sledge hammer at one of its parts," he added. "The working of human psychology caused a curtailment of buying and the same workings inevitably will turn around again and revive it. We have been traveling for the past six months through the bottom of the valley of this depression. This bottom has had some rises and some declines but the change in the average level has been small. It is not excessive optimism to expect that the end is in sight and that we may find ourselves on the upgrade some time this fall. President Hoover's proposal to postpone European war debts for one year is excellent. It will do much to alleviate political and social stress abroad and thus remove one of the obstacles that have stood in the way of returning prosperity. It has substantial merit and its psychological effect both here and abroad is immense. Let us not allow our hopes to run away with us. I do not believe a sudden return of pronounced business activity is probable. When the upturn does come it is not likely to be abrupt or free from periodic recessions. The ailment of the past two years was too serious to be quickly overcome. It is far more likely that the recovery will be slow, halting and at times backsliding. But the expectation that a genuine, lasting improvement in general business, however, slight, will come before the end of the year would seem to be justified by present indications.

"To help bring this about, I do not believe any of the offered panaceas would be useful. Quite the contrary, they would be disturbing and harmful. The only plan that I urge upon you is that, having been unreasoning optimists in 1929, you do not permit yourselves to become unreasoning pessimists in 1931. Take stock of your country; look back over its wonderful record and then, in a cool, calm, rational manner, proceed in an orderly manner with your business. And when you all do that, prosperity will be here."

To see in all mountains nothing but similar heaps of earth, in all rocks nothing but similar concretions of solid matter, in all trees nothing but similar accu-

mulations of leaves, is no sign of high feeling or extended thought.—Ruskin.

He who, when he hath the power, doth not good, when he loses the means will suffer distress. There is not a more unfortunate wretch than the oppressor; for in the day of adversity nobody is his friend.—Saadi.

There is no true orator who is not a hero.—Emerson.

Don't make the mistake of thinking the band is the whole parade.—*The Shield* (Levy Printing Company.)

The art of painting does not proceed so much by intelligence as by sight and feeling and invention.—Hamerton.

We mutually pledge to each other our lives, our fortunes, and our sacred honor.—Jefferson.

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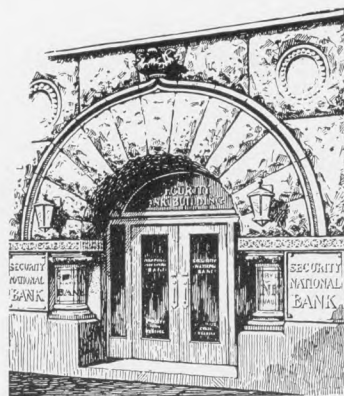
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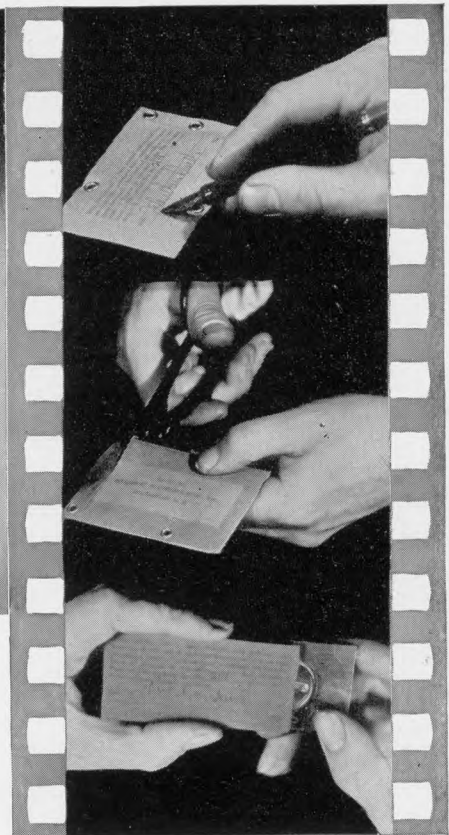
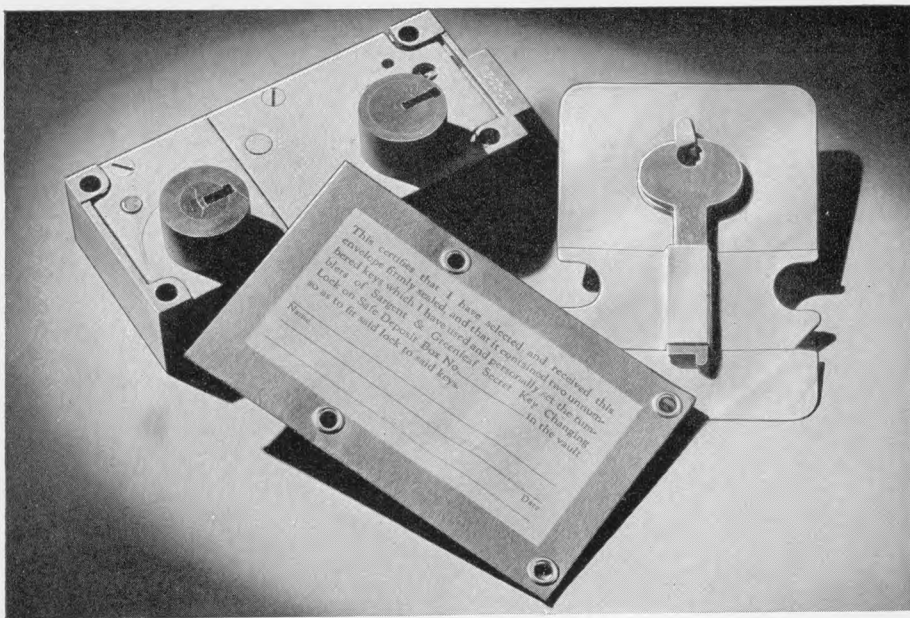
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