

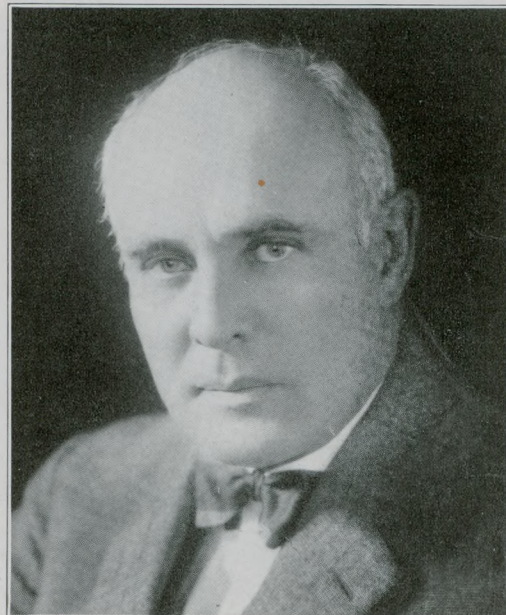
Northwestern BANKER

DES MOINES

December, 1931

Sisson First Vice President
of A. B. A.

(See Page 10)



FRANCIS H. SISSON
First Vice President, American Bankers
Association

“*At your Service*”

Mr. and Mrs. Bank Client”

Down the gangplank, or off the tender ...in Cherbourg, Southampton, Havre, or Bremen, the greeting of the American Express representative to travelers is the same...“at your service”.

He is ready to relieve American travelers of their travel problems and takes keen pleasure in doing it. To see him help traveler after traveler with hotel, steamship, and railroad reservations, with baggage and other incidentals is a revelation of the magnitude and effectiveness of American Express Service.

But this is only a prologue of what is to come for he has colleagues at frontier points, stations, and docks along the highroads of travel. These men are maintained by the American Express to serve those who carry its Travelers Cheques. They are ready to smooth the way—iron out the rough places—and make the traveler’s journeys comfortable and pleasure-full.

There is no more appreciated touch than this efficient piece of American Express Service to the banker’s clients in foreign lands. And it is assured to them when they carry American Express Travelers Cheques, now available in the new, dollar size. For, in addition to protecting their funds against theft or loss, and being spendable everywhere, these Cheques are endowed with an automatic introduction to this helpful, personal American Express Service which stretches around and across the world. This Service begins in *your* bank—the moment you sell your clients 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.*

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 533

DECEMBER, 1931

36th Year

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Federal Reserve Bank of St. Louis

MERGED FOR

The Cedar Rapids National Bank, established 44 years ago, and the Merchants National Bank, established, 51 years ago, have merged their institutions with resources totaling more than \$20,000,000.

This combining of deposits, together with the accumulated experience of these two successful institutions, will bring to the merged Merchants National Bank the foundation for a better and more efficient service to its correspondent banks.

Whatever your needs are, whatever your requirements, whatever your problems may be, let us talk it over with you in order that we may serve you more speedily and more satisfactorily than ever before.

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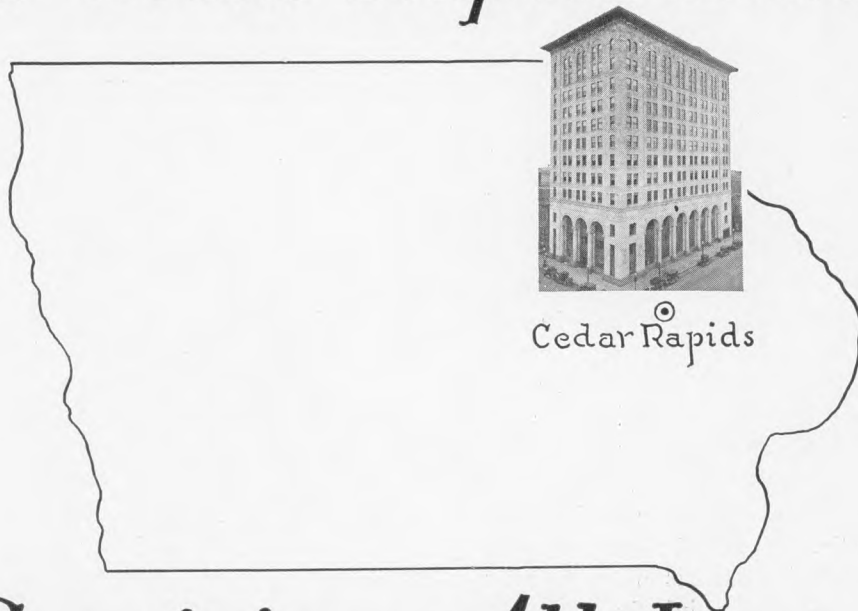
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THE MERCHANTS

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GREATER USEFULNESS

A Cedar Rapids Bank



Servicing All Iowa

NATIONAL BANK

RAPIDS



Discrediting the National Credit Corporation

In the November issue of the *NORTHWESTERN BANKER*, I gave a brief outline of the National Credit Corporation as to why it was organized, how it would function, and the good that was hoped to be accomplished through such a plan.

I received many favorable letters on this article, but I received one from a banker friend of mine in South Dakota, who takes exception to the National Credit Corporation, and writes to me as follows:

"I read with considerable interest your article on how bankers can make use of the Hoover Credit Plan. I am sorry so many good fellows have fallen for this proposition. Possibly you have not seen the letter that the Minneapolis Association has put out to the effect that country bankers should not look to this Association for relief as it was not set up for them. In fact, I think the whole set-up was an emergency proposition, only with the idea of using it if our country suffered a collapse or we had a crisis like they have had in foreign countries or possibly another Chicago or Ohio affair.

"Just between you and me, the financial end of the United States is in bad with the general public. I have talked with business men the last month and they are, frankly, tired of being misled and possibly deceived by our financial leaders, knowingly or unknowingly. The National Credit Association is the latest. There is no question but that it has stabilized the situation but on a final analysis the man who wants to borrow \$500 to buy a bunch of ewes out in this country is farther away from being able to buy those ewes today than he was before this association was started. He has a great big question mark in the back of his head.

"After you read the above, think it over. There is a world of food for thought and constructive endeavor in the same."

Now let me analyze this letter with you. First of all, no bank or banker has had to "fall" for this proposition unless the board of directors voted to do so. It is worth remembering that the figures which I have up to going to press indicate that the entire \$500,000,000 has been subscribed by the banks of the country, and yet more remarkable still is the fact that business conditions and business sentiment have so improved since the National Credit Corporation was announced, that the first payment of 10 per cent on the amounts subscribed have not even been called for, and the necessary money to keep the Corporation operating and to take care of whatever loans it has on hand, have been furnished by the banks in New York. What finer tribute could you wish than this, that the effect of the Credit Corporation was instantaneous and exceedingly beneficial?

Certainly it is foolish to say that the Corporation was not set up for the relief of country bankers, because as I read the plan it is set up to take care of the frozen assets of any bank which has GOOD PAPER to put up as collateral.

Regarding the letter sent out by the Minneapolis Association, to which he refers, I have a copy of it before me, which letter was signed by C. T. Jaffray, chairman of the National Credit Association No. 1 of the Ninth Federal Reserve District, and dated November 5th. I am personally of the opinion that my South Dakota friend has placed a wrong interpretation on this communication.

Here in part is what the letter says: "We desire to state briefly that what the President of the United States had in mind in suggesting this organization was the restoring of confidence in

solvent banks which might have sound assets, which could and would be used as collateral to loans from the National Credit Corporation, only when necessary to meet emergencies such as existed in some sections of the country a few weeks ago; it was not the purpose or design of the Corporation to loan to banks for their usual or seasonal requirements, it being expected that these operations would continue as heretofore with the Federal Reserve Bank and their correspondents.

"We feel that it is only fair to explain this situation to you at the outset, so you will understand what can be expected of the Corporation."

My friend evidently takes exception to the statement, "It was not the purpose or design of the Corporation to loan to banks for their usual or seasonal requirements." Certainly it was not. As I have already said, the National Credit Corporation is not to be used to renew present loans or to make new loans, but is to be used to rediscount GOOD PAPER which is not rediscountable at the federal reserve banks.

True, it was an emergency proposition, but with a crisis facing the country, an emergency plan was necessary.

In the second paragraph of the letter he points out that it is harder for a man who wants to borrow \$500 to buy a bunch of ewes, than it was before the Association was started.

May I again point out that the National Credit Corporation was not organized to extend loans, or to make new loans.

The place to secure money for loans on cattle and on grain is through the federal intermediate credit banks, and this is being done, as was also outlined in an article on this subject in the November issue of the NORTHWESTERN BANKER.

Personally, I think it is a very unfortunate policy for any banker to attempt to discredit the National Credit Corporation, in view of the fact that it has already accomplished a vast amount of good from a psychological standpoint, and will do a real piece of constructive financing for every bank which may have paper which, although GOOD, could not heretofore be rediscounted.

Moulding Public Opinion

In this issue of the NORTHWESTERN BANKER there is a very interesting article by Carroll Dean Murphy on the value of public relations and the fact that bankers should take their public relations "as seriously as they take attorneys, and advertising as seriously as they take law."

I realize that many of the smaller banks do not have a special department devoted to public re-

lations but nevertheless the duties that would come under this position are frequently handled by the cashier, and as far as the public is concerned, it is just as vital that the proper attitude toward the bank be maintained whether it is large or small.

The point that Mr. Murphy is trying to prove is that the time is coming in the banking business when silence will not be the answer to critical situations such as have resulted in the past six months.

There must be a defense and that defense is to keep the public better informed about the banks and how they operate and are maintained.

As Mr. Murphy further points out, "Banks must get past the point where the most that will be released to alarmed depositors awaiting a word of reassurance is a quarter page advertisement that shouts some such banal message as '356 State Street.'"

If your bank is deserving of a more favorable public opinion, "Let your advertising tell an honest and convincing story of the trustworthiness of your institution in its trust capacity—its age, conservatism, organization, experience, judgment, understanding—and the public which does not read advertising in water-tight compartments is apt to reflect that you have a pretty good bank."

Suggest Reviving War Finance Corporation

The War Finance Corporation when originally organized had a capital of \$200,000,000, and could issue \$3,000,000,000 of debentures. During its existence it actually issued \$250,000,000 and functioned most satisfactorily and successfully.

The funds for the War Finance Corporation were furnished by the government.

It is now being suggested by the Iowa Credit Committee of the Iowa Bankers Association, which is headed by B. F. Kauffman, Des Moines, chairman; Harold H. Brenton, Dallas Center, vice chairman; Ivan O. Hasbrouck, Jefferson, president of the Iowa Bankers Association, and by the members of the Council of Administration of the Iowa Bankers Association, that President Hoover include in his message to Congress the suggestion that the War Finance Corporation be re-established and take over the functions of the National Credit Corporation.

The thought behind this is, first, that some such machinery should be available at any and at all times for use in emergencies, and second, that the working capital thus furnished would come from the government and not be drained from the banks.



"NATURE'S FORTRESS"

William H. Chandler, the artist who painted "Nature's Fortress," has spent many years of his life near the sea and portrays this aspect of nature faithfully.

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

Shall We Continue to Play HIDE and SEEK With the PUBLIC?

IN THIS address I feel somewhat like the old grad or loyal fan who has cheered himself hoarse over a losing team, but has finally reached the point where he has to kick about the coaching system.

I realize that I haven't been in on the huddles. I'm an outsider on many of the troubles that banks have been through. But from the stand, it seems to me that the boys are not doing themselves justice. I have been amazed at the bewildered, paralyzed silence of banks as they have bowed their heads and taken the storm. Equipped as they are with complete facilities for public relations counsel and activity, they have in many cases been too fearful, too busy or too mistrustful of the advertising idea to accept help.

It seems to me that this is a problem for everyone of you who is interested in public relations. You must get this function of yours on a professional basis. You must find a way to make the banks take their public relations men as seriously as they take attorneys, and advertising as seriously as they take law. They must get past the point where the most that will be released to alarmed depositors awaiting a word of reassurance is a quarter page that shouts some such banal message as "356 State Street."

My title assumes—and I think we all accept—the fact that the banks have been on trial. Many are the charges that might in some cases be brought—faulty management, over competition, over pressing for new business, twilight zones in lending. Years like 1929 inevitably brought extra temptation to get funds or credit in market crises, and greater leniency in bank examination, under the excuse of public policy. We might discuss the weakness of appraising market collateral by the tape without the book and real estate collateral by the book without the tape.

A Basic Matter

BUT we are interested chiefly in the subject of public relations. Public relations is a basic matter in banking. It even has its bearing upon the problems of bank condition and examination—for good advertising builds a glass house. Public relations, which can sometimes make or break a bank, has too often and too long been just the dog under the wagon.

What tales we could all tell of how every one and no one in the bank are ex-

Shall we continue as "ostrich bankers" with our heads in the sand, permitting depositors to view our institutions as temples of mystery and therefore objects of suspicion?

By CARROLL D. MURPHY

Chicago

(From address before Chicago Financial Advertisers)

perts in this most difficult and most important of subjects! What comedies could be written and what files of *Ballyhoo* filled with the dotting of I's and the crossing of T's, the patching of plates, perhaps merely to change "capital, surplus and undivided profits" to "resources."

And what does the public know of the difference between resources and book value? What does it know about the bank statements you and I point to with pride

WHEN SILENCE HURTS

"People are not seeking to be amused—they want to know. Give them the good old message of safety, responsibility and liquidity; or the directorate and the pre-digested statement, of age, conservatism and progressiveness. Don't dwell on panics, wars and crises—and don't painfully sidestep them, either. Don't try too hard to be different. Just be plain, natural and honest—but don't be silent."

or analyze with anxiety? Have your daughter in the Trig class at college send you a monthly accounting of her expenses—that will give you some idea of what the public knows about figures.

A bank, as I have said before, is intrinsically a mutual institution. And yet, nowadays, in place of mutual confidence we too often have had silence and mutual suspicion. Hide-and-seek is a poor game for a banker and his depositors to enter.

What has been the banker's attitude towards his public? Several bankers have been quoted rather recently as saying something to the effect that no words could influence the situation then. Others have told me, "Nothing we could say in advertising would make any difference. We know because we have tried to reassure people determined to pull out their deposits. If they wouldn't listen to us, they surely wouldn't listen to print."

One cannot blame these men for having become disillusioned. They have seen people do so many foolish things that they have lost confidence in the public's basis common sense.

The public, on the other hand, had waited long and patiently for their banks to speak up. The depositors knew their money was at stake. They knew that the more sportsmanlike they might be, the farther down the list they might come on the pay off. They knew that the banker would say nothing if he dared not speak. They knew that if all was well, he might either speak or keep silent. They no doubt wanted to be loyal, courageous, unselfish and sensible.

Hopefully they waited—and usually waited in vain, for "a sign from above." A word of reassurance would have helped. Too often it was not spoken.

Why Silence?

NOW let us see if we can understand why silence has so often prevailed.

The *Chicago Journal of Commerce* recently cited a partial parallel:

"The railroads," quoted the *Journal* from an editor of wide experience with railroad subjects, 'have never learned the value of publicity. They have learned through long experience to take the advice of their lawyers; but they have never learned to take the advice of newspaper men where matters touching public opinion are concerned. When such matters arise, they go to their lawyers, who know little about molding public opinion.'

"To go to a lawyer for such advice is a good deal like going to a tailor to have a tooth extracted. There are a few exceptions, but for the most part railroad presidents are afraid of publicity in any matter of moment.

"In their fear they consult their lawyers, and the lawyers invariably err on the side of secrecy."

Responsibility sometimes becomes a paralyzing burden. Responsible men too often lose their touch with the public and their faith in it. Then, too, men most fear what they least know. Perhaps that explains the banker's ineptness in dealing with people and publicity.

I was in a bank some time ago where five or six people were waiting before each of two or three pay windows. One of the two officers I was talking with could scarcely sit still in his chair. Finally the other leaned over and said, "That's all right, Bill, it will all be over in two or three minutes. It's just the Saturday pay checks from ———," and he mentioned a

corporation across the way. And again: A bank window display salesman called to see us last summer. "I am really looking for something to sell," he confessed, I've got a good line, but here's what happens. I go into a bank and begin to tell the banker what an interesting display service we have. "My God," he says, "I don't

want anybody to stop in front of my windows!"

During the most difficult period banks felt their vulnerability intensely. They consulted their fears rather than their courage. They clung to the rule, "Rough water—don't rock the boat." But someone else was rocking the boat.

I venture the guess that in Chicago since June, bank difficulties have run neck and neck with banditry, prohibition, politics and general crime in the news columns. I wonder also if rumor-mongering has not definite sources, purposes and aggressive techniques.

Sisson First Vice President of the A. B. A.

(See Cover Photo)

FRANCIS H. SISSON, vice president of the Guaranty Trust Company of New York, was elected first vice president of the American Bankers Association at the annual convention, in Atlantic City.

MR. SISSON was born in Galesburg, Illinois, in 1871, and is a graduate of Knox College in Galesburg. He took post-graduate work at Harvard University from which he also received the A.B. degree. In 1921, Knox College conferred on him the honorary degree of L.L.D.,

IN HIS early business career he was editor and publisher of daily newspapers in the middle west, including the Galesburg *Evening Mail* and the Peoria *Transcript*, and has been interested in various magazine and advertising activities since coming to New York about twenty-five years ago. For several years he was vice president and general manager of the H. E. Lesan Advertising Agency of New York and Chicago. He was also assistant chairman of the advisory committee of the Association of Railway Executives.

HE DIRECTS publicity, advertising and public relations work of the Guaranty Trust Company, including the publication of a monthly business survey, a monthly house organ and many booklets and pamphlets on business and economic topics.

MR. SISSON organized and for five years was chairman of the Public Relations Commission of the American Bankers Association. He has also been president of the Trust Company Division of the association and is now chairman of its publicity committee.

HE IS a director of the Advertising Federation of America and a member of a number of economic organizations, including the American Economic Association, the Stable Money Association, of which he is treasurer, and the Academy of Political Sciences. He belongs to Beta Theta Pi fraternity and Phi Beta Kappa society. For services during the war he was made a Chevalier of the Order of the Crown by the King of Belgium. He is an arbitrator for the Arbitration Society of America. He is president of the Sleepy Hollow Country Club, Tarrytown, N. Y., and of the Town Hall Club, New York, and is a member of the Metropolitan, University, Harvard, City, Bankers and Advertising Clubs of New York City.



CARROLL D. MURPHY

Is *silence* the answer to all this? Is there to be no defense? Are public relations to continue to be treated more casually than the buying of paper clips? Or are there definite, safe, sensible, organized things to be done? Can we progress in bank public relations from a repressive to a constructive attitude? Can we bring the heads of banks to permit the same adequate planning, market study, analysis of services, talking points and appeals, the same unbiased search for primary media, the same year after year consistency—in bank advertising as has gone into such great commercial advertising and marketing successes as Kodak, Ivory Soap, Standard Oil and Packard? Between now and the next depression I believe there should be such thorough work done in the financial education of the American public that financial history cannot repeat what we have seen in the past two years. I venture to say that more than 60 per cent of the tremendous advances in the design, packaging and universal use of commercial products has originated with sparks that have jumped from the imagination of advertising men. How shall we dignify this profession and give it the standing it deserves in the eyes of the bankers, who so sorely need it?

To begin with, the "mysterious island" of public relations must be discovered and colonized. To this end, I suggest that the proper public relations body of the A. B. A. set itself to find out whether frank statements—I mean words, not figures—are the dynamite that some nervous bank-

(Turn to page 55, please)

No system has a monopoly on banking brains or talent and no way has yet been devised for preventing bank failures under any form of banking. A mismanaged bank is a mismanaged bank whether it is large or small, independent, group, chain or branch.

THAT this country is on the threshold of a new era in banking must be obvious from the developments of the last few years — the growth of group, chain and branch banking; the activities in legislative bodies inspired by the new currents, and the colossal economic upheaval that has smitten the world.

It would seem strange if out of the storms of so strenuous a period there did not emerge a healthier, sounder and more stable relationship between banker and depositor. The question today seems to turn on the issue, whether the changes necessary to such stability are to be administrative or fundamental in nature, whether a modification of present policies or a revolution in the country's entire banking system.

It is unfortunate that an earnest examination of a banking system, with a view to betterment, should come in a period when the issues can be clouded by an economic disaster that has affected the entire world.

In discussing this subject, and in anticipating what this new era in banking may be, I want to approach it from the standpoint of the bank customer and bank director. I want to treat the matter more as a layman and interested bystander who looks upon the business from the outside, rather than as an insider or manipulator of the banking machinery itself.

In taking this point of view, I am for the independent community bank. I am moved to this by the intimate and personal relationships such a bank makes possible, its human and communal outlook, and also because I, as an American, possess an independence-loving heritage, a love of fair play and a hatred of monopoly.

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

THE CASE AGAINST BRANCH BANKING

By GLENN G. HAYES

*Vice President Park Ridge State Bank,
Park Ridge, Ill.*

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.

The Case Against Branches

AM I TO do business with a banker I know and who knows me; who knows what I have already accomplished and what my destination is; who knows my character, my family and associates; or am I to deal with a branch bank manager who may not know or understand

"Independent banking will continue to be a vital factor in the progress and development of this region in particular and the nation in general as it has in the past."

me and may know nothing of an intimate nature about my community? Such a branch manager may have to act on generalities, rather than particulars. He may be unable to treat each case individually, with a close knowledge of all the factors involved.

No! I want an individualized service. As a stockholder, I want my bank to foster my community, give aid to those it knows to be worthy of help and to give its cooperation promptly. I want to see my community grow; I want to see my neighbors advance; I want to see our enterprising youth encouraged.

Unit Banks Defended

THE harshest things opponents say about unit banking are that it is generally incompetent and often undercapitalized. Also that there are too many of them. These things are always said by big business about the little fellow. But

the big fellow was once little himself.

Well, what about these charges? Yes, there are too many here and there but that is true of practically all our businesses. It is com-

petition that makes this country thrive. Are they incompetent? Many if not most of the big men in great banks rose from the ranks of the independents. I believe some of the best bankers in the country are now in unit banks. It takes a mighty smart banker to compete with these big fellows. A mismanaged or crooked bank is a mismanaged or crooked bank, whether it is large or small; whether it is national, chain or branch; whether it is grouped or independent; whether it's a member of the Federal Reserve or not.

Size No Index of Ability

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 nearby 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.

How about undercapitalization? Perhaps it is too easy to start a state bank. If so, the remedy lies in making it a little more difficult, through legislation, not by creating a monopoly. I might just as readily say it's too easy to start a branch bank. Any remedy lies in the hands of the state authorities. Some one has remarked that all the losses through our system have been a small price to pay for the value inherent and the benefits derived from our individualized banking. Good banking is good banking, whether it is small or large.

Reforms from Within

RECENT events must have taught you that, if your system needs administrative revision, you are the men to lead the way, to strengthen your own institutions and to scotch the menace of branch banking in Illinois.

There *is* a new era coming and if you are not alert it is apt to take you un-

Northwestern Banker December 1931

aware. We are about to emerge from the devastating depression that has been stifling us. Whether the revival be slow or rapid, it will not be true to form unless it sweeps this nation to heights of prosperity never reached before.

Our manufacturers and business men, our professions and trades, the home and the family, have been starved and stripped clean of supplies. The many things used in the life of the community have been depleted. There is a tremen-

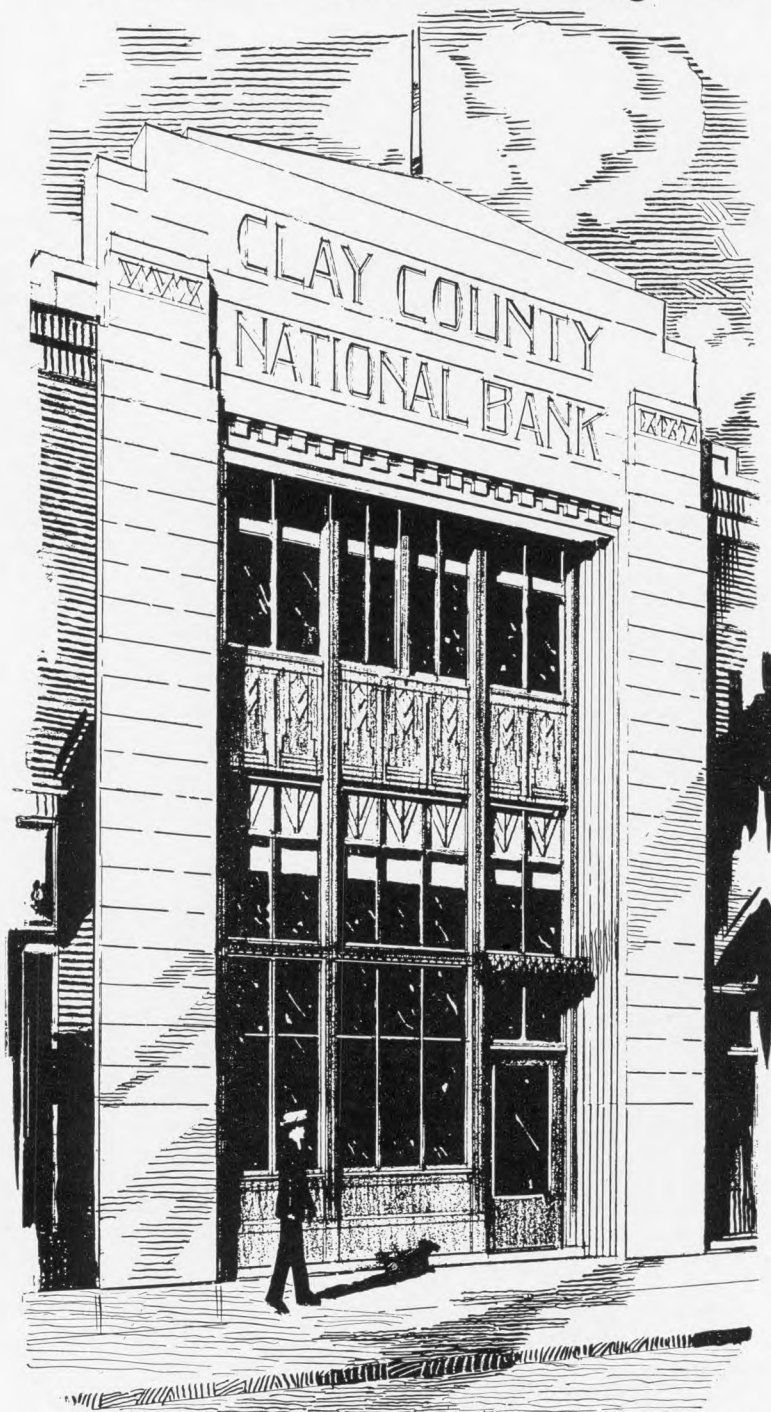
dous demand for goods and services to be unleashed. When the moment comes, producers and distributors will flood you with calls for help. Builders will clamor for aid.

A Revival of Real Estate

REAL estate has been dead for many years. It is bound to stir into new life, to grow apace. In the matter of real estate, this has always been a boom area. And it will boom again, very likely as

never before. It may drag along for a while until the public redeems and recovers the vast number of holdings in tax-defaulted properties and subdivision enterprises. Excessive taxation is on the carpet, and out of the mess is bound to come—must come—a fairer basis for levying on real estate. Better times will scatter a huge number of individuals and families, who have doubled up and trebled up, to find new quarters and new homes. Rents will rise, buildings multiply.

New Bank Building at Spencer, Iowa



Above, architect's conception of the new banking home of the Clay County National Bank at Spencer, Iowa, a front view.

A NOTE of strength and a suggestion of conservatism are blended in the architectural design of the new Clay County, Iowa, National Bank building now being erected in Spencer to replace the edifice destroyed in the Spencer fire.

It will be of Mankato marble of a pinkish tinge, window and door structure and decorative metal panels to be of rustless burnished metal in the modern manner.

Completion is tentatively set for November 15th, the contract being held by the Spencer Construction Company.

The basement will contain a community meeting room which will also be used for directors' meetings. A shop, suitable for a beauty parlor or barber shop will also occupy the basement space. This has not as yet been leased.

The first floor will be given over to the main banking room with the arrangement similar to that in the former bank building, the loan department and cages being along the south side. There will be six teller windows and an enlarged loan department. The bookkeeping department will be at the rear of the first floor and will be glassed in to prevent noise. Vault equipment will be in the same location as now, the present vault, which was tested and found to have resisted the Spencer fire without the loss or damaging of a single paper contained in it, being used, although new doors will be hung. The safety deposit vaults will be separated from the banking room by a heavy iron grille which must be opened by a button pressed by a teller before entrance can be gained. Inside will be coupon rooms for the convenience of patrons.

At the rear will be two large rooms for committee meetings and for the convenience of the public in transacting business.

The second floor above the bank will contain five suites of offices, two in front, two in the center and one at the rear. All will have outside ventilation, the center offices facing a light court.

Hallways and floors in the banking rooms will be of Terrazza mosaic tile in colors while the floor space in the teller's cages and loan department will be of tile-text material to insure easy walking and quietness.

Iowa and Illinois Credit Associations Merge

By CLIFFORD DE PUY

Publisher

TELEGRAM

PLANS have been completed for the merging of the Iowa National Credit Corporation Association No. 4 with the Illinois Association which is No. 1. The Illinois Association No. 1 includes all of Illinois in the Seventh Federal Reserve District. There will be no change in the Iowa Loaning Committee except that it will become a sub-committee working under Chicago.

District No. 1 has subscribed \$40,000,000 to the National Credit Corporation, and District No. 4 over \$2,000,000. Thus the merged associations will have over \$42,000,000 to loan in Iowa and Illinois, and the new association will be known as Association No. 1 of the Seventh Federal Reserve District.

The main advantage to be derived from this merger is that with a larger district pool, there will be a larger amount of funds available for loaning purposes without adding to the pro rata liability of any Iowa or Illinois subscribing bank.

All the machinery which has been set up by the Iowa Association will continue to function as heretofore, and there will be no change in the mechanics of making application for loans or in any other detail connected therewith.

One of the most favorable aspects of the situation up to this time is indicated by the telegram which is reproduced herewith, from President Mortimer N. Buckner, that so far it has not been necessary to call upon the banks for a payment of 10 per cent on their subscriptions as the New York banks have supplied sufficient money to take care of loans up to this time.

The general business feeling has so much improved since the announcement of the Credit Corporation that there have not been a large number of applications sent in for loans—in fact not a sufficient number to warrant the asking for a 10 per cent payment to the \$400,000,000 which has already been subscribed by the banks of the United States. Thus, it will be seen that \$40,000,000 is left in the banks and will not be called until it is necessary.

As there has been some misunderstanding as to the purpose for which money is to be loaned by the National Credit Corporation we are giving her a resume of this, which has been very ably prepared

not force the borrowers to pay those loans until the loans were due. Thus those uncallable loans under the more or less abnormal world wide economic conditions developing following the war period became what is popularly known as 'frozen'

and the degree of the "frozen" condition of good notes of bank borrowers depended upon how long said notes were to run before they matured and were payable by the borrower. In those cases where depositors continued the withdrawals of their funds from banking institutions there came a time when banks found that the loans they had made to the borrowers did not mature sufficiently fast to pay off the depositors. Therefore, there was nothing else to do but to close the bank; not because of insolvency, but simply because depositors demanded their money faster than the bank borrowers' loans matured.

It is always the wish of banks to be able to pay depositors at the very time when those customers come

for their money and it is payable. On the other hand bankers want to do that with the least harm to the bank borrowers and to the business, to industry, and to farming and to the wage earners of its community. Bank depositors as a class do not want to do anything that would withdraw funds from the channels of trade and from business in their community and thus throw great numbers of people out of employment with its resulting economic hardships and oftentimes poverty conditions; on account of the world depression conditions and its effects upon all business or on account of rumor or gossip which they may hear, bank depositors have in many instances throughout the land become alarmed over the safety of their money and they consequently have been impelled to do the natural thing, with the result that funds have been withdrawn from banks in many instances to such an extent as to cause great financial handicap to all lines of business, to farming, and to manufacturing, throwing large numbers of people out of their jobs. If depositors can be assured that they can get hold of their money, at least that in a bank, when they want it, they naturally have less desire for it and prefer to leave it in their banks where it may be
(Turn to page 45, please)

"NEW YORK, N. Y.

1931 NOVEMBER 17 AM 4 07

George M. Reynolds, Chairman Executive Committee,

Continental Illinois Bank and Trust Company, Chicago, Ill.

On November sixth National Credit Corporation announced through the press that its Executive Committee had instructed the officers of the Corporation in their discretion to issue an initial call for ten per cent of subscriptions to its Gold Notes as soon as applications for loans from banks in fully organized associations were filed (Stop) Since that date National Credit Corporation has been ready to make and has made advances to fully organized associations under the terms and conditions of the Credit Plan through the cooperation of certain individual banks which are willing to make advances and hold funds available to National Credit Corporation pending a call for payment on account of subscriptions to Gold Notes (Stop) When amount of advances to subscribing banks in fully organized associations accumulates to an amount deemed sufficient a call for payment on account of subscriptions will be issued and these advances thereby repaid (Stop) This procedure rather than a call at this time should relieve some banks of the burden of subscription and be more satisfactory to banks countrywide (Stop) Will you please relay this statement or so much as you think necessary to the associations in your district and give it such publicity as you think advisable

"MORTIMER N. BUCKNER, PRESIDENT."

Editor's Note: Secretary Frank Warner, of the Iowa Bankers Association, calls special attention to the above telegram which indicates that the National Credit Corporation has made arrangements either with the New York banks or other banks for funds with which to take care of any particular emergency cases of the various loan associations pending the time when the loan applications reach a point sufficient to justify the National Credit Corporation making a National Call on the banks in the country for 10 per cent of the subscriptions to the gold notes.

by Frank Warner, Secretary of the Iowa Bankers Association, and which is as follows:

Relating to "Application for Loans"

ONLY a subscribing banking institution may be eligible for a loan or loans from the National Credit Corporation. It is anticipated that no application for loan shall be made except to meet an emergency that actually exists or threatens wherein funds are needed to pay depositors. It is not anticipated that applications for loans will be submitted for the purpose of extending loans as a rule, re-funding debts or paying off correspondents. It is a well known fact that banking institutions throughout the country have been closing not because of an insolvent condition, but because of the apprehension of the public in general aroused because of the world-wide depression conditions. Thus throughout the land people seeking to withdraw their deposits from banks have faced the stern reality that no banking institution could serve its community and the purpose for which the bank was established if it merely kept all the funds deposited with it in its safe or vault. Consequently the people found that large sums of their deposits were loaned and they further learned that the bank could

OSCAR'S FIRST FARM SALE

By C. W. FISHBAUGH

WELL, I clerked my first farm sale today. I didn't ask for the job, I had it handed me. I found out the reason the minute I stepped out doors. It was so cold it was freezing the icicles upside down. I guess the cashier was certainly using his head when he said I needed the "experience."

What a day! Started out to the sale and found out I had forgotten the change, so had to come back. I got the change and borrowed a sheepskin coat. That was the smartest thing I did all day. The cashier's final instructions were: "Now, Oscar, it's easy; all you have to do is watch the auctioneer, put down the closing bid and who made it." Easy? I was certainly deceived; it was terrible. By the time I got the closing bid on the doubletrees, the auctioneer had sold the

neekyoke, and started on the horse col-lars. I couldn't tell whether I was two names ahead or three bids behind. One thing was certain, I wasn't on the same article the auctioneer was on.

Began to Sleet

FOUND out another vital thing today. I can't write with gloves on. I took my gloves off and my hands got so cold the writing ranlikethis. Then to help matters it started to sleet. That got the pages of my book wet, and my hard pencil tore every sheet in the book and almost went through the sale board.

The crowd seemed to have the idea that the closer they got, the better bargains they would get. If that was the idea they

made some wonderful buys. They had me crowded in so tight I couldn't even scratch my head when we came out of the chicken house. The sale went like this: "Hammer 75c, saw 50c, pail 25c; who'll take another at the same price? There were six pails and I counted five eye winks, four nods, two hands, and three "I wills." The cashier hadn't told me what to do in a case like that so I marked them all to John Doe. He and richard Roe bought a lot of articles today. The auctioneer seemed to sense that I wasn't exactly an old hand at the game. He shouted: "Stick with me kid, don't get behind." I said: "Shove on big fellow, I'm ahead of you now." Well, he took that to heart and sold the fruit and canned goods so fast that my sheet looked like an invoice instead of a sale sheet. About this time the bidders started to crowd around me to pay. "How much do I owe?" "Figure mine up." "I'm next." "How many tons of hay did I get?" "Can I leave my cattle here till tomorrow night?" "Got a check on Hoopla?" were a few of the questions that penetrated my befuddled brain as I wrote or tried to write, "6 jars of tomatoes to Jake Jones at 10c total 50c; that's wrong! zzzzz!! I wasn't built to take money and bids at the same time, in fact it seemed like I wasn't built for either one.

I asked some of the bidders their names at least a dozen times today. I would never see their faces, I would only sense that some one out in the crowd had bought the article and then I would dive under to find him. (Always coming up on the wrong side from the auctioneer.)

At last the slaughter ended. The auctioneer thanked the crowd for being so orderly. He must have meant a different crowd from the one I was thinking of. He said: "Thats all, boys, pay the clerk before leaving the sale." But I guess they didn't hear that, because I waited a half hour and all the pay I got was 25c for a nail keg I was setting on.

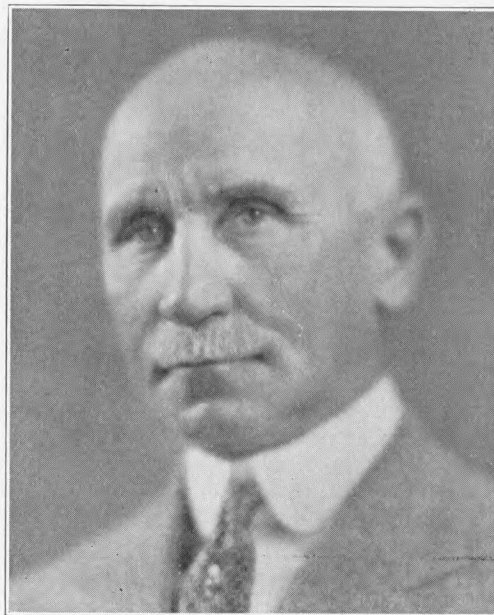
I went out to start my car, and it wouldn't hardly start,—had to crank it. I felt numb all over, I was so cold. I had to drive slow all the way in because sleet was frozen to my windshield. The first thing they asked me when I got back was whether it was cold. I admitted it was, with three prefixes before my affirmative answer. Then the boss came in before I had my overshoes off and asked me if I balanced and what the sale totaled. That kind of got me. I threw the whole durn thing in the vault and came home to rest and warm up. But mostly the latter. Brrrr, brrrr!

Bechtel Buys American Trust Company

CONTROLLING interest in the stock of the American Trust Company, of Davenport, Iowa, was purchased last month by George M. Bechtel & Company. This transaction, of great importance to the Davenport financial world, will offer stockholders of the American Trust Company the possibility of a substantial return on their original investment.

The purchase of the American Trust stock by the Bechtel Company contains an offer to purchase all outstanding shares in the American Trust Company for a consideration based on the liquidating value of the present assets of the American Trust Company. If such assets are liquidated on the basis of their present balance sheet values, American Trust stockholders would receive about \$300 per share. If there is a decrease in the value of the assets, the purchase price will be proportionately decreased. The Bechtel interests are not bound to accept delivery of any shares unless delivery of at least 85 per cent of the stock is tendered them. The plan has been unanimously approved by the directors of the American Trust.

The George M. Bechtel Company, pioneer investment banking house, was organized by George M. Bechtel in 1891. It has had an important part in Iowa municipal financing and has also handled large corporation financing. With it is affiliated



GEORGE M. BECHTEL

the Bechtel Trust Company, organized in 1927.

Officers of the George M. Bechtel Company are: President, George M. Bechtel; vice presidents, H. R. Bechtel, J. Ross Lee and H. A. Phoenix. Officers of the Bechtel Trust Company are: President, George M. Bechtel; vice president, H. A. Phoenix; secretary, H. R. Bechtel; assistant secretary, H. N. Rogers.

NEWS AND VIEWS OF THE BANKING WORLD

By Clifford De Puy

WHEN 55,000 PEOPLE are willing to pay \$5 each, or \$275,000, for a few hours' enjoyment during a football game, as they did at the Notre Dame-Southern California exhibition, and on top of that probably another \$150,000 on automobiles, gasoline, hotels, ginger ale, and food, or a total of \$425,000 for an afternoon's pleasure, I say that prosperity isn't around the corner, but it is right here.

E. W. DECKER, president of the Northwest Bancorporation, in speaking before the Omaha Chamber of Commerce recently, said that what was needed to improve the banking situation was fewer banks and more competent bankers.

We certainly have the first, and we are rapidly getting the latter.

ONE OF MY FRIENDS sent me a copy of a letter which a farmer down in Tennessee wrote to his home town paper on the general business situation, and it is so interesting and humorous that I am publishing it in full.

Personally, I think the letter is both laughable and at least partly truthful.

Holler Rock Junction, Tenn.

Dear Mr. Editor:

There seems to be so much talk about our so-called republican prosperity I believe it's my duty to write my views on the situation as far as possible, so's we can make up our minds we had ought to change our ways of living and so forth.

I have taken my own case for instance. I see my mistakes and many others have acted likewise. I bought a Ford instead of a farm and it's worn out, but the farm I figured on is still O. K. I invested in a radio instead of a cow, and the radio gives static instead of milk. I am feeding five nice hound dogs instead of five pigs. I had our piano tuned instead of the well cleaned out. I spent all of my cash in 1929 and traded up my future wages for 1930 in installments, so hard times caught me in bad shape last fall. If I had spent my last \$100 for flour and meat instead of gas and oil, I'd be O. K. I built a nice garage instead of covering my barn, and I loafed in the mountains instead of fixing my fence, so the cow wouldn't get out, but she's dry now and mortgaged for two blankets my wife bought from an agent instead of paying the preacher.

I am on a cash basis now, but ain't got no cash, I am tied to the end of my rope and the man I work for is busted on account of nobody would pay him and his cotton won't sell because nobody won't

buy cotton clothes; all the gals wear slick silky stockings and silk underwear right here in our cotton patches. I had \$4 saved up for a rainy day but it burned dry and I spent it for inner tubes. I tried hard to make both ends meet with a turnip patch, but when I got ready to sell everybody was selling turnips for nothing. I am worried plumb to the bone and wife's kinfolks are coming to spend two weeks.

Write or phone if you hear of any relief coming this way from the government. I am willing to be either a democrat or a republican for a few weeks if that will help out any.

M. CLARK,
R. F. D. No. 1.

LEROY PEAVEY, president of the Babson statistical organization, prognosticating on the future says, "Business in general, I believe, has seen its worst and the next major movement should be for the better. It always takes time to recover from a major depression. Recessions will be the inevitable sequel of advances. The climb uphill will be slow and irregular. We cannot expect to get back to normal until well into 1932 or 1933.

"People today are much like the Irishman who fell down the elevator shaft of the new building on which he was working. When asked if the fall hurt him he replied, "It was not the fall that hurt, it was the stopping."

JUST SO THAT YOU MAY KNOW that banks are re-opening, the latest figures show that since January 1, 1931, 220 banks have resumed business with total deposits of \$120,000,000.

SPEAKING OF PROHIBITION, the JUNIOR LEAGUE members of the United States seem to be "all wet" as indicated by a recent survey among their membership which is composed of 23,269 women. Replies were received from 8,418 in answer to the question "Are you in favor of national prohibition?" There were 397 who replied favorably and 8,021 who were opposed.

Evidently these charming young ladies know their cocktails, to say nothing of enjoying them.

IN PHILADELPHIA recently there were 36 closed banks, representing 250,000 depositors with \$125,000,000 of deposits and these banks closed because of the continued run which was started on them by the depositors, and this, in spite of the

fact that William T. Gordon, State Secretary of Banking of Pennsylvania, said that they were fundamentally sound as to condition but were closed because of CONTINUED RUNS, MAINLY ON BRANCH INSTITUTIONS.

All of which proves again that branch banking is not the answer to, or a panacea for, improved banking.

It is not any particular system, but it is a very particular and highly satisfactory management which is needed to improve our banking structure in this country.

HENRY FORD gave a recent preaching on hoarding and said that "There is a law of nature which says use or lose. If you don't use your arm you finally lose the use of it. It is the same with money.

"The American dollar is as sound as a nut now but it would not continue to be sound if everybody hid it away. When they hid their money in Germany a wash-tub full of money would not buy a bag of flour. Hide away American dollars and the same thing would happen there.

"You have to use money. It is only a receipt for something real. In itself it is nothing."

That is certainly sound philosophy and many American people are realizing that for every dollar they hide, it prevents ten dollars worth of business from being transacted.

I always thought that the movie and theatrical business made money regardless, but in looking over a recent report of the RADIO KEITH ORPHEUM profits I notice that they're having their problems, too, as in 1929 they had a profit of \$1,670,000, in 1930 a profit of \$3,386,000, and for the first nine months of this year, they made only \$622.

I imagine it is rather hard for the directors to laugh that off.

The Morris Plan Corporation of America will certainly have a most active and energetic president in WALTER W. HEAD, who has recently accepted the leadership of that organization.

The Morris Plan Corporation has very large holdings in all of the Morris Plan banks, this being the largest industrial banking system in the United States, and during the past 21 years, the banks have loaned \$1,750,000,000 to seven million people. The annual business is now about \$200,000,000 and is transacted with 800,000 customers.

J. R. CAPPS, vice president of the Iowa-Des Moines National Bank and Trust Company, wrote me a very nice letter in which he said "I was greatly pleased to see that the NORTHWESTERN BANKER had made such wonderful progress as indicated by its 25 per cent increase in circulation during the past twelve

Northwestern Banker December 1931

months. The magazine is deserving of this report, and I take this opportunity to congratulate you on the success you are making."

RALPH B. WILSON, vice president of Babson's, says "Today you are standing up to your knees in the greatest business and investment opportunities that this country has seen since 1893."

I think Mr. Wilson is right, but, of course, the next job is to pick them out, and no doubt Mr. Wilson would like to have that opportunity.

JACK DEMPSEY, former heavy-weight champion, put on an exhibition boxing bout in Moline last month, but, just to show how energetic the re-organization committee of American Savings Bank and Trust Company of Davenport is, they got Jack on the dotted line for some stock in

the new institution before he could get away from the Tri Cities.

Up to this time the new bank has waivers signed representing deposits of over \$18,000,000.

E. P. ADLER, publisher of the Davenport *Daily Times and Democrat*, has started a contest, offering prizes of \$50 for the best names suggested for the re-organized American Trust and Savings Bank.

JOHN H. HOGAN, vice president of the Continental Illinois Bank and Trust Company, wrote me a nice letter recently after seeing our chart which indicated a 25 per cent increase in circulation during the last twelve months.

"Dear Cliff: Your circulation chart is very interesting indeed and I am delighted to see not only a 25 per cent increase in

circulation, but, likewise, that the trend of dominant coverage also shows an upward trend. Here is my hand, Clifford, and may the year 1932 show an even greater gain."

CRAIG B. HAZLEWOOD, vice president of the First National Bank of Chicago, in a recent address before the National Industrial Traffic League, emphasized the point that "Business never has been so good as the prophecies of the optimist nor as bad as the wailings of the pessimist would indicate."

W. IRVING BULLARD, vice president of the Central Republic Bank and Trust Company of Chicago, accompanied by his wife, flew over the Panama canal recently. They were accompanied by Capt. B. V. Peel of the *Mauretania*. On that vessel they are touring the Caribbean.

A New Type of Financing

By WM. L. HASSETT

Ballard-Hassett Co., Des Moines

DURING the past few years the attention of the securities market has been called to a new type of financing, or if not new, which at least has been quite uncommon. Investment paper issued in connection with this new type of financing has been variously referred to as pledge orders, conditional warrants, revenue warrants or revenue bonds, and in volume has reached such proportions that some examination by those interested in the investment of funds is merited.

Generally speaking the term pledge order, conditional warrants, revenue warrants or revenue bonds, are securities payable solely out of earnings of municipi-

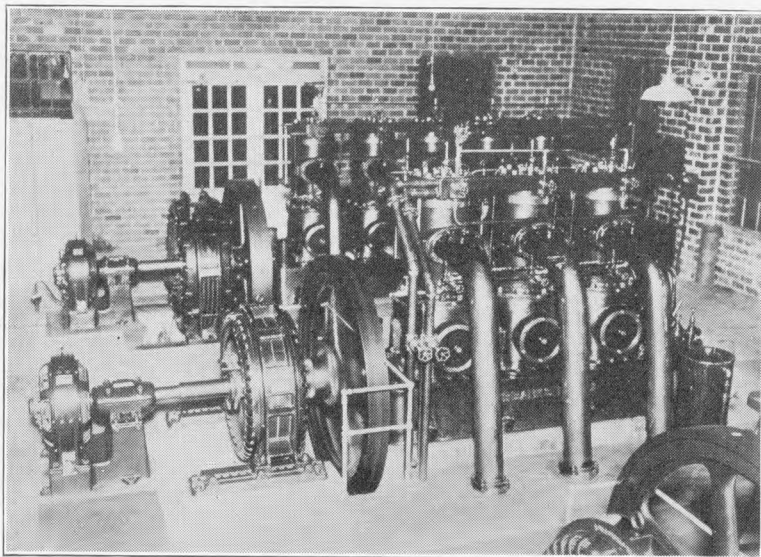
pal utilities and in most cases, the utility for which the paper is issued is the municipal electric light and power plant. Without going into the pros and cons of the so-called power question it is sufficient to say that many municipalities in late years have decided that they want their own light plant, and it is the present claim of such cities and towns that with the new generating equipment now available, production costs of electric light and power are sufficiently low even in the case of small communities, that a considerable net revenue may be expected from prevailing distribution rates.

What has happened is this: In the last fifteen years particularly, the consump-

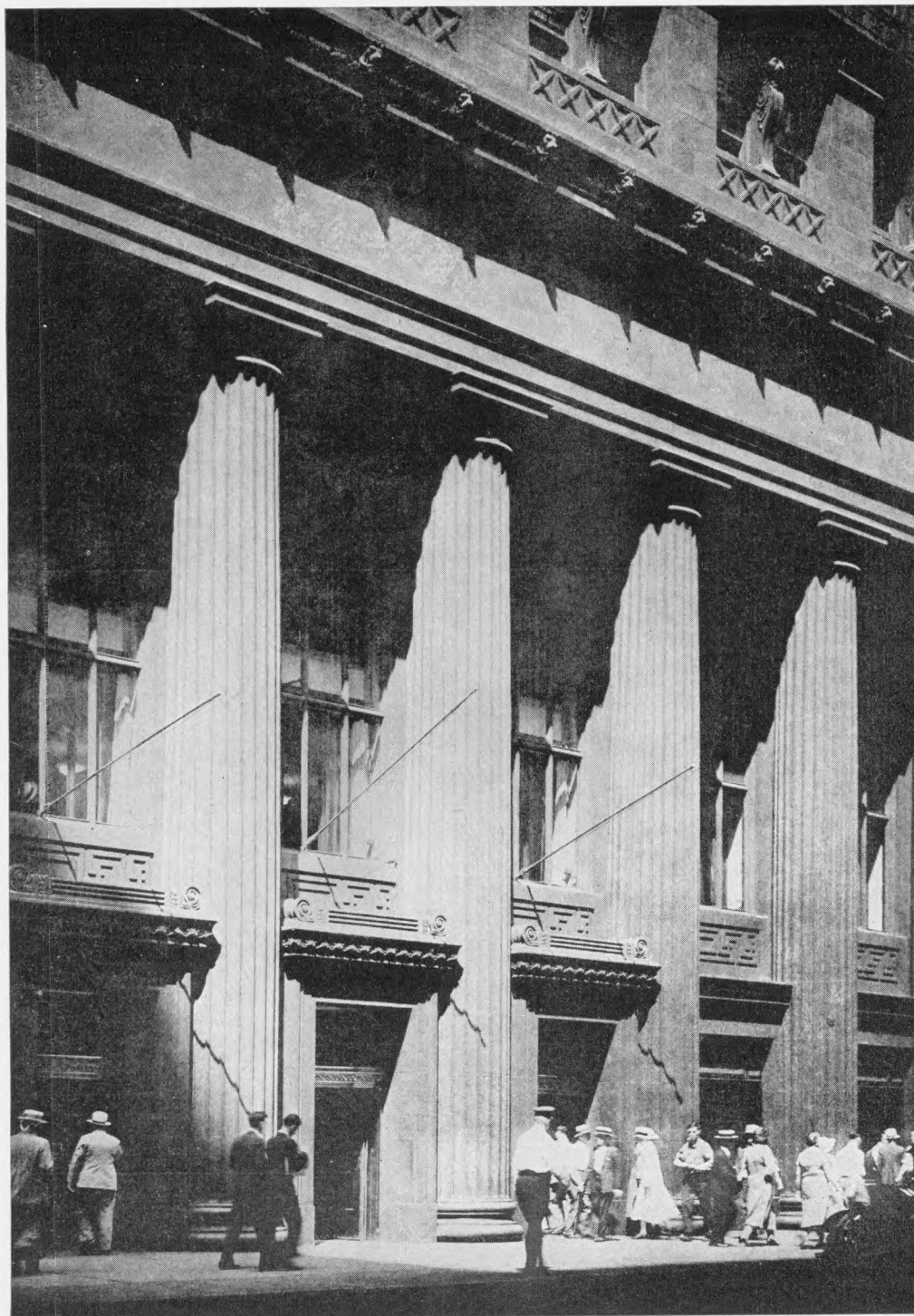
tion of electricity has increased by leaps and bounds and at the same time a Diesel engine has been perfected to a point where production costs compared to selling price is very small. This Diesel engine has claimed for it, the advantage of great efficiency even on comparatively small city and town loads. It burns a very low cost fuel and can be operated without the aid of high priced personnel. It is claimed that the outmoded steam plant was only sufficient in larger centers of population where the volume of business was great. But this new Diesel engine makes it possible for the small trading center to install its own plant and economically and profitably operate it. The proponents and manufacturers of the Diesel plant back this condition up by their willingness to agree by contract to take their pay for the equipment installed out of net revenues, and this plan of financing has been sufficiently successful so that the so-called pledge orders or revenue bonds issued on such a contract have found a market with the investing public.

Must Have Financing

IN MANY cases, of course, legal restrictions which surround municipalities made it necessary that the municipal plant, if it is to be acquired at all, be acquired under some such financing plan. Already many cities and towns are indebted on their general obligations up to their constitutional debt limits or have been brought closer to their debt limits by the reduction in assessed valuations of property which has attended recent



Above, three Diesel engine generating motors in a municipal plant at Stuart, Iowa, with respective capacities of 180, 300 and 120 horsepower.



208

SOUTH
LA SALLE
STREET



CENTRAL REPUBLIC BANK
AND TRUST COMPANY
CHICAGO



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

THE
CHASE NATIONAL BANK
of the City of New York

Capital \$148,000,000 . . . Surplus \$148,000,000
 Deposits (September 29, 1931) \$1,670,000,000

ALBERT H. WIGGIN
Chairman Governing Board

JOHN McHUGH
*Chairman
 Executive Committee*

CHARLES S. McCAIN WINTHROP W. ALDRICH
*Chairman President
 Board of Directors*

The Chase National Bank invites the
 accounts of banks, bankers, corporations,
 firms and individuals.

General Banking Foreign Department Trust Department

Affiliations

CHASE SECURITIES CORPORATION
 CHASE HARRIS FORBES CORPORATION
 AMERICAN EXPRESS COMPANY
 AMERICAN EXPRESS BANK AND TRUST COMPANY
 THE CHASE SAFE DEPOSIT COMPANY
 THE CHASE BANK
 THE EQUITABLE TRUST COMPANY OF NEW YORK
 THE CHASE NATIONAL EXECUTORS AND TRUSTEES CORPORATION, LTD., (London)

real estate and other property value depreciation. Here then you have municipalities restrained from issuing general obligation bonds with which to acquire a new Diesel plant, and on the other hand you have manufacturers or investors willing to say that they are ready to install the equipment or advance the money and look to the earnings of the plant for repayment.

It is impossible to come this far in this discussion without asking the question: "What about the private utilities? Can they not furnish electric light and power at prices to compete with this so-called Diesel engine?" The municipally-minded folks have various answers to this question. Some say, "Yes, the utilities can if they would, but they won't;" others say, "They can't because of their own over-capitalization;" and still others say, "Even if they could, we don't want to deal with them." Whether these answers are correct or not is beside the point. They are at least satisfactory to many cities and towns which are going ahead with the construction of their own plants or "Dieselizing" their old steam plants. Nevertheless it must be true that if these municipal plants are to increase in number over a period of years, they must be economically profitable.

The record of some of the municipal plants which have installed Diesel equipment is interesting. The city of Bloomfield, Iowa, installed three Diesel engines in 1925 and they were paid for out of plant earnings in three years. During the last three years over \$70,000 has been transferred from the light fund to other city funds, and the city's levy of taxes has been reduced from 59 mills in 1925 to 31 mills in 1930. In addition, street lighting is furnished without cost to the city. The city of Hawarden, Iowa, claims that the profits of its Diesel Engine Electric Light and Power Plant are sufficient so that other tax revenue for the city can now be dispensed with. It reports production cost of .081 for the generation of each kilowatt of electricity and that the net earnings of the plant for 1930 were \$31,384. Crete, Nebraska, "Dieselized" its plant in 1927 at a cost of \$39,000. Revenue bonds were issued and paid off in two and one-half years out of earnings. Rates were lowered, but consumption increased to a point where in November, 1930, additional equipment was necessary and an additional \$74,000 revenue bonds issued for that purpose. Since then \$20,000 of this additional amount has been liquidated out of earnings. If these cases are typical, it can reasonably be expected that there will be an increase of interest in municipally-owned electric light and power plants and an increase of interest in the so-called revenue bonds issued to finance the new installations.

High-Grade Iowa Municipal Bonds

Have justified investor confidence through this most difficult and trying year

The past year has been a difficult and trying period for bankers, business men, and individual investors in all walks of life. It has also been a time of testing for securities of all types.

During this period, high grade Iowa Municipal Bonds have demonstrated more impressively than ever their suitability for bank and individual investment.

In addition to the special advantage of the tax-exemption privilege, particularly important in periods of low money rates such as we have been having, they have given their holders an added yield in the form of relief from anxiety and worry—an advantage not measurable in dollars and cents.

For over forty years, Geo. M. Bechtel & Co., Iowa's oldest and largest bond house, has specialized in high grade Iowa Municipal Bonds. During that time bankers in every county in Iowa, and in many counties of adjacent states, have bought bonds from its carefully selected offerings.

The Davenport Office will be glad to supply you with our current list of approved offerings without obligation on your part.

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

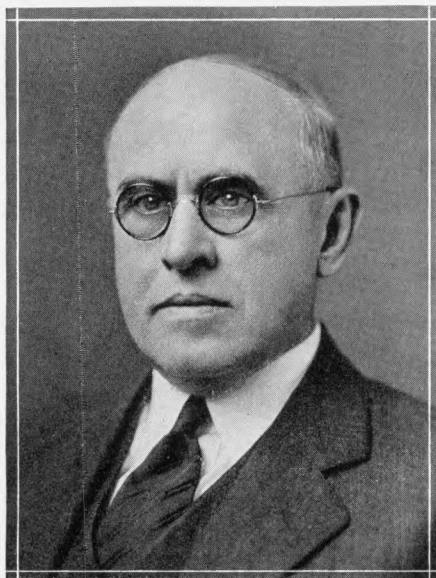
Direct Contact
With Chicago Manufacturers

Manufacturing industries in Chicago are grouped under 159 classifications in the latest available United States Census of Manufactures. This Bank has commercial accounts from manufacturers in 157 of these 159 classifications

**CONTINENTAL ILLINOIS
BANK AND TRUST
COMPANY**
CHICAGO

Retires on Pension

WITH a record of continued service almost paralleling the existence of the institution, Richard M. Hanson, assistant cashier and manager of the savings department of The Northern Trust Company, Chicago, retired last month. Mr. Hanson became a member of the Northern Trust organization May 5, 1892, and his retirement under the provi-



RICHARD M. HANSON

sions of the bank's pension fund brings to an end more than thirty-nine years' activity with the institution.

Began in 1893

MR. HANSON has been identified with the savings department from its start in 1893. He himself owns pass book No. 5, which was issued to him on January 23, 1893. In 1931 alone he has seen the savings deposits in his department increase from \$14,400,000 to \$19,371,000, an increase of over 34 per cent.

Trust Conference

The thirteenth annual mid-winter trust conference of the trust division, American Bankers Association, will be held February 16, 17 and 18, 1932, at the Hotel Commodore, New York City, it is announced by Thomas C. Hennings, president of the division and vice president Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri. The two major problems of trust companies and banks with trust departments that will be given particular attention by the conference, Mr. Hennings says in his announcement, have to do with the investment of trust funds and the sphere of legal activities in the fiduciary field.

"I feel," he says, "that there are two great problems for consideration during the coming year which must be met. One

is that of the investment of trust funds. Trust institutions will find ample work during the next year or two in handling trust funds which have been placed in their care. Periodic reviews of securities held in trust accounts will be frequent and searching. The manner of investment and review is a subject which can be considered by the conference with profit.

"Another problem is an old one, arising from the differences of opinion between two sets of lawyers, on one hand the staff of lawyers representing trust companies, and on the other the lawyers who do not represent trust companies, as to the limitation of the proper sphere of legal activities in the fiduciary field."

Spring Meeting

The 1932 spring meeting of the executive council, American Bankers Association, will be held at the Greenbrier Hotel, White Sulphur Springs, West Virginia, April 25th to 27th, inclusive, it is announced by F. N. Shepherd, executive manager of the association. The special trains, which will bring about 300 bankers and members of their families to the meeting, will arrive at White Sulphur, April 24th. The 1932 meeting will be one day shorter than usual, ending with the "family dinner" Wednesday evening, April 27th. The special trains will leave White Sulphur shortly after midnight the morning of April 28th.

1868

1931

LEADERS in INDUSTRY are its DIRECTORS



DIRECTORS STOCK YARDS NATIONAL BANK

ARTHUR G. LEONARD,
Pres., Union Stock Yard & Transit Co.

LOUIS F. SWIFT,
Chairman of the Board, Swift & Co.

THOMAS E. WILSON,
President, Wilson & Co.

T. W. EVANS,
Vice President, New York Central Lines

EUGENE V. R. THAYER,
Director, Central Republic Bank &
Trust Co.

H. E. PORONTO,
Pres., United States Cold Storage Corp.

O. T. HENKLE,
Vice President and General Manager,
Union Stock Yard & Transit Co.

F. H. PRINCE,
Capitalist.

CHARLES N. STANTON,
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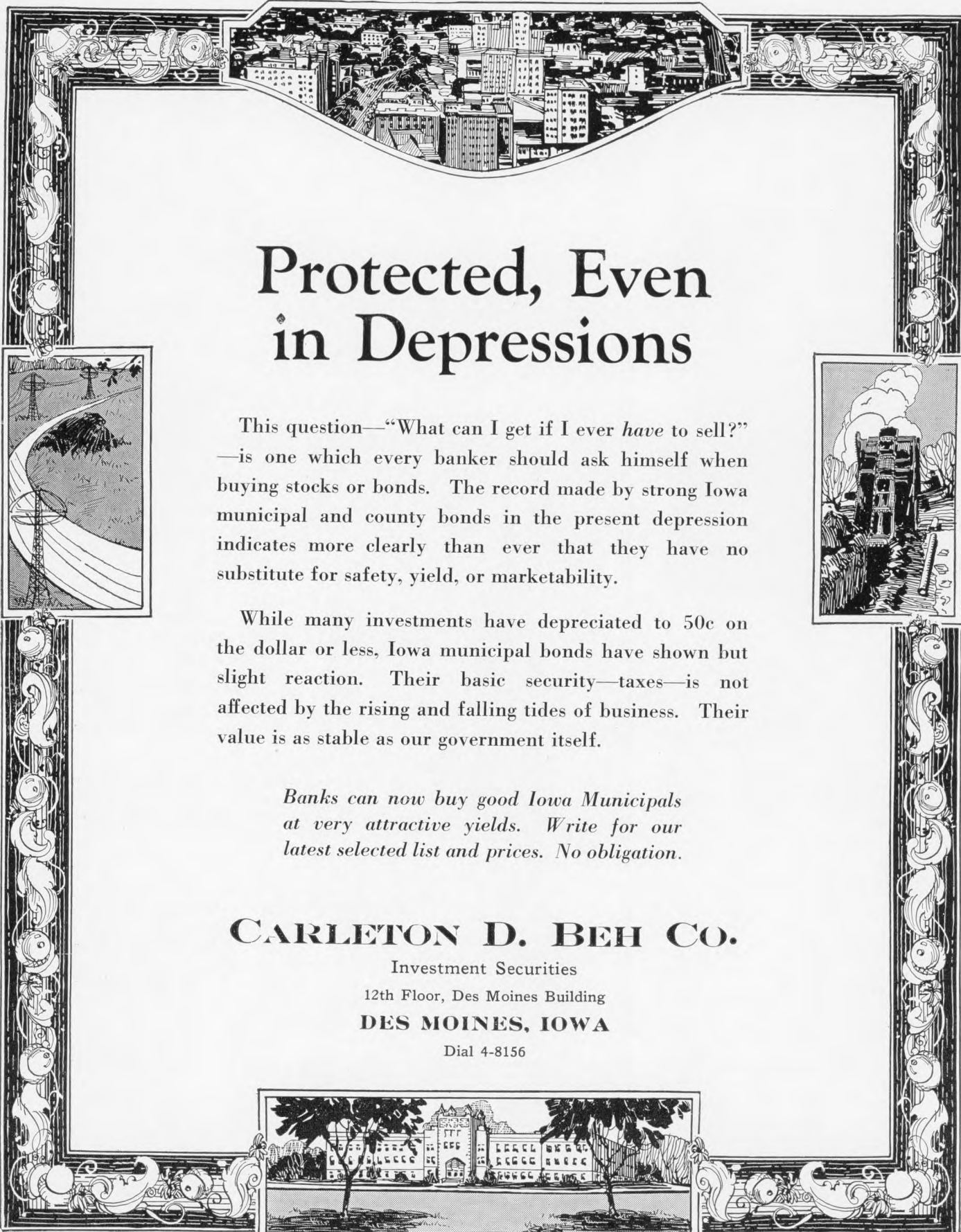
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Bonds and Investments

BUILDING A PORTFOLIO

By DEAN LANGMUIR

Vice President in Charge of Research,
Distributors Group, Inc.

AN INVESTOR who purchases fixed trust shares is primarily interested in stocks from a long-term viewpoint, but, at the present time, he wants the further assurance that the stocks in which he invests will successfully withstand any unusual test the next year or two may bring.

Because, behind the construction of two recent fixed trust portfolios, for "twin" trusts, lie months of painstaking research, culminating in the establishment of certain principles, the following summary of procedure may be interesting.

Major Tests

IN BUILDING these portfolios any stock which could not meet the following tests was eliminated from consideration at the very outset:

(1) *A Favorable Capital Structure*—No large funded debt, or any element whatsoever in capital structure that raised the slightest doubt as to the ability of the company to earn fixed charges even in case of further falling off in earnings.

(2) *Liquidity*—Extremely strong net current situation and large cash balances.

(3) *Stability*—A well seasoned management and a business of stable nature.

Certain stocks which did not appear to meet the third of these requirements, were included but only after interviews with the chief executive officers of the companies, in which confidential information as to the current earnings of the company, as to the present net quick assets, and as to proposed plans concerning dividend payments was obtained.

Test of Marketability

THE next test was that of marketability. The investor suffers if difficulty arises in disposing of a stock which is to be eliminated. It was therefore decided to consider only stocks listed on the New York Stock Exchange. This provision, together with an examination into the floating supply and degree of marketability of various stocks, withdrew from consideration certain other companies.

As the result of the progressive elimination of stocks which failed to meet the foregoing tests, the original list of some seventy-five stocks, first considered, was reduced to a list less than half as long.

In every case, the choice of stocks was based not on reputation but on intrinsic merit. Past earnings were given consideration only so far as they seemed to in-

dicade future growth. There was no attempt to develop a list of "blue chip" stocks. That the stocks were all representative is due merely to the fact that other stocks failed to meet all the tests. The size of a company does not make its stock good, but it is often a reflection of the quality of its management.

Importance of Industry

AFTER the selection of a list of sound stocks, consideration was next given to the outlook facing each industry, because the long-term investor is vitally concerned with the prospects for every industry in which he acquires an interest. No matter how well managed, a company's earnings cannot grow substantially over a period of years unless the field in which it operates is an attractive one. Such a broad view differs entirely from an investigation of the merits of individual stocks.

Investigation into the fundamental economic situation of the different industries indicated that there were certain industries which it was desirable to avoid and others in which the outlook was so comparatively uninteresting as to dictate a relatively small interest on the part of the long-term investor.

Individual Securities

HAVING established the relative attractiveness of each industry, the next task was to fit into this pattern the list of individual securities arrived at through the original process of elimination. This brought up the following considerations:

(1) The relative strength of individual companies within each industry so that investment in the more promising companies would be larger than that in the less attractive.

(2) The necessity of obtaining within each industry adequate diversification with respect to type of product and with respect to geographical location.

(3) The necessity of apportioning percentages invested in each industry, so as to reflect the respective attractiveness of each, and so that each item fits into a general pattern representing a well-rounded investment program.

A list was finally evolved which met all of the above tests.

One of the chief objectives of a program of diversification is that it shall furnish the investor with a true cross-section of American industry. But a cross-section of American industry means not merely that every representative industry is to be included, but that the amount invested in each case shall be in proper proportion. The problem of what is proper propor-

TABLE NO. 1

PERCENTAGE OF BALANCED DIVERSIFICATION IN CASE OF FAVORABLE INDUSTRIES TO BE HELD PROPORTIONATELY

Industry Arranged According to Magnitude of Holdings	Investment per Unit of Trust Shares Priced Oct. 20, 1931		N. Y. Stock Exchange Common Stocks Oct. 1, 1931	
	Amount	Per Cent of Total	Amount in Millions	Per Cent of Total
Chemical	\$1,588	26.4%	\$2,149	25.8%
Food	1,246	20.7	1,639	19.7
Retail Merchandising	997	16.5	1,658	19.9
Electrical Equipment	708	11.7	968	11.6
Tobacco	702	11.7	1,097	13.2
Machinery	666	11.1	661	8.0
Farm Machinery	118	1.9	149	1.8
Total Industries to be Held Proportionately	\$6,025	100.0%	\$8,320	100.0%

This schedule shows that the investor in these trust shares obtains, in the case of these industries, a true cross-section of the stock market, with a surprising degree of accuracy. Since these are the industries which are considered to be particularly favorable, the total investment in this group, as a whole, is relatively large compared to the amounts invested in the other industries.

TABLE NO. 2

RELATIVE INVESTMENT IN INDUSTRIES WHERE PROPORTIONATE INVESTMENT WAS NOT DESIRED

Industry	Investment per Unit of Trust Shares Priced Oct. 20, 1931		N. Y. Stock Exchange Common Stocks Oct. 1, 1931	
	Amount	% of Total Portfolio	Amount in Millions	% of All Industries Represented in Portfolio
Automobile	\$ 218	2.0%	\$1,507	6.5%
Petroleum	402	3.7%	2,393	10.3%
Steel	288	2.6%	987	4.2%
Railroads	1,355	12.3%	3,667	15.7%
Tel. & Tel.	564	5.1%	2,896	12.4%
Other Utilities	2,132	19.4%	3,510	15.1%

tional distribution between industries is one which has heretofore been left largely to individual opinion. It is subject, however, to accurate test.

There are 833 different issues of com-

mon stocks listed on the New York Stock Exchange, whose total market value in October, 1931, amounted to the sum of \$26,803,613,367. The stock of almost every representative company is listed on

this Exchange, and the listed stocks in the aggregate represent, by and large, American industry as a whole.

The New York Stock Exchange publishes at monthly intervals a classification of the values of all listed stocks by industries, and a diversified program of common stock investment ought roughly to follow a similar pattern, so far as the industries are concerned which are considered favorable, and where full proportionate investment is desired. Such a comparison with respect to the portfolio under discussion, according to the latest figures available, is to be found in Table No. 1.

Special Considerations

IN THE case of the other industries, the amounts invested were purposely made smaller or larger than would be required to obtain a true cross-section, for particular reasons. For instance, in the case of petroleum, steel, and railroad stocks, where the promise of continuous growth in earnings is not very bright, the holdings were purposely made small. In the case of the automobile and the telephone and telegraph industries, the holdings were necessarily restricted, due to the fact that only one stock was considered eligible in the case of each industry. On the other hand, it was felt wise to have relatively large holdings in utilities other than telephone and telegraph.

The schedule in Table No. 2 gives reflection to these policies and compares the holdings in these portfolios with the corresponding distribution by industries of the common stocks listed on the New York Stock Exchange.

A number of industries have been entirely omitted from the portfolio, as in the case of the building, amusement, mining, paper and leather industries where, for one reason or another, the industry was considered unattractive. However, the listed stocks of all the companies engaged in these industries account for less than one-eighth of the stocks listed on the New York Stock Exchange.

Balanced Diversification

IT MIGHT be supposed that balanced diversification of a group of stocks would be violently disturbed by market changes, but it is, as a matter of fact, surprisingly constant. In the case of another fixed trust with which I am intimately familiar, the percentage of the total investment in industrials changed during the course of the first year only from 55.8 per cent to 55.4 per cent. During the same period, the investment in rails declined from 19.7 per cent to 18.5 per cent of the total investment, a decline which was offset by an increase in the value of utilities from 24.5 per cent to 26.2 per cent. In the case of no industry did the relative value of the amount invested in any one group change

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by as much as 1¾ per cent of the total investment.

Moreover, trust indentures of the trusts under discussion make particular provision for the maintenance of balanced diversification through the activities of a research department under the direction of a competent economist. Continuous studies are made of the conditions affecting the investment standing of each underlying stock. Direct contacts are established with the executives of the com-



DEAN LANGMUIR

panies, the quality of management is watched, and the important underlying factors affecting individual stocks, as well as industries, are carefully studied. The investor thus receives the benefit of continuous, expert supervision, such as few investors can individually obtain.

If these investigations indicate that a stock is no longer attractive as a long-term investment, whether from the standpoint of failure to provide for proper diversification or otherwise, all or any part of it may be eliminated. It is required, however, that the trustee, after consulting investment counsel, shall exercise final discretion regarding elimination. In this manner, the integrity and soundness of the elimination is established by independent authorities, and balanced diversification can be maintained.

Bankers Poor Bond Buyers

Bank management is on trial at the bar of public opinion, Fred W. Ellsworth, chairman of the Bank Management Commission of the American Bankers Association, told the meeting of the State Bank Division at the A. B. A. convention recently. Yet, said Mr. Ellsworth, who is vice president of Hibernia Bank & Trust Company, New Orleans, there are today in the United States 22,000 solvent banks whose resources are more than \$70,000,-

000,000, and whose management has been so competent as to enable them to weather one of the severest economic storms in all history. The banking structure of the nation remains thoroughly sound and entirely adequate for all business and financial requirements, he declared.

Discussing bad bank management and its contribution to bank failures during the past decade, Mr. Ellsworth singled out a weak loan policy as one of the most dangerous features of poor management.

"I should like to lay down as a double-barrelled axiom that it is better for a community to have strong, solvent, hard-boiled banks, than to have weak, easy going banks that ultimately blow up. Here's hoping

that the banker of tomorrow will bear down on efficient, competent management, on a rigid hard boiled loan policy, and on a practice which will eliminate those forms of service which do not permit the bank to make the adequate profit to which every form of business service is entitled."

Mr. Ellsworth said too many bankers were poor buyers in the purchase of securities for secondary reserves. He said that those who have had occasion to examine and analyze the portfolios of failed banks during the past several years have discovered that in altogether too many instances the portfolio of secondary reserves carried too large a percentage of perfectly good bonds that enjoyed a restricted market or

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Northwestern Banker December 1931

no market at all, with the result that when quick liquidation was necessary the bank found itself in the embarrassing position of holding securities that were frozen.

Another feature of poor bank management, said Mr. Ellsworth, was that of "service," without regard to cost or profit.

He said that a recent survey by the Bank Management Commission revealed that profitless "service" had developed an annual loss to the banks of the country amounting to \$300,000,000. Out of the discovery has come the sensible and logical "service charge," the scientific "analysis

of accounts" and the wholesale elimination of those free services "which silently and insidiously had been undermining the solidity and safety of our banking structure."

Mr. Ellsworth said it was a lamentable fact that a large percentage of the banks of the country do not know their costs. Bank personnel and credit information have shown improvement in recent years, he said. One of the prime causes of decreased profits and consequent liquidation among banks, he said, is the abnormal interest rates that banks have paid as a result of the devastating competition for business during the last decade.

He declared that it was his firm conviction that largely because of experience in the serious period of depression bankers will have learned many lessons which when applied in a specific manner to their own problems, will mean that American banking and American banking practice will develop a higher standard than ever before in our history.

New Industrial Photoplay

A new four-reel talking picture, designed to stimulate confidence in the soundness of industrial America, has just been released by the Burton Holmes Studios.

According to Hillis V. Montgomery of the Burton Holmes organization, who directed the picture, the subject is one of particular importance at this time.

"In a period like the present, the average individual is likely to get the idea that American industry is going to pot," Mr. Montgomery stated recently at a preview showing before a group of bankers in Chicago, "but after viewing the vast operations of this group of 30 of America's greatest corporations, as shown in this picture, his viewpoint changes. What we need to cure the present depression is to get enough people to change their present pessimistic viewpoints."

The picture includes over 175 individual scenes of plants, properties and products of 30 leading American corporations. It was produced in cooperation with the Administrative and Research Corporation of New York, sponsors of Corporate Trust Shares. Complimentary showings are being scheduled all over the country by banking organizations in various cities.

Well, Well!

The latest popular song: "She was only the Garbage Man's daughter, but she wasn't to be sniffed at."

Too True

Mary: "Mother, I never see any pictures of angels with whiskers. Don't men go to heaven?"

Mother: "Yes, some do; but they get there by a close shave."

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Heads Des Moines Office of H. M. Byllesby & Co.

Warren H. Ferguson has been appointed manager of the Des Moines office of H. M. Byllesby & Company, succeeding D. M. Hinkle.

Mr. Ferguson began his investment banking career with the Phoenix Trust Company of Ottumwa in 1918, as manager of the bond department, following his service in the World War.

In 1929, Mr. Ferguson represented H. M. Byllesby & Company in southeastern Iowa, with headquarters in Ottumwa.



WARREN H. FERGUSON

Mr. Ferguson was born in Logansport, Indiana, and was graduated from Lake Forest University in 1905. He is a former president of the Iowa Investment Bankers Association, past commander of O. B. Nelson American Legion Post No. 3, and served as president of the Ottumwa Rotary Club in 1930.

Mr. Ferguson brings to his new duties in the Des Moines office a background of successful achievement with H. M. Byllesby & Company, as well as the fine record of civic activity in his own community.

Announces Change

The Bankers Trust Company of New York has announced that in the interest of efficiency and economy the securities business formerly conducted by its subsidiary, Bankers Company of New York, will be carried on by the bond department of the trust company.

The original capital and surplus of the subsidiary, together with its accumulated profits, will be transferred to the trust company. These items have always been reflected in the statement of the trust company.

The officers and employees formerly constituting the personnel of Bankers Company will continue to conduct the securities operations of the bank.

Bank Management Bulletin

The Bank Management Commission of the American Bankers Association has issued a bulletin covering the proceedings of the clearinghouse round table conference at the annual convention of the association held recently in Atlantic City, New Jersey. The conference, with C. A. Chapman as chairman Committee on Clearinghouse and Interbank Relations presiding, and attended by those interested in clearinghouse activities, afforded a timely opportunity for clearinghouse officers and officers of clearinghouse banks from all parts of the country to meet and fully discuss many problems of common interest. Those topics discussed, which appear in the bulletin, are as follows:

"Deposit Interest Rates," Richard R.

Hunter, vice president, Chase National Bank, New York City; "Cooperative Bank Advertising," Virgil Allen, Jr., assistant vice president, First Citizens Bank & Trust Company, Utica, New York; "Calculation of Reserves," O. Howard Wolfe, cashier, Philadelphia National Bank, Philadelphia; "Installation and Operation of Measured Service Charges," Leo D. Kelly, vice president, Mercantile-Commerce Bank & Trust Company, St. Louis, Missouri; "Simplified Bank Statements," C. B. Axford, editor *American Banker*, New York City; Craig B. Hazelwood, vice president, First National Bank, Chicago.

Copies of the bulletin may be obtained for ten cents from the Bank Management Commission, American Bankers Association, 22 East 40th Street, New York City.

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Advantages In Rising Markets

DURING the past two and one-half years, since the inception of the trust, distributions of Corporate Trust Shares, Original Series, totalled \$4.05 per share, aggregating \$20,082,274.37 for the entire trust," says John Y. Robbins, president of Administrative and Research Corporation, sponsors of this trust.

"This rather remarkable period, on further analysis," said Mr. Robbins, "demonstrates the advantage of holding the shares of a distributive type trust during a period of high or falling security prices. Of the total distributions of twenty mil-

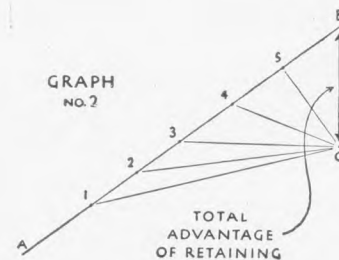
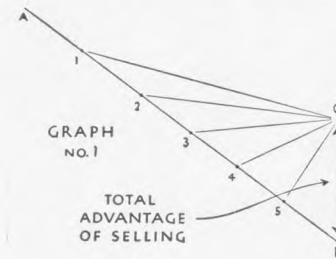
ions, more than half, or \$10,674,733.27, came from the sale of rights and extra shares received by the trust as the result of stock dividends and split-ups of underlying stocks. Had these been retained, as in an accumulative type operation, their market value as of October 1, 1931, would have been only \$4,746,643.76. Thus Corporate Trust Shares (original distributive series) produced results totalling almost \$6,000,000 better than the same portfolio would have produced, during the two and one-half year period just passed, in an accumulative type of operation.

"The fundamental reason for the ad-

vantage of the distributive plan over this period can be clearly illustrated by Graph No. 1 on this page.

"The line running down from A to B is intended to represent the course of market prices while the figures along the line are used to indicate sell-offs. Note that the average of these sell-offs (point C) is substantially above point B (used to represent October 1, 1931, price level), and it will be seen how selling the distributions at points 1, 2, 3, 4 and 5 and obtaining an average of C is preferable to retaining them and seeing them decline to point B.

"However, all this considers only a declining market. Which type, distributive or accumulative, should show the best results in a period of rising prices. This problem can be answered in the same.



Draw a line indicating a rising market as in Graph No. 2. Call it A-B. Mark off points 1, 2, 3, 4 and 5 to represent sell-offs, and call the average point C.

"Here the chart has been turned upside down to show a rising instead of a falling market. The average of the sell-offs (point C) is now found to be substantially below B, the level to which the market has advanced. Obviously, in this case it is better to retain distributions such as stock dividends and split-ups and see them advance in price rather than to sell them off along the line because in selling them off the investor forfeits his chance for the profit obtainable by retaining them as their value increases.

"In studying the stocks individually, the reason is equally apparent. In 1929 American Radiator, through merger, split its shares four for one. Twelve extra shares resulting from such split-up were sold to net \$46.35 per share. On October 1st of this year the closing price for these same shares of stock was \$8 per share or

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approximately one-sixth of the amount actually received in cash by holders of Corporate Trust Shares, original series. The Woolworth split-up (2½ for 1) was sold to net shareholders \$92.68 per share and the value on October 1, 1931, was \$47 per share or about one-half. Even as late as the last half of 1930, American Tobacco split-up (2 for 1) was sold for \$121.12 per share which compares with an October 1, 1931, price of \$80 per share. The same advantageous investor results apply to the sale of other extra shares arising from stock split-ups or stock dividends over the period of trust operation.

"On the other hand a period of low or generally rising prices should be to the advantage of shareholders in a trust of the accumulative type. In a rising market it is more profitable to hold extra shares received through stock dividends and split-ups than to sell them.

"We may say, then, that the distributive type is best suited to a high or falling market, and the accumulative type to a low or rising market."

Criticizes Banking Practices

IT IS no part of a banker's function to be a vendor or a distributor of securities, Bainbridge Colby, former secretary of state, recently told the New York Board of Trade at its annual luncheon meeting.

Mr. Colby said that the practices of some of our modern institutions "have amazed conservative bankers brought up in the banking tradition.

"It is an appalling thing that a banker should use his knowledge of the resources of his depositors and his contact with the customers of the bank and the confidence of that relationship," he continued, "to sell and disseminate securities even of the highest type, not to say securities of secondary or lower grades of doubtful income and unstable value.

Hits High Power Salesmanship

THE managers of our industrial enterprises must change the direction of their ambition. They must be animated by the desire to make their companies excellent; to produce a sound product and to reach a market which they can satisfy and retain.

"The pseudo-arts of high power salesmanship must be discarded as the false and bogus things they are. They are closely related to fraud and imposition.

"The sale of securities or merchandise to the accompaniment of banjo selections and detective dramas on the radio is stooping rather low for business, which claims to be self-respecting. It is mortifying to think that our prosperity and the pre-eminence of American merchandising methods depend upon such extraneous support as this."

Mr. Colby said that it was puzzling the best minds to understand why there is a

mystifying stoppage of business and of industry.

"There is an extraordinary condition of want amid plenty," he said. "Our merchants, who have made a fetish of salesmanship and who have carried the traditional virtues of diligent tradesmanship into the higher realms of super-salesmanship, wonder why they make no sales."

Mr. Colby said that the people look to the economic leaders to aid them in this depression, but that most of them seem to take refuge in cyclone cellars.

"While we await the new formula which will rescue man from being devoured by his own creature, machine mass produc-

tion, let us see what we can do with the materials and opportunities that lie close at hand," he added. . . . "We are moving into better weather and the skies will brighten. We shall hasten the better days if we take soberly the lessons of our present difficulties and profit by them."

Much Worse

Question: "What is worse than a loose bolt in a Ford?"

Answer: "A tight nut."

The virtue of Christianity is obedience. —Hare.



The services of an experienced investment house can be of real value to a bank both in setting up and in carrying out a dependable investment program for the bank's secondary reserves.

Our broad experience in preparing detailed bond reserve accounts is available to every banker. We are pleased to cooperate with you in making investment recommendations to your clients.

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Northwestern Banker December 1931

Nine Credit Groups File Papers

CREDIT corporations to advance crop and livestock loans through connections with the federal intermediate credit bank in Omaha are being

created in Iowa to a greater extent this year than at any time in the state's history.

Articles of incorporation for nine such

credit organizations already have been filed in Secretary of State G. C. Greenwalt's office. More are being filed daily through activity of the Iowa Bankers Association and other groups. Authorized capitalization of those already incorporated is \$425,000.

To Holders of
Niles Center, Illinois
 Bonds

Maturing December 31, 1931

We recommend the re-investment of these funds in other issues of this same municipality, which are now on our list.

Inquiries invited

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Eight to One

AS THE ratio of credit which can be obtained from the intermediate credit system to invested capital is technically 10 to one, this would permit release of \$4,250,000 credit.

In actual practice, however, the ratio is generally seven or eight to one, it is said. The total also is decreased by the fact that the corporations will begin business on subscription of only a portion of their stock. It is estimated, however, that between one million and two million dollars credit can be obtained from the intermediate system and passed on to the farmer by the groups already incorporated.

New Groups

ACTIVE credit corporations working through the intermediate credit system in recent years have numbered only two or three, among which the Farmers Credit Company of Ottumwa and the Tri-State Credit Corporation of Sioux City were listed.

Other newly incorporated groups with capitalization and officers follow:

Ringgold County Agricultural Credit Corporation of Mount Ayr, \$25,000; F. E. Sheldon, president; Clyde Lesan, vice president; Bernice M. Sheil, secretary-treasurer.

Union Agricultural Credit Corporation of Des Moines, \$50,000; A. O. Hauge, president; G. T. Schlenker, vice president; J. H. Mason, secretary-treasurer.

Farmers Agricultural Credit Corporation of Fort Dodge, \$100,000; Harry Summers of Clarion, president; C. W. Gadd of Fort Dodge, vice president; W. H. Thompson of Fort Dodge, secretary-treasurer.

Bankers Livestock Agricultural Credit Corporation of Dallas Center, \$50,000; G. C. Kelly of Dallas Center, president; E. R. Burkett of Perry, vice president; W. P. Wilson of Dallas Center, secretary-treasurer.

Tipton and Rapids

EASTERN Iowa Bankers Agricultural Credit Corporation of Tipton, \$50,000; C. L. Rigby of Stanwood, president; F. L. Pearson of West Branch, vice president; R. D. Swartzlender of Tipton, secretary-treasurer.

Farmers Union Credit Corporation of Des Moines, \$25,000; Glenn B. Miller of Oskaloosa, president; Milo Reno of Des



Iowa Lithographing Company

515 TWENTY EIGHTH STREET

Des Moines



Founded by

GEORGE H. RAGSDALE

EDWIN G. RAGSDALE
 SECRETARY

Moines, vice president; O. D. Goodwin of Des Moines, secretary-treasurer.

Peoples Agricultural Credit Corporation of Cedar Rapids, \$50,000; John Buriánek, Jr., president; F. C. Welch, first vice president; R. F. Torstenson, second vice president; Paul H. Huston, secretary-treasurer; William Rinderknecht, Jr., assistant secretary-treasurer.

Polk and Shelby

POLK County Bankers Agricultural Credit Corporation of Des Moines, \$25,000; S. C. Pidgeon of Des Moines, president; L. O. Shaffer of Altoona, vice president; J. C. Smith, secretary-treasurer.

Shelby County Agricultural Credit Corporation of Harlan, \$50,000; W. J. Lewis of Harlan, president; H. P. Dowling of Harlan, vice president; A. C. Clapp of Harlan, secretary-treasurer.

After posting bonds with the intermediate credit bank to the amount in proportion to which credit is wished, the corporations will be able to make loans on crops and livestock and will have the rediscount privileges of this paper with the bank.

Growth of the corporations is of particular significance in view of plans of Iowa farmers to store grain and feed cattle this year because of present price levels.

Contemporary Opinion

The Stamp Report on Future Trading
(Dr. James E. Boyle, of Cornell University)

"To inquire into and report upon what effect, if any, dealing in grain futures has upon the price received by the producers." This was the duty of the royal grain commissioner, headed by Sir Josiah Stamp of London, which began an investigation of the Canadian grain trade last April.

The inquiry into future trading has been completed and the report published. It is one of the most important investigations ever made of the grain trade. The commission, consisting of three able and competent men, were unanimous in their findings. The farmer gets a higher price for his wheat because of future trading on the organized exchanges. The commission found several reasons for this beneficial effect of future trading.

Future trading provides a means of insurance for the handling of the farmers' grain so that the various dealers can do work on narrower margins. The commission found that it was the invariable practice of the country elevators in Canada to hedge all purchases of grain from farmers. "There can be no question," says the commission, "of the value attached by the country elevator operators to the futures market for hedging. The evidence was unanimous on this point."

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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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Safety of principal
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INVESTORS SYNDICATE maintains loan offices in 20 important cities in the United States and Canada. These provide ample facilities for the prompt investment of its available funds in diversified high grade residential mortgages at profitable rates of interest—and contributes to the soundness of the Syndicate's Investment Certificates.

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SYNDICATE**

FOUNDED 1894
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THE DECEMBER HOROSCOPE

The Turquoise is the December birth stone and it symbolizes success.

Light blue and pink are your lucky colors.

The Narcissus is the December birth flower.

Great energy characterizes persons born in this month. Their energy makes them impulsive yet progressive in business. They are up-to-date and therefore always in line for success.

Some of the great men of history born in December are Carlisle, Milton, Beethoven, Disraeli, Isaac Newton, Gladstone, Whittier and Kipling.

If you are in the life insurance business but not now under contract may we suggest that you need the helpfulness of our management which is capable of appreciating your ability and is in a position to make the most of it.



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

Insurance

Adjusting FARM INSURANCE to FARM VALUES

By I. D. GOSS

Manager, Farm Department, Continental Insurance Co.

(From address at 1931 Convention, Iowa Association of Insurance Agents)

THE farm business has been on a rampage these ten years and has given an exhibition like unto a rodeo where the rider has done well to stay in the saddle and keep his boots on. Some of us find on the morning after that we are not only sans boots and spurs, but that we have verily lost our shirt in this strenuous game. But now our bucking broncho has acquired a degree of docility. The punishment inflicted by the rubbing of the saddle upon his irrespressible back has done its work and his ears are drooping a bit as he listens to his master's voice. Thus the farm business pulled up short at the end of the year 1930, and proclaimed to the world that this thing had gone far enough. It proclaimed that although injured to hardship and privation, it was determined to rise above this lowly station and would do it or know the reason why.

I submit to you that the farm business has not been a weakling. For ten long and painful years there was not a whimper save on the part of a few companies which had undertaken to enter this field rather experimentally and had concluded that they had enough. I say to you that there has not been a finer exhibition of true sportsmanship than has been shown by this stalwart group of farm writing companies, which have year by year taken their loss running into large figures without a sign of protest and have gone on furnishing sound protection to property owners with the pledge of their entire resources behind it. Never have they attempted to recoup their own fortunes by short-changing their policyholders. They have not reduced the commission to their agents; they have continued to furnish the same field service even though the cost has constantly increased. I ask you if business in general has shown a like spirit in this recent period of depression. Business in general is suffering no more severely these last two years than the farm business has suffered in ten. But business in general has found the situation very irritating and has cried aloud, not once, but every day until its voice is heard throughout the land. Not that alone, but it has sought to distribute some of its loss by omitting dividends, reducing salaries, announcing payless vacations and by other devices. I hold also that the loss suffered by the farm business was greater

in proportion to volume than the present losses of general business upon its immense transactions. On our normal volume of 20 millions of premiums in Western Department territory we lost an average of two and one-half millions per year. In fire experience the good state of Iowa has contributed its full share in



I. D. GOSS

support of this average. If a loss of the proportions indicated had been experienced as the result of a year of extreme drought such as 1930, it could cause little comment and could be passed over as an untoward incident chargeable to unusual conditions. But to have sustained a consistently bad record year by year so long without an outcry is, I think, a contribution to underwriting history and fitting evidence of the stalwart courage of the stock fire insurance companies operating in the farm field.

Adherence to Duty

SEE in this picture of patient and faithful adherence to a line of duty, a certain appeal which I know you will see with me, and which as I have said before,

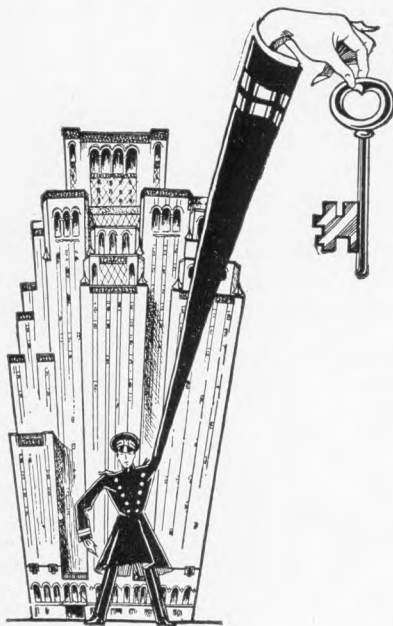
you have given evidence of having already seen. It is an appeal for some straight thinking to be followed directly by sincere corrective measures. These measures should perhaps be defined by the companies who occupy a vantage point from which they are expected to see the whole situation more clearly. But to be successful these measures must have the active support of the local agents who operate as the army of occupation in the farm territory.

Now an exceptional bad year in farm writing experience proves nothing. But ten consecutive years in the red does prove something very conclusively. It proves that there are definite and active forces which are making for our defeat. It can no longer be charged to "happenstance." Some malignant germ is at the bottom of this distracting fever. We must go into our laboratory and isolate this germ and hold it up to view if we would effect a cure.

As the results of the year 1930 were cast up it was apparent that it had delivered a wallop to the farm business which was the most devastating of any yet dealt in the ten round bout of the decade which was closing. This was the signal at which the giant should awake to the all too apparent fact that patience could no longer be regarded a virtue. Courage is one thing; good judgment is another. Each have their time and place. The one had played its part with distinction; here was the queue for the other to come upon the stage. At the beginning of the new year there were many rumblings in the farm company ranks. Suffering in silence may show strength of character; in our situation, if too long continued it may show lack of business sense. This was the thought which moved the farm association by the unanimous consent of its membership to voice the conclusion that the farm business had reached the crossroads. By this it was meant that if the farm business should continue to go straight ahead, it would go to its ultimate ruin. That it must make a radical turn at this junction point if it would be saved. The belief was expressed that with the whole hearted cooperation of the local agent this turn could be negotiated. The case was carried to him frankly and truthfully. His response was such as will long stand as a testimonial to his courage

Northwestern Banker December 1931

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and his sense of fairness. All things considered, I am confident that the situation is in process of being saved and that the farm business will again be restored to its rightful place as a creditable unit among company activities.

On Familiar Ground

AS WE come to the diagnosis of our case we find ourselves on familiar ground. Much has been said and written this year about insurable value. I can hardly hope to say anything new on this subject. But so important an issue cannot be too frequently or too strongly brought to attention. There is some difference of opinion in farm circles on minor issues, but there is practical unanimity in the belief that the insurance written by stock companies on farm property has been permitted unwittingly to get out of hand until it has in many instances reached or eclipsed the actual value of farm improvements. It is my observation that a great majority of the local agents concur in this belief. Actual value has never in our day been so hard to lay your hand upon. It is an elusive quantity, in many cases defying exact estimate. Actual value is relative. A model house or barn on an exhibition platform would have a definite value based solely upon the material and labor which entered into its construction. This same building located on an Iowa farm might have an entirely different value. If it was built at a cost of \$5,000 on a \$20,000 farm, it cannot continue to be worth \$5,000 when the value of the farm depreciates to \$8,000 or \$10,000, or what will you give. Too many times the farm owner is willing to admit the deflation of his acreage, but is unwilling to recognize a proportional deflation of his buildings. However, if this \$5,000 dwelling erected some years ago on his \$20,000 farm should be destroyed, he would be quick to see the inconsistency of putting up another \$5,000 dwelling on his farm now worth \$10,000. He simply wouldn't do it. If he had insurance based on replacement cost, he would build in correct proportion if he was a prudent business man and would fatten his bank account with a thousand dollars or so of the insurance money. A fire in such circumstances must appear a bit of good fortune. The farm underwriter knows that every such situation is like unto an inactive volcano which may break out at any moment. If you could see the number of cases which come into our offices for assignment of existing policies where the sale price of the farm is little, if any more than the insurance written on the buildings, you would be thoroughly convinced that the value of a set of improvements is relative and must be held in correct proportion with the value of the farm of which they are a part.

The Utility Factor

IN ESTIMATING the value of a farm building, an equally important factor is the utility of the building. Value and usefulness come within identical boundary lines. The changes which have taken place on the farms make it very desirable that we give good heed to this feature. The transition from the horse age to the power machinery age, the abandonment of certain lines of farming and the adoption of others, are likely to render some of the buildings next to useless and therefore next to valueless. I cite as an example a loss which our own farm department sustained a few weeks ago in a state adjoining Iowa. A barn burned insured for \$3,000 and written some four years ago. Our adjuster reported that the barn was empty and of no use to the farm. I later had an opportunity to talk to the owner and when I asked him if he would rebuild the barn, he replied that he would not as it was built to take care of his cattle and he was no longer in the cattle business. I ask you if this \$3,000 loss was not a fortunate one to that owner?

With present farming methods it appears that less barn room is required and it is always desirable to investigate the occupancy of barn No. 2, if such a barn exists. If the second barn is practically out of use, its actual value has depreciated proportionately. If you accept for insurance on the basis of their physical value, buildings which have lost their usefulness, you are adding to the farm underwriter's choice collection of volcanoes, which however inert to the casual view, will sooner or later leap out with tongues of fire and engulf him.

With a chain of developments which have literally squeezed much of the value out of many farm buildings before our eyes, the situation is now the more aggravated by the rapid and radical decline in material and labor costs. Lumber prices have been on the down and down for months and we are told that they continued to fall during the past summer at the rate of 5 to 10 per cent per month. Building costs are apparently down from 20 to 35 per cent, depending upon labor conditions and the dispositions of retailers to pass on the price reductions. There is nothing complicated in this feature of our calculations. If we insured a building at 75 per cent of its actual value five years ago, it is insured for 100 per cent today because it is worth that much less now, to say nothing of natural depreciation. Any building which is now overinsured should be reduced. We may not elect to do this, and if we simply extend again the long vista of volcanoes, which will erupt and who knows when. So we may say that our farm underwriters settled in the last decade in a sort of death valley surrounded by these volcanic peaks which poured red lava down upon their heads and determined their experience figures.

Out of Line

BECAUSE of these developments, 1st, the deflation of land with a tendency to hold buildings at their original value; 2d, changes in conditions, methods and ideas causing a reduction in the utility of many buildings; 3d, radical decline in building costs causing heavy and immediate depreciation—because of these developments farm policies written for a term of years and not subject to easy change became seriously out of adjustment. Had everything on the farm been moving up as was true in the period of the war and immediately following, there would have been no danger. In fact there would have been increased safety for the underwriter. But here was something quite different, quite radical, quite unexpected which moved up quietly and was doing its deadly work almost before we were aware.

The most skilful underwriter cannot cope with a situation like this. The odds are too strongly against him. Here is the insurance company stepping out of the role as a medium of a protector against accidental disaster. The insurance company stands rather in the position of a preferred purchaser. Its policy is a standing offer to buy at a stipulated price every property it insures. In thousands of cases the price it offers is a premium upon actual value. Now we have a problem in which human nature is the major factor. What are we going to expect as the outworking of this situation? Many to whom this standing offer is made find themselves in a tight place. The mortgage is pressing; the interest and taxes are high, the crops are poor. Things are not going so well. A less pretentious house would do as well; a smaller barn would serve every reasonable need; this old furniture wouldn't bring at auction half the amount offered by the insurance company. Who will sell? Many will be tempted; not so many will yield. Who among us will undertake to say how many? There are many evidences that some will and there is much reason to believe that they are not a few. We should be willing to face the facts. Moral hazard is a monster of hideous mien, and whether we want to believe it or not, this monster is stalking up and down the land. Arson has been called the crime of crimes. Some who practice it for gain may think themselves absolved on the very flimsy ground that defrauding an insurance company is no serious reflection upon one's moral stamina. The transition from the prosperity of agriculture to the depression of this industry cost the insurance companies an addition of 50 points to their loss ratio. Will you say that there was immediate physical disintegration which added such a heavy quota to this loss ratio? Such a thing is unthinkable. If we are fair with ourselves we will admit that moral hazard alone can explain this

increase. It is my candid opinion that 25 per cent of the fire losses of this ten-year period may be rightly charged to moral hazard, which may mean a deliberate fire or one which is invited by complete willingness or indifference.

Gold Shipments

Apparently as a result of turbulent international monetary conditions and the consequent shifting of gold stocks, imports of the precious metal by the United States have been somewhat heavier thus far in 1931, than they were over the same portion of last year, according to data collected by the marine department of the Continental Insurance Company, which handles a considerable volume of insurance on gold consignments.

During the first eight months of the current year, gold to the amount of about \$305,604,000 was imported, as against \$273,802,000 in the same months of 1930. Exports, on the other hand, have been materially smaller, the 1931 total to September 1st amounting to some \$22,526,000 in contrast with \$90,524,000 during the corresponding period of 1930. Both July and August of 1930 saw heavy outward consignments of gold leaving the United States.

New Utility Financing

Offering is being made of \$11,000,000 Public Service Company of Colorado first mortgage and refunding 6 per cent bonds, series C, due November 1, 1961, by Halsey, Stuart and Company.

This utility financing is the largest undertaken since the end of July, when that investment firm sold \$15,000,000 issues of Public Service Company of Northern Illinois and Peoples Gas Light and Coke Company. In the interim the only public utility bond financing has been a number of small issues.

The present financing also marks the re-entrance of this company into the bond market after a period of seven years.

Public Service Company of Colorado, the largest electric and gas company in that state and a subsidiary of the Cities Service Power and Light Company, recently acquired the Colorado-Wyoming Gas Company, which operates an interstate pipe line from Denver to Cheyenne and has a minority interest in the Colorado-Interstate Gas Company, which owns the pipe line carrying natural gas to Denver from the Amarillo field.

Public Service of Colorado supplies electric power and light to Denver, to 100 other communities at retail, and to an additional forty communities at wholesale.

Ship Ahoy!

I know a flapper who is so dumb she thinks a goblet is a sailor's little boy.

Northwestern National Life in Iowa

8,462 Iowans today are being protected by policies with this Company.

Its insurance in force in this state totals \$17,960,755. (Sept. 30, 1931.)

Keeping these figures moving steadily upward are the following agencies ready to serve you:

R. S. Blossom Algona
J. C. Prall Ames
E. W. DeNio . . . Cedar Rapids
Hal E. Smith Clarion
H. O. Wilhelm & Co.
. Des Moines & Omaha
C. I. Snyder Mason City
D. J. Connolly . . . Sioux City
A. G. Carper Waterloo

**NORTHWESTERN NATIONAL
LIFE INSURANCE COMPANY**
O. J. ARNOLD, PRESIDENT
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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.



Position Wanted—Seven years general banking experience as bookkeeper and assistant cashier. Single, age 30. No preference as to town or state. Address the Northwestern Banker No. 3177. 11-12-1.

One on Dad

Mr. Brown was obliged to go to the hospital for an operation. Tommy was permitted to visit him within a few days and saw his father propped up in a hospital bed. "Pop," Tommy asked, "Mom says I been a good boy while you been sick, so can I see the baby?"—

The Same Mother

The class in English had been asked to write a composition on "Mother." Johnnie wrote a very excellent one and his brother, Willie, wrote one identically the same. "Why, this is just like Johnnie's," remarked the teacher. "Well, it's the same mother," replied Willie.

A Specialist

Dr. Mayo says that a specialist knows more and more about less and less.

Unusual Case

I know a woman with a fiery temper who was prostrated by heat.

A Quarter of a Century of Success Through Service

1932 marks the twenty-fifth anniversary of the Gerlach-Barklow Company.

In commemoration of the event we have created the

Silver Anniversary Line of Art Calendars

which our representative will show to you sometime during the early weeks of 1932. You will be more than pleased if you wait and see this line before you place your order for next year's calendars.

Here is a small half-tone reproduction of our own Silver Anniversary Calendar. If your bank doesn't receive a copy of this by January first, write us and we will be glad to send you a copy. Without charge or obligation of any kind.

The GERLACH-BARKLOW CO.
JOLIET, ILLINOIS, U.S.A.



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200 ROOMS \$2.00 200 BATHS
Guest rooms and litchenette apartments PER DAY AND UP Special weekly and monthly rates
10TH STREET AT 5TH AVENUE

MINNEAPOLIS

Bonding Protection for SMALL BANKS

By J. SCHMIDT, JR.

Superintendent Hartford Accident and Indemnity Co.

(From address before Second New England Bank Management Conference.)

THE scope of proper coverage for any bank, especially during the trying period through which we are passing, is a large assignment, in fact, it is of such magnitude that it becomes necessary to limit these remarks mainly to two well-known forms of coverage, dishonesty insurance and bankers' blanket bonds.

It will, perhaps, facilitate matters if we first consider the rural or suburban banks—the banks which, because of their location and other limitations, are obliged to exercise rigid economy in arranging for appropriate insurance coverage. In consequence, banking organizations in this group usually carry such specific forms of coverage as dishonesty insurance and burglary and holdup policies. These contracts (dishonesty insurance and burglary and hold-up policies) lack much that is desirable in the way of proper insurance protection. They leave unprotected many illegal exits for the bank's cash and securities when accelerated by clever manipulators. It seems desirable to mention that announcement was made by a prominent financial journal that, within the past eighteen months, with respect to one bonding company alone, embezzlements had increased 17 per cent in number, and this does not take into consideration the aggregate amount involved.

Losses Large

IT IS common knowledge that there are more trusted employes causing losses for very substantial amounts during the present period than ever before in the history of *your business or our business*. We, in the organization with which I have the pleasure of being associated, believe in being optimistic, but you are all interested in facts and consequently I shall not attempt to dodge the statement that many of these losses, some for gigantic sums, seem to be going from bad to worse—not only as to amounts but as to the frequency with which they occur. We would be derelict in our duty if we did not admonish you not to take chances by gambling with time, which is always an extremely dangerous thing to do where insurance protection is needed—and with that incalculable element of human nature, "honesty," or perhaps I should say, "dishonesty." You are as familiar as we

are with the many causes which contribute to dishonesty, such as speculation, a desire to keep up with the Joneses, and what-not.

Previously it was mentioned that specific forms of insurance referred to and available for the rural or suburban bank leave many unprotected points; for instance—

1. Failure to add the names of officers and employes to the present bond.
2. Failure to bond all employes.
3. Failure to require corporate surety bonds instead of personal surety bonds.

BONDS Preferred and Common STOCKS

Our statistical department has prepared a list of attractive investment and semi-investment issues which we will be glad to furnish on request.

Babcock, Rushton & Company

ESTABLISHED 1895

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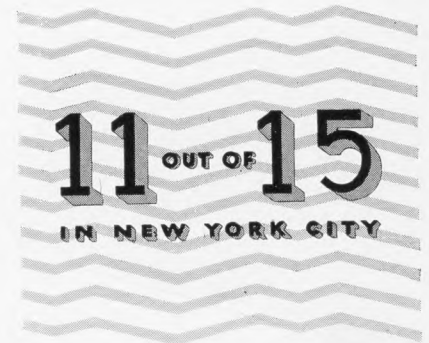
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IN NEW YORK CITY the 15 largest banks are the dominant factors with aggregate deposits of \$9,111,000,000 out of a total of \$10,056,000,000 in all the commercial banks. 11 of these 15



leaders supply their customers with checks made on La Monte Safety Paper, the original safety paper for checks, readily identified and widely accepted as the standard everywhere.

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.

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THE FISHER COMPANY

CHARLES CITY, IOWA

SPECIALIZING ON FIXTURES FOR BANKS. WRITE FOR PRICES

4. Failure to bond both active and inactive officers.

5. Failure to bond defaulting employes for adequate amounts.

6. Inability to fix individual responsibility for loss.

7. Misplacement of money or securities. (This applies only in instances where misplacement is carried under the bankers' blanket bond.)

8. Abnormal or unexplainable shortage in teller's cash in excess of the normal shortage. (This applies only in instances where misplacement coverage is carried under the bankers' blanket bond.)

9. Sneak-thievery from teller's cage or elsewhere.

10. Non-compliance with conditions of the bond or policy.

11. Money or securities destroyed by fire or otherwise.

12. Loss through negligence on the part of any employe having custody of "property" while in transit in accordance with provisions of the form of bond carried.

13. Loss of "property," as defined in the bond, occurring on the day of its receipt and before the insured has made the prescribed record thereof.

14. Loss sustained while "property" is actually within any recognized place of safe deposit within the United States, and under some bond forms this coverage is still broader.

15. Loss sustained while "property" is actually within the premises of any of the insured's correspondent banks within the United States, etc.

16. Defalcation of an employe not covered under a specific bond or covered in an inadequate amount; always a matter of guess work, at least twice.

17. Loss resulting from failure to enjoy the comprehensive loss prevention service which accompanies our dishonesty insurance contracts or bankers' blanket bonds, in regard to which there will be more later.

When a Loss Occurs

THERE is not a banker who will attempt to deny the importance of these points, which by no means tell the whole story. It has been frequently demonstrated that every banker owes it to himself as well as to his stockholders, depos-



Quick Handling

of all transactions involving live stock proceeds is assured the customers of this bank—the only bank at the Sioux City Stockyards. More than 35 years experience in this particular field has developed a service which is unexcelled for speed and efficient handling.



LIVE STOCK NATIONAL BANK

SIoux CITY, IOWA

Affiliated with
NORTHWEST BANCORPORATION

"The Bank at the Yards"



J. SCHMIDT, JR.

itors and the general public to obtain the best form of insurance which his bank can possibly procure. Consider, if you will, the unfortunate position in which a banker is placed is a loss occurs not covered by insurance in force, which would have been collectible under a bankers' blanket bond if this form of protection had been carried. Unfortunate occurrences of this kind sometimes amount to disaster. What would your directors say under these circumstances? May we suggest you hold a director's meeting with yourself in regard to your insurance requirements and obligations?

It seems only fair, however, to say that the smaller banks, of the rural or suburban variety, having comparatively few employes, because of their size and other limitations, may not be in position to purchase bankers' blanket bond insurance, although it should be remembered that such bonds, at very nominal cost, may today be obtained on a very popular form (Turn to next page, please)



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

Examiner at Pukwana

Frank Brady, Chamberlain, examiner-in-charge of the closed state bank at Chamberlain, South Dakota, has gone to Pukwana to handle the affairs of the closed Farmers State Bank of Pukwana. Mr. Brady is also in charge of a bank at Kennebec.

S. F. Bank Clearings

Sioux Falls bank clearings for the month of October aggregate \$5,416,649.95. This is an increase of \$308,888.19 over the month of September when the total was \$5,107,761.76. With the October showing, the total local bank clearings for the year is now \$60,341,995.99.

At Pierpont

Through an arrangement made with the state banking department the First State Bank of Pierpont, South Dakota, which closed its doors some time ago, will be re-opened for business. Under the agreement reached the bank will assume all deposits. In other words, instead of a holding company being formed, the bank will take it upon itself to pay off all depositors, asking a certain amount of time in which to do it. A certain percentage of the deposits would be released at the time the bank was re-opened, and the balance released as business warranted.

President Resigns

H. G. Weare, president of the Bank of Spearfish and of the First National Bank in Belle Fourche, South Dakota, has resigned because of ill health and advanced age.

At the request of the Northwest Bank-corporation, he said he would continue as a director. R. E. Driscoll of Lead will succeed Weare.

To Be Re-opened Soon

Plans for the re-organization of the Farmers and Merchants State Bank of Roslyn, South Dakota, have been approved by the state banking department

and will be submitted to the depositors. Indications point toward the opening of the bank in the near future.

Similar re-organization plans are under way for the First State Bank of Pierpont.

The State Bank of Holmquist will probably be liquidated by depositors, as petition for liquidation by a board of trustees chosen from their number has been filed, and the petition was signed by 65 per cent.

Gets State Banking Post

P. W. Loomis of Rapid City, examiner in charge of a number of defunct Black Hills state banks, has been appointed to take charge of the affairs of the bank of Hot Springs, South Dakota. E. A. Ruden, state superintendent of banks, also announced the employment of Frank Wynn of Yankton to assist Mr. Loomis.

Resigns at Valley

Ill health has necessitated the resignation of J. E. Nichols as vice president and director of the Valley State Bank, Valley, Nebraska, and he will seek a complete rest from business responsibilities for several months.

G. W. Broadhurst has purchased the bank stock formerly owned by Mr. Nichols and goes to Valley to fill his position. Mr. Broadhurst recently sold his interest in the Bank of Kimball of which he was the chief executive and one of the principal owners.

Closes Voluntarily

The First State Bank of Buford, South Dakota, is closing voluntarily and paying depositors one hundred cents on the dollar. It has been in existence for 25 years. O. J. Morken is cashier.

Bank Pays Dividend

Creditors of the closed Ramona State Bank are being paid a first dividend of 15 per cent, the South Dakota banking department announced recently. The payment represents a distribution of approximately \$8,500.

Bonding Protection for Small Banks

(Continued from page 38)

in amounts as low as \$10,000. Now, then, the first problem to consider is what is the very small bank to do about its insurance coverage? Usually we find that, because of its limitations, it can only purchase a good form of dishonesty insurance on, *preferably everyone*, for substantial amounts, and proper burglary and hold-up protection. In these circumstances these forms of indemnity, while not beginning to approach the coverage contained in a bankers' blanket bond, are absolutely indispensable. This has been recognized by progressive legislation passed by several states, initiated in New England but not confined to this section of the country, which requires that "each officer" and "each employe" (whether active or inactive) be bonded. The legislature of Connecticut, for example, has adopted new laws making it mandatory for every state bank, trust company, savings bank and industrial bank to give bond in a company authorized to transact a *corporate surety* business in that particular state.

It must be obvious to you, therefore, that the requirements that bonds be issued by a corporate surety means that personal suretyship has been relegated to the realm of antiquity where it has belonged for many years. Only too often personal suretyship has been found wanting at the time of need. It has resulted in many financial difficulties and in some instances bankruptcy—even death for people who have been foolish enough to risk their personal fortunes for a friend or for some acquaintance. Not very long ago it was reported in one of the leading papers of this country that a bank president had filed a voluntary petition in bankruptcy, scheduling assets of about \$10,000 and liabilities in excess of \$700,000. He had qualified as a personal surety. There are innumerable cases of this kind on record and, therefore, it seems unnecessary to warn you further about the many pitfalls which surround anyone who signs a personal surety bond. These pitfalls are being recognized by legislative bodies, with the result that corporate surety bonds in the bank field are now being insisted upon in many instances as a matter of law. Then again, it has been recognized by the powers that be, that no one, unless he is gifted with psychic powers, can make a selection as to who should be bonded and for how much. And this is merely one of the reasons why most of the new laws require that "each officer" and "each employe" be required to give a bond issued by a duly qualified surety company.

A Slam On Yale

She—Look, Harvard's gonna kick off!
Son of Eli—Say, they've been dead for years.—Vanderbilt Masquerader.

Northwestern Banker December 1931

... **THE** steadily increasing number of depositors, correspondents and other clients it is our privilege to serve is convincing evidence of the standing of this institution and the efficiency of its service.

Among these depositors are to be found the leading firms, corporations and banks, both here and abroad. A discriminating clientele receives and has the right to expect the best in banking facilities.

... THE ...

PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA, PA.

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

The High Cost of Democracy

With each major party afraid that the other will have the larger war chest in 1932 (a year in which the gathering of campaign contributions obviously is going to be more difficult than in normal years) there is every likelihood that the new congress will make the first serious attempt in history to limit outlays by and for presidential nominees.

But, inasmuch as citizens do not vote for president, but for presidential electors, and the United States Supreme Court has held that presidential electors are state, rather than Federal officials, just what can congress do?

In 1928 the national and state organizations of the two parties raised and spent something like seventeen million dollars, a record total. They won't be able to get that much money next year. But each will doubtless try to spend as much money as it can possibly raise.

And this lavish expenditure for the "education" of the voters seems to be part of the price that must be paid for the blessings of democracy. The price is a huge one, including, as it does, demagoguery, corruption, and the necessity of listening to a dizzying volume of broadcast blah. But probably free government is worth all it costs.—From *Minneapolis Journal*.

Declares Dividend

Columbia Pictures Corporation has declared the regular quarterly dividend of 75 cents on its preference stock, payable December 2d.

Morris Plan President

Walter W. Head, former Omaha and Chicago banker, and at one time president of the American Bankers Association, has been named president of the Morris Plan Corporation of America.

The Morris Plan Corporation operates in 142 cities and has been in existence 21 years. They do an annual business volume of \$200,000,000 and have resources of approximately that amount.

Mr. Head is at present chairman of the board of the Nebraska Power Company; director and member of the finance committee of the Northwestern railroad; director of the Milwaukee railroad; chairman of the board of the American Union Life Insurance Company; director of the United States Fidelity and Guarantee Company, and was recently re-elected president of the National Council of Boy Scouts of America.

He was formerly president of the Omaha National Bank and of the Foreman State National Bank of Chicago.

Austin L. Babcock will continue as executive vice president of the Morris Plan Corporation.



E. N. VAN HORNE
President

Nebraska Bank News

President.....E. N. Van Horne
Lincoln
Chairman, Executive Council.....
W. H. McDonald
North Platte
Treasurer.....Carl Weil
Lincoln
Secretary.....Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

At Wallace

The Farmers State Bank of Wallace, Nebraska, which has been closed and in the hands of the state banking department since October 15th, re-opened for business last month under the same ownership and management as formerly. Charles L. Cooper is president and Marie Cooper, cashier.

An agreement has been made with the depositors under which withdrawals will be limited. At the same time the bank itself has been partially recapitalized. It had been closed by the owners to forestall a run by the depositors which was threatened at the time.

The bank has the same amount of capital stock, \$25,000, as before.

John E. Wilbur Dies

John E. Wilbur, 81, Omaha resident since 1870, died last month. He had been employed by the Metropolitan Utilities district for the last 14 years, and before that was cashier of the Omaha Savings bank for 10 years. Prior to that Mr. Wilbur was a discount teller for the First National Bank.

D. P. Hogan Director

D. P. Hogan, president of the Federal Land Bank of Omaha, has received word from the federal farm loan board that he has been chosen director-at-large of the Eighth Federal Land Bank District for the three-year term beginning January 1st.

Hogan received 241,342 votes. Daniel F. Steck, Ottumwa, Iowa, received 2,800, and William Hackett, Auburn, Iowa, 1,360.

Extends Office Space

The Omaha Federal Land Bank and the Intermediate Credit Bank will occupy all of the 12th and 13th floors of the Woodman of the World building. The bank is now taking over all the office space formerly occupied by the Gillin-Holland Company on the 13th floor and with the exception of three offices occupy the entire floor. The bank now has the entire 12th floor.

Concord Bank Reorganized

The Farmers State Bank of Concord, Nebraska, was re-organized when C. S. Sherman, cashier since 1918, resigned because of ill health. H. J. Knox, formerly assistant cashier, has been promoted to the position of cashier. Luther Nimrod, formerly bookkeeper at the bank, is now assistant cashier.

Heads Community Chest

Gwyer H. Yates, president of the United States National Bank of Omaha, and active worker in civic affairs, has been chosen by the board of governors of the Omaha Community Chest as chairman for next year's Chest campaign, it was announced at the victory gathering of Chest workers by W. C. Fraser, president of the board.

Mr. Fraser also made public the resignation of Ralph J. Reed as director of the Chest and the appointment of Phillip L. Ketchum, executive secretary of the Family Welfare Bureau for the past year and a half, to take the post of director of the Chest and the Council of Social Agencies. Mr. Reed, backed by his successful three-year record in Omaha and 10 years of Chest experience in Des Moines, will go to Portland, Oregon, to take charge of that city's Chest and Council of Social Agencies activities.

GWYER H. YATES, president of the United States National Bank of Omaha, is chairman of the committee of Wyoming and Nebraska bankers and business men, to rule on applications for loans from the National Credit Corporation in the two states.

W. Dale Clark, president of the Omaha National Bank, was named vice chairman of the committee, and William B. Hughes, secretary-treasurer. Mr. Hughes is secretary of the Nebraska Bankers Association. The committee's headquarters are the offices of the Omaha Clearing House Association.

Nebraska subscriptions for the credit corporation had exceeded a million dollars early in November, the total then be-

ing \$1,079,365.40. Charles Finegan, Hyanis, Nebraska, accepted appointment on the loan committee for the Omaha territory.

CHARLES T. KOUNTZ, vice president and chairman of the board of the First National Bank of Omaha, and Denman Kountze, vice president of the bank, resigned their posts early in November. The directors of the bank announced that the vacancies would not be filled. Mr. Charles T. Kountze expects to make his home in New York. Denman Kountze will remain in Omaha.

D. P. HOGAN, president of the Federal Land Bank of Omaha has been elected director-at-large of the Eighth Federal Land Bank district for three years, beginning January 1st.

GEORGE A. WRIGHT, president of the First National Bank of Creighton, Nebraska, the youngest national bank president of the state, and Miss Marian Hansen, daughter of Mr. and Mrs. Charles Hansen of Battle Creek, Nebraska, were married early in November.

THE UNION STATE BANK OF OMAHA closed last August 15th because of withdrawal of deposits at the time of the closing of two other state banks in the city, re-opened for business last month.

The re-opening was made possible, it was announced, by an agreement of the five thousand depositors in the bank to withdraw only moderate amounts of their deposits during the coming 20 months. Two hundred thousand dollars in additional new capital was also subscribed to the bank.

F. C. Horacek remains as president of the bank.

Three months of work that made the re-organization and re-opening of the bank possible was done by Mr. Horacek, C. V. Svoboda, Frank J. Riha and Mose Yousem. Governor Bryan, E. H. Luikart, secretary of the state department of trade and commerce, and George W. Woods, state bank commissioner, helped.

The bank is one of the largest state banks in Nebraska. The depositor's agreement, it was said, was to withdraw not more than 10 per cent of their money for the next 60 days and not more than 5 per cent per month of their opening deposits, after that. The restrictions on withdrawals may be removed when the officials of the bank believe conditions warrant. The depositors will eventually be repaid 100 cents on the dollar.

Emil Kavalec is cashier of the bank; Ernest J. Horacek, assistant cashier; directors are F. C. Horacek, Frank J. Riha, Frank Joutsy, Joseph T. Votava, Ernest J. Horacek, C. V. Svoboda and Edward Chaloupka.

SIX OMAHA BANKS have distributed Christmas savings funds totaling \$645,000 to 14 thousand depositors—the largest sum, it is said, by 100 thousand dollars, to be accumulated in those funds.

While it was expected that most of this money would find its way into retail trade channels, a considerable portion was re-deposited in new Christmas funds or other savings accounts.

CHARLES H. RANDALL, president of the Security National Bank of Randolph, Nebraska, died at the age of 67 last month in the Clarkson Hospital at Omaha, after an illness of six weeks. Mr. Randolph was the republican candidate for governor of Nebraska in 1922, when he was defeated by Charles W. Bryan.

Mr. Randall was president of the state bankers association in 1921-1922. He began his banking career in 1890.

THE FARMERS STATE BANK of Albion, Nebraska, is liquidating without a receivership. Stockholders guarantee all deposits, amounting to about 165 thousand dollars.

DEPOSITORS of the Richfield State Bank, which closed September 18, 1929, were to receive dividend checks last month to complete payment of 100 per cent of their deposits, Ben H. Schroeder, receiver, who has been in charge of liquidating the bank's assets, announced. There have been other cases in the history of banking in the state where closed banks have paid out in full, but such occurrences are rare, the state banking department told Schroeder.

In addition, Schroeder said, there is enough money to reimburse stockholders of the bank who paid their double liability deposits.

The reason for complete liquidation of the bank's assets, as set forth by Schroeder, is that there were no large loans held by any one individual and all borrowed sums were small. At the time of its closing, the bank had loans of \$121,344.78 and held bonds and judgments to the extent of approximately \$20,000. Time and demand deposits amounted to \$123,720.54. The bank had a capital stock of \$25,000 with an \$11,000 surplus.

Gradual withdrawal of deposits and the fact that it was impossible to collect on loans fast enough to meet the withdrawals, was given as the reason for closing.

Depositors had previously been paid 85 per cent of their money in three separate issuances. The first dividend check was for 60 per cent, a second of 15 per cent and a third of 10 per cent.

The Richfield State Bank was organized in 1926, following failure of the First State Bank there. Officers were J. A. Calvert, president; Paul Graham, cashier, and John C. Becker, vice president.

W. J. BAILEY, governor of the Kansas City Federal Reserve Bank since 1922, has announced that he will retire from that post January 1st.

Failing health is the reason for his withdrawal from active banking.

Mr. Bailey is 77 years old. He has been connected with the Kansas City Federal Reserve Bank for the past 16 years of its existence, as he was a director from the start. Mr. Bailey had a breakdown in health more than two years ago, but recovered and returned to his desk.

Earns Dividend

Net income of Canada Dry Ginger Ale, Inc., in the year ended September 30 amounted to \$1,685,614 after depreciation and federal taxes, equal to \$3.33 a share on the 505,287 shares of common stock, as against \$3,402,225, or \$6.64 a share in the preceding fiscal year, the annual report revealed.

Net sales for the year totaled \$1,507,585, against \$3,046,811 in the preceding year. Although the physical volume of goods sold showed an increase, the sales value in dollars declined because of lower prices put into effect April 1, last.

Current assets as of September 30, including \$3,105,352 of cash, call loans and first grade bonds, amounted to \$5,185,475 and current liabilities of \$841,290, or a ratio of 6.1 to 1, against 4.2 to 1 at the close of the preceding year. During the year 337 additional shares of stock were issued to employes and the company purchased 7,344 shares of stock which it holds in its treasury.

★

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Northwestern Banker December 1931



Minnesota Bank News



J. R. CHAPPELL
President

Officers Minnesota Bankers Association

President.....J. R. Chappell
Winona
Vice President.....Martin F. Ernst
St. Paul
Treasurer.....Walter L. Brooks
Bemidji
Secretary.....George Susens
Minneapolis



GEORGE SUSENS
Secretary

A Merger

Announcement that the Foreston State Bank of Foreston, Minnesota, has consolidated with the Security State Bank of Milaca was made recently by J. N. Peyton, state commissioner of banks. Mr. Peyton said the institution will continue at Milaca as the Security State Bank of Milaca. The Foreston bank had deposits of \$79,000 and the Security State Bank of \$116,000.

New Bank Opens

The re-organized State Bank of Madelia, Minnesota, opened last month. It has new capital and surplus of \$60,000, paid up in cash.

New Bank at Hector

A new bank at Hector, Minnesota, will be headed by Otto Bremer, chairman of the board of the American National Bank of St. Paul, State Bank Commissioner J. N. Peyton announced last month. The new bank will be known as the Security State Bank of Hector. The capital will be \$20,000 and the surplus \$8,000. T. F. Spreiter will be vice president and cashier.

New Bank at Maynard

In the move to re-organize the Maynard State Bank, Maynard, Minnesota, subscriptions have now been pledged for the issue of \$20,000 in stock, with a \$4,000 paid in surplus. A depositor's reduction agreement on a 50 per cent basis will be submitted to the depositors forthwith.

Bank Dividend Paid

The third dividend has been declared to depositors of the Security State Bank of Benson, Minnesota. The dividend is for 10 per cent and totals \$36,000. Two former dividends each of 10 per cent totaled \$74,386.

At Lake Crystal

Consolidation of the First National and American National Banks of Lake Crystal, Minnesota, was affected at a joint meeting of the boards of directors of the

two institutions last month. The merger took immediate effect under the name of the First National Bank of Lake Crystal.

The bank will have assets well in excess of \$1,000,000 and will be the largest institution in towns of similar size in Southern Minnesota. Acting in a joint capacity the present boards of directors of the two banks will conduct the affairs until the annual meeting in January.

The new bank will continue to pay interest of 4 per cent on time deposits. Inauguration of an active discount committee to pass on all loans and investments is planned also.

Roy G. Staples Dead

Funeral services for Roy G. Staples, outstanding leader in business, civic and military affairs, were held last month in Stillwater, Minnesota, at the same house in which he was born 58 years ago.

Death came unexpectedly a few hours after he left his office at the Cosmopolitan State Bank here, of which he was president.

For many years, Mr. Staples was associated with the shoe industry in St. Paul and Anoka.

Neville Makes Address

"We are on the eve of one of the greatest changes in banking in the history of the nation," declared James E. Neville, Minneapolis, secretary of Northwest Bancorporation, who addressed the Junior Chamber of Commerce at the Y. M. C. A. of Mason City, Iowa, last month.

"Just what this change will be no one knows, but every person who has any interest in public affairs should keep in touch with every bit of information on the thought now foremost in public life that a problem must be met," said Mr. Neville, who prophesied that the banking question would be bound to come to a head in the next congress as one of the greatest issues before it.

"Young men of today were born into things, more or less as they are, while older men have seen many changes take place in manner of living and in the structure of business and wonder just what will happen in the next 10 or 20 years.

The banking system of this country is one thing that has remained almost without change since 1864 when the national bank act was passed and the establishment of a new plan is imminent. The one fundamental change has been the federal reserve act which followed a currency panic in 1907—an actual scarcity of money. The Aldrich bill, suggesting a central bank, lacked popular favor but it and other suggestions led to the present act which makes it possible for a bank member of the federal reserve system to

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

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rediscount its notes and receive federal reserve notes, thus making another such shortage almost impossible."

Is Named Cashier

W. P. Jones, an insurance man at Owatonna, Minnesota, has been named cashier of the First State Bank of Meriden. He succeeds Ewald Fette. Mr. Jones at one time was in the banking business for several years.

New Charter

A new bank is to be opened at Hector, Minnesota, under the name of the Security State Bank. Otto Bremer, St. Paul banker, is president, and T. F. Spreiter is vice president and cashier. Capital stock is \$20,000 and surplus \$8,000.

Merger at Roseau

The First National Bank and the Roseau County National Bank have been merged at Roseau, Minnesota, and the merged institution is to be known as the First National Bank. Officers of the merged bank will be as follows: President, L. H. Ickler, St. Paul; vice president, Israel Sjoborg, Roseau; vice president, W. W. Smith, Sleepy Eye; A. E. Laufenburger, cashier. These officers, together with Peter Sjoborg and A. Waag, will comprise the board of directors.

New Advertising Agency

The incorporation of Herr-Yarnell, Inc., of Minneapolis, to consolidate the advertising businesses and personnel of Herr Advertising Agency and Yarnell-

Camp, Inc., is announced by officials of the new company. Officers and directors of the corporation are: James G. Herr, president; Clyde S. Yarnell, vice president; Florence F. Rowles, secretary; G. R. Simonett, treasurer; J. Earl Lawler.

The Herr Advertising Agency was established in 1919, since which time it has served both local and national advertisers. Yarnell-Camp, Inc., was organized in 1930.

Ruth Haynes Carpenter, public relations counsellor, formerly affiliated with Yarnell-Camp, Inc., will continue her affiliation with the new company.

Offices of Herr-Yarnell, Inc., are in the Baker Building, Minneapolis.

Takes Over Bank

The First National Bank of Moose Lake, Minnesota, last month took over the Farmers State Bank of Kettle River. Officers of the First National are: President, R. J. Lewis; vice president, F. A. Schweiger; cashier, E. W. Peterson; assistant cashier, M. B. Lewis.

Morrison County Meeting

The Morrison County, Minnesota, Bankers Association met last month at Little Falls. R. M. Stoll of Pierz, presided. Speakers at the meeting included: J. N. Peyton, commissioner of banks; George Susens, state secretary; Geo. J. Meinz, American National, St. Cloud; D. J. Fouquette, St. Cloud State; Otto Zapp, Zapp State, St. Cloud; L. H. Rice, Guaranty Trust & Savings, St. Cloud; B. L. Lagerquist, First National, Brainerd; E. O. Olson, Citizens State, Brainerd; C. C. Rieger, Albert E. Peirce & Co., Minneapolis; Ken Johnson, Lane, Piper & Jaffray, Minneapolis; J. C. Patience, director Little Falls and R. M. Barton.

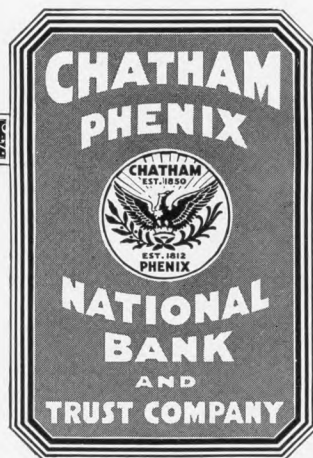
E. Z. Griggs Dead

E. Z. Griggs, founder of the first bank in Virginia, Minnesota, and particularly well known throughout the iron range, died last month in Florida. He was eighty years of age and the father of R. L. Griggs, president of the Northern National Bank of Duluth.

Money for Humanity

Humanity's best interests have been promoted by funds available from the various philanthropic foundations established by individuals of large wealth. Recent decades have been bringing these funds and foundations into the picture continually and there are now more than ninety operating in this country, with total resources of more than \$800,000,000 and with a combined income in excess of \$1,000,000 a week.

Pleasant Hill, Illinois, with its population of 433, is protected by 500 life insurance policies.

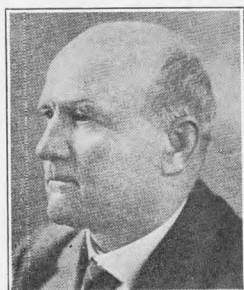


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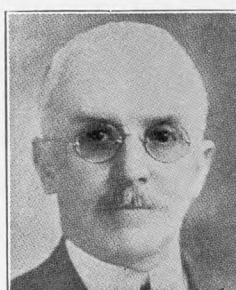
North Dakota Bank News

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

New Bank

Parshall and the Parshall vicinity in North Dakota now have facilities for the first time since last August, as the result of the opening of the Peoples State Bank of Parshall, with J. S. Johnson of Granite Falls, Minnesota, as president.

The new bank, which was opened at the petition of Parshall citizens, thus becomes a member of the J. S. Johnson line which includes the Reservation State Bank of Makoti, the First State Bank of Turtle Lake and the Granite Falls Bank of Granite Falls, Minnesota.

The Peoples State is capitalized at \$10,000 with a surplus of \$10,000.

W. N. Harris of Turtle Lake is vice president and the bank will be operated under the direct personal charge of E. O. Lerberg as cashier.

North Dakota News

THE FIRST STATE BANK, BUFFORD, has paid off its deposits, discontinued business and gone into voluntary liquidation.

WALLACE M. HARRINGTON has accepted a position as assistant cashier of the First State Bank of Hope.

M. S. ERICKSTAD has been elected a director of the Farmers Bank of Starkweather, to succeed P. P. Bottolfson, who passed away recently. Joseph Kurth succeeds Mr. Bottolfson as vice president.

THE SECRETARY OF STATE has issued a certificate increasing the capital stock of the Citizens State Bank of Goodrich from \$10,000 to \$15,000.

THE CITIZENS STATE BANK OF GOODRICH has renewed the term of its corporate existence for a period of twenty-five years.

OTTO B. KRETSCHMAR has been elected director and vice president of the First State Bank of Venturia, succeeding John Bischof who resigned recently.

THE FIRST STATE BANK of Kulm

has assumed the deposit liabilities of the First National Bank of Kulm, and the last mentioned bank has discontinued business and gone into voluntary liquidation. W. M. Wilken and Edwin Hieb, formerly connected with the First National Bank, have been elected directors of the First State Bank, succeeding N. G. Isaak and Sol. Hildebrand, who have resigned. Mr. Hieb has also been elected vice president, and Mr. Wilken is now cashier of the institution, succeeding F. Hanneman who has been elected vice president. T. H. Giedt has been elected assistant cashier. L. H. Steen has resigned as vice president but is still a director, and Otto Isaak remains president and director of the bank

THE FARMERS & MERCHANTS BANK OF SHEYENNE has renewed the term of its corporate existence for a period of twenty-five years.

THE FIRST STATE BANK OF ROGERS has discontinued business and gone into voluntary liquidation.

H. L. PRATT has been elected director and vice president of the State Bank of Souris, succeeding E. G. Christerson, who has resigned. H. T. Nordsletten has been elected a director to succeed C. E. Christerson, who has resigned as a director but who still remains as cashier of the institution.

Iowa and Illinois Credit Associations Merge

(Continued from page 13)

kept at work by the bankers whose job it is to keep that money employed to finance farming, business and industry and to enable American workmen to have employment and to support their families. The American public in that regard are realizing more and more their moral obligations; the American public also realize the vast inconvenience of having to carry sums of money upon their person as well as the danger of doing so; they also quickly realize that unless money like people is put to work it does not and can not

earn anything for them. The crux of the problem then is to manifest to the bank depositors that their bank funds at least are obtainable by them if necessary regardless of the fact that those funds may be in bank loans that are good but not yet due, otherwise known as "frozen" or "slow" loans.

Thus the National Credit Corporation has been primarily created for the express purpose of providing a place for a bank to go with its "frozen" or "slow" but good paper and there convert it into cash to meet emergency situations where the amount of a bank's self-liquidating paper may be found to be insufficient to meet withdrawals by depositors. Bankers know that the best way to meet such emergencies is by being able to pay those depositors. No limit is placed upon the amount of loan or loans that may be recommended by the "Loan Committee" for any one banking institution. The amount of loans must, of course, depend upon the extent of the emergency situation seemingly appearing to exist as well as upon the amount and quality of "frozen" or "slow" but good collateral that the borrowing bank may submit. The rate of interest that will be charged to the borrowing bank, it is anticipated, will be on or about 6 per cent. That will depend somewhat upon the rate of interest the collateral bears as well as the rate of interest that the gold notes may bear.

Life Insurance Dividends

The directors of the Union Central Life Insurance Co. of Cincinnati have reduced the scale on which dividends will be paid to holders of participating policies in 1932 50 per cent below the scale which has been in effect. The company has been able to pay very liberal dividends to policyholders for many years, due chiefly to the high rate of interest it earned on farm mortgages. While it maintains a large organization to appraise properties on which loans are sought and has placed these loans with the utmost care, and in general very satisfactorily, agricultural and financial conditions have resulted in many foreclosures. Much of this property has been sold and much more has been rented upon favorable terms, but the need of keeping an ample surplus in times of uncertainty has caused the directors to take this drastic action. President Jesse R. Clark, Jr., says that when normal conditions return the dividend scale will be restored to a standard basis.

Holders of participating life insurance policies must expect a reduction in their dividends as a result of the reduced interest rates and, temporarily, from the reduced income from investments due to inability of some borrowers to meet their obligations promptly. There are only two principal sources from which life insurance companies secure the surplus from

which to pay dividends to policyholders—savings on mortality and excess interest earnings, and when the excess interest earnings are reduced materially the dividends must be reduced if the companies are to be kept in an absolutely safe financial condition.

The premium which a life insurance company charges a policyholder is made up of a charge to enable it to meet current death claims, a charge sufficient to enable it to set aside each year the reserve required by law to enable it to meet its obligations when they become due and a loading for expenses. The estimate of what will be required to meet current death claims

is based upon the table of mortality. The mortality table in use was compiled years ago when health conditions were not as good as they are now, and the death losses very seldom are as large as the table indicated they would be. This results in a saving which the company is able to return to its policyholders. The rate of interest which the company assumes it will earn on its reserves is usually 3 or 3½ per cent. It must earn this rate in order to increase the reserves to a point that will enable it to meet its obligations as they become due, possibly forty or even seventy years hence. Interest in excess of that rate earned by the company is not needed to

meet reserve requirements and is available for return to policyholders as dividends.

For more than fifteen years life insurance companies have been able to earn far in excess of the required 3 or 3½ per cent on their reserves, and a few years ago it was not uncommon for them to increase the rate of dividends to policyholders almost every year because of these large excess interest earnings and also the large savings on mortality. Now the interest rates have gone down. To be sure, old investments continue to yield high rates, but these are constantly maturing and the money has to be reinvested at the current low rate and some old investments have defaulted on their interest and these losses have to be made up from interest from other sources. Hence excess interest earnings as a source of dividends to policyholders are not as large as they were a few years ago, nor are they likely to be for some time to come. The result is disappointing to policyholders of course, but the first duty of directors is to keep the companies solvent beyond a peradventure and make sure that they will be in a position to meet obligations, some of which will not become due until the next century has dawned. The first essential of legal reserve life insurance is safety and honest boards of directors can take no chances on that.—From New York *Journal of Commerce.*

The Holiday Warming

Early indications are that what all the economic arguments against hoarding could not do the heart-warming sentiment of the holiday season is beginning to accomplish. The chill in the air, the first signs of snow, and the pleasant sensation of fullness after dinner on the first holiday fowl of the winter have started things moving. Chicagoans are already thronging the toy and gift departments of the loop stores—earlier than usual and more gingerly than usual. The federal reserve system reports that money in circulation increased \$8,000,000 last week. While note circulation expanded \$12,334,000, the fact that total money increased only \$8,000,000 was taken as proof that gold and gold certificates—which compress so conveniently into the hoarder's copper kettle—came out of hiding to the extent of more than \$4,000,000. As a result, the reserve's gold holdings mounted more than four times as much as did its currency. These are abstract thermometer readings, but they indicate that the warmth of activity is again rising in the chill arteries of bedridden finance.—From Chicago *Journal of Commerce.*

And He Did

"Did you steal this rug?"

"No, yer Honor. A lady gave it to me and told me to beat it."



"We like Genuine Personal Service," (not routine) say Correspondent Bankers.

Perhaps that is one of the reasons why the Drovers is so often recommended—banker to banker—as a Chicago connection.

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

pointed by the local institution to manage the branch office.

Greene County Meeting

The Greene County Bankers Association in a meeting last month at Jefferson, Iowa, unanimously endorsed President Hoover's 500 million dollar credit corporation. The session which followed a dinner at Hotel Lincoln was largely attended, there being twenty-seven bank officers and directors present. It was an enthusiastic gathering in which the Greene county bankers voiced the opinion that the bottom of the depression has been reached and an upward trend is now evident.

At their meeting the county bankers perfected a uniform schedule of holidays, naming the following seven dates which the group will observe as holidays in the future: New Years, Memorial Day, Fourth of July, Labor Day, Armistice Day, Thanksgiving and Christmas.

The county association announces that it will continue to offer a standing reward of \$1,000 for the capture of a person who has committed a Greene county bank robbery.

Dwight Crumley of Rippey, president of the county bankers, presided over the meeting.

Plan New Home

The National Bank of Toledo, Iowa, will have as its banking home after April 1, 1932, the building now occupied by the Toledo Savings Bank receivership, it was announced last month by P. C. Welle, cashier of the bank, and J. P. Walters, owner of the building. The bank's lease with Mr. Walters is for a period of twenty years. The building will be remodeled into one of the finest banking homes in that territory.

Contract for remodeling of the Savings Bank building was let by Mr. Walters to James Parks of Belle Plaine. The entire front will be changed and straightened so as to present a solid front west from the building occupied by the E. P. Kupka grocery.

Audubon Bankers Organize

The Audubon County (Iowa) Bankers Agricultural Credit Corporation, an organization the principal purpose of which will be "to make loans or advances to persons engaged in producing and marketing staple agricultural products," was formed at a meeting of bankers of the county held last month in Audubon. Every bank in the county is represented in the membership of the new organization.

E. F. Bilharz of the Farmers State Bank of Audubon was named president of the organization, and A. J. Leake of the Exchange State Bank at Exira, vice president. The office of secretary-treas-

Northwestern Banker December 1931

IOWA SECTION

Officers Iowa Bankers Association

President Ivan O. Hasbrouck
Jefferson
Vice President C. J. Weiser, Sr.
Decorah
Treasurer Jos. J. Brus
Davenport
Secretary Frank Warner
Des Moines



IVAN O. HASBROUCK
President



FRANK WARNER
Secretary

Merges with Merchants National, Cedar Rapids

ONE of the most important financial mergers in the history of the state took place recently at Cedar Rapids, Iowa, when the Cedar Rapids National Bank was merged with the Merchants National Bank under the name of the Merchants National Bank. Resources of the merged institution are approximately twenty million dollars and it becomes the third largest bank in the state.

This transaction, which has been under way for several years, gives Cedar Rapids one of the most influential banks in the country, under the presidency of James E. Hamilton. The merged bank is now comfortably located in the fine new banking home of the Merchants National, located in the Merchants National Bank Building, one of the most spacious buildings in the state. All records have been transferred and the merged bank is functioning smoothly.

In a special statement for the people of Cedar Rapids, Mr. Hamilton, at the time of the announcement of the merger said:

"For many years I have contended that a merger of the two national banks of this city would result in numerous advantages, such as more protection for the depositors and more profit for the stockholders because of economies in operation, and better and greater facilities for the handling of the accounts of correspondent banks over the state of Iowa, and for commercial and savings depositors.

"This is the third time the matter of a merger of the two banks has been up for discussion between the executives of the institutions, over quite a long period of years. I always believed in a merger as an excellent move, and I derive greater satisfaction and pleasure in seeing such a consolidation effected. I look forward with pleasant anticipation to a happy relationship with the officers and employees of the Cedar Rapids National Bank."

The following officers have been announced as the executive staff of the merged banks:

President, James E. Hamilton; vice presidents, H. N. Boyson, S. E. Coquillette, Van Vechten Shaffer, Edwin H. Furrow, Roy C. Folsom, Charles C. Kuning and Marvin Selden; vice president



JAMES E. HAMILTON
President, Merchants National Bank
Cedar Rapids, Iowa

and cashier, Mark J. Myers; vice president and trust officer, George F. Miller; assistant cashier and assistant trust officer, O. A. Kearney; assistant cashiers, Peter Bailey, L. W. Broulik, Fred W. Smith, R. W. Manatt and R. D. Brown.

Branch Office at Coin

In response to the requests of merchants from Coin, Iowa, the Citizens State Bank of Clarinda has opened a branch office in Coin operating under the permission of L. A. Andrew, superintendent of the state banking department.

C. H. Waldruff, for many years a banker in the Coin vicinity, was ap-

urer has yet to be filled. Directors are E. F. Bilharz, A. J. Leake, E. C. Rice of the Farmers Savings Bank at Gray, E. S. Van Gorder, Sr., of the First National Bank at Audubon, and S. C. Pedersen of the Landmands National Bank at Kimballton.

Members of the loan committee are H. M. Bilharz of the Farmers State Bank at Audubon, C. E. Nelson of the First National Bank at Audubon, and Hans P. Hansen of the First National Bank at Exira.

The amount of the capital stock of the corporation will be \$25,000, divided into 250 shares of the par value of \$100 each. The corporation may begin business when

150 shares of stock have been subscribed and paid in full.

The principal purpose of the corporation, as outlined in the articles of incorporation, will be:

To make loans or advances to persons engaged in producing or producing and marketing staple agricultural products.

To make loans or advances to persons engaged in raising, breeding, fattening or marketing livestock.

No loan shall be made to any person unless the proceeds of such loan be used for an agricultural purpose or for the raising or marketing of livestock.

All loans made are to be secured by chattel mortgage.

The principal place of transacting the business of the corporation shall be at Audubon.

Branch Office at Bode

The Bode, Iowa, branch of the Humboldt Trust and Savings Bank began operation recently, with J. M. Rood as manager. The branch bank is located in the city hall for the present, with plans of moving into the First National Bank building later on.

Form Loan Company

The nine banks owned by the Brenton interests in central Iowa have organized the Bankers Livestock Agricultural Credit Corporation, with headquarters in Dallas Center.

The new concern, which will lend money on livestock and other farm products, has a capital stock of \$50,000. W. H. Brenton, president of the Iowa-Des Moines National Bank and Trust Company, and head of the Bank of Dallas Center, is a director.

G. C. Kelly, vice president of the Bank of Dallas Center, is president; E. R. Burkett, cashier of the First National Bank, Perry, is vice president, and W. Palmer Wilson, vice president of the Bank of Dallas Center, is secretary-treasurer.

The directory board is made up of Kelly, Burkett, Wilson, Brenton and V. W. Miller, cashier, Jefferson State Bank, Jefferson; R. S. Kinsey, cashier, Poweshiek County National Bank, Grinnell; Clarence Dunn, cashier, Van Meter State Bank, Van Meter; O. D. Ellsworth, cashier, Bank of Waukee, Waukee, and L. H. Kinsey, cashier, Bank of Dana, Dana.

Installs Metered Charge

The Ames Clearing House Association at Ames, Iowa, has installed the "Metered Service Charge," on accounts averaging up to \$500. Those above that figure will be analyzed individually. The charge is to care for the listing of checks, and the necessary bookkeeping in connection therewith.

The charges will be instituted as follows:

Average Balance	Service Charge	Checks Permitted each month
\$.01 to \$ 99.99	\$0.50*	10
100.00 to 199.99	None	10
200.00 to 299.99	None	20
300.00 to 399.99	None	30
400.00 to 499.99	None	40

Additional checks above number permitted 4 cents each.

* Not charged unless three or more debits entered on account average \$50 or more.

Wright County Meeting

The Wright County Bankers Association held their annual meeting at Hotel

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

Moore at Clarion, Iowa, last month. All the banks in the county were represented except Galt. The election of officers was held and the following officers were elected: President, R. W. Yarwood; vice president, C. J. Birdsall of Clarion; secretary, W. W. Linebarger of Clarion, and treasurer, Duane Young of Clarion. At the meeting, President Hoover's Credit Corporation was indorsed and a committee was appointed to organize a Farmers Credit Company under the State Warehousing act.

Webster County Meeting

The Webster County Bankers' Association, meeting last month in Fort Dodge, Iowa, unanimously voted to support the Farmers Cooperative Credit Corporation, which is being sponsored by the Iowa Grain Dealers Association. This association, which has its headquarters in Fort Dodge, is organizing the credit corporation to loan money to farmers wishing to hold grain and livestock. The corporation will operate through the Intermediate Credit Bank of Omaha.

C. W. Gadd of the First State Bank & Trust Company of Fort Dodge and vice president of the new credit corporation, and W. T. Thompson, secretary of the grain dealers association and also secretary of the credit corporation, explained the workings of the plan to finance farmers holding their products.

Frank C. Moeller of the Fort Dodge National Bank was elected new president of the Webster County Bankers Association, and J. W. Wadson was chosen vice president.

Reopens at Milo

The Milo Citizens Bank at Milo, Iowa, recently re-opened its doors following an all day meeting of depositors of the bank. Eighty-five per cent of the depositors signed agreements accepting time deposits of their money for a period of three years. They will receive 4 per cent interest on their money during the time. The bank is now open for business to 100 per cent of its depositors.

The bank was closed a short time ago on account of depositors drawing on their funds to the extent of depleting the exchange. Deposits amounted to about \$186,000. Loans were said to amount to around \$225,000. Those signing up numbered about 325.

Branch Office

The First Bank & Trust Company of Ottumwa, Iowa, has opened a branch office in Blakesburg in the building formerly occupied by the Blakesburg Savings Bank.

Through an arrangement with the receiver of the Blakesburg bank the office there has been leased but the branch has no connection with the Blakesburg bank.

Miss Doris Raymond of Blakesburg is manager of the branch office. Arrangements for settlement of the business of the defunct Blakesburg bank are proceeding in charge of the receiver.

Merger at Elkader

A merger of the First National Bank and the Elkader State Bank was effected last month at Elkader, Iowa. The new institution is to be known as the Central State Bank and Trust Company.

New capital in the sum of \$50,000 and a surplus of \$25,000 was subscribed to the new institution. Total assets of the Central State Bank and Trust Company will be approximately \$1,800,000.

H. C. Pahlan, president of the Elkader State Bank, becomes president of the new institution. A. J. Johnson, vice president of the Elkader State Bank, becomes vice president.

H. L. Swenson, vice president and cashier of the First National Bank, becomes vice president; C. F. Murphy, a director of the State Bank, becomes vice president, and Harold J. Kriebs, cashier of the State Bank, becomes cashier of the Central State Bank and Trust Company.

Christmas Savings Funds

Approximately \$160,000 was last month distributed to 3,067 Christmas Savings

The unmistakably upward trend of Iowa business confirms our oft-stated belief in the fundamental soundness of economic conditions in the state

BANKERS TRUST CO. BANK

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



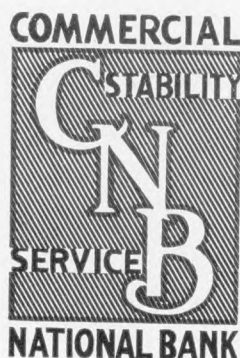
EDMUND W. MILLER, President

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

HELPFUL BANKING

Here every bank, large or small, will find an institution that measures up to present day requirements.

In the front rank of Iowa's financial institutions this bank is eager to maintain an association with correspondents friendly to the degree that we may be permitted to offer well informed suggestions.

THE COMMERCIAL NATIONAL BANK

WATERLOO, IOWA

club depositors by seven Des Moines banks.

Bankers in announcing a total of \$159,515 said that amount would be augmented somewhat when interest on accounts has been computed.

Checks will be mailed to the club depositors between December 1st and December 15th.

The total for this year is about \$9,000 above that of 1930. This follows the general national trend despite the fact that Christmas Savings clubs have not been pushed by Des Moines banks the last two years.

Payments by banks and the number of depositors who will receive these special Christmas checks follow:

	Depositors	Total Payment
Bankers Trust Co.....	989	\$ 50,000
Central National Bank.....	752	48,900
Valley National Bank.....	570	25,995
Capital City State Bank.....	372	19,580
Home Savings Bank.....	175	8,540
Euclid Avenue State Bank.....	162	5,500
University State Bank.....	47	1,000
Totals	3,067	\$159,515

Plainfield Merger

The Plainfield Savings Bank and the Farmers State Bank at Plainfield, Iowa, are now merged under the Farmers State Bank charter. At the end of the first month's business the results were gratifying, according to officials.

The merged banks will have a capital, surplus, reserve and undivided surplus account of nearly \$40,000.

At present officers of the Plainfield Savings Bank and the active officers of the Farmers State Bank are engaged in carrying on the business of the merged institutions. These include H. C. Stevens, W. W. Taylor, Ewald Remmers, and W. C. Dayton.

Fayette County Meeting

The Fayette County Bankers Association held their regular annual meeting in Oelwein last month, and there were about forty present. The president, Geo. Falk, presided at the session, which was held at the country club. Officers were elected for the ensuing year as follows:

President, B. J. Baumgartner, Elgin; vice president, Leo Coleman, Westgate; secretary, R. P. Jipson, Oelwein; treasurer, A. B. Blunt, Maynard.

Elect Johnson Head

V. W. Johnson, vice president of the Citizens Security Trust and Savings Bank at Cedar Falls, was elected president of the Black Hawk County Bankers Association at the annual meeting in Waterloo, Iowa, last month.

Groe Named Cashier

Tom Groe, who has been assistant cashier of the First National Bank in Northwood, Iowa, for many years, has been

offered the position of cashier of the Farmers Savings Bank at Fertile. C. H. Thompson, the former cashier, has resigned. Mr. Groe has been assisting at Fertile in a temporary capacity since Mr. Thompson resigned some weeks ago.

Pays Out in Full

One hundred cents on the dollar have been paid to depositors of the Commercial Bank of Hornick, Iowa, which was closed voluntarily following the death of its owner.

Checks totalling \$160,000 and representing the bank's full deposit liabilities were mailed to patrons by A. R. Strong, administrator of the estate of the late John C. Clary, who operated the bank privately.

Following the death of Mr. Clary, July 4, 1930, officials of the bank announced suspension of the business. Since that time, M. Strong and John Clifford have been handling the affairs of the estate.

Pays First Dividend

A 25 per cent dividend was last month paid to depositors in the defunct Logan Trust and Savings Bank of Logan, Iowa. This is the first dividend paid.

Goes to Ida Grove

The Iowa State Banking Department has placed G. B. Barrett of Des Moines as assistant examiner in charge of the First Trust & Savings Bank of Ida Grove, which closed October 19th. The preliminary examination, conducted under the direction of R. M. Crane of the banking department, was completed last month and the inventory filed in the office of County Clerk Denison.

Has Broken Arm

John Paulson, cashier at the Farmers Trust & Savings Bank in Joice, Iowa, had the misfortune to break his right arm when working at the home of his nephew, Art Paulson.

He was taken to the Mercy Hospital in Mason City where he received treatment. It was found necessary to perform an operation since the break was in the elbow and part of the liquid in the elbow joint had escaped.

Resigns at Coggon

Rufus Sisler, who has been assistant cashier of the Coggon State Bank, Coggon, Iowa, has given up his position to take charge of the Coggon branch of the Independence Produce Company.

Mr. Sisler has been connected with the Coggon bank for the past eleven years.

Is New Director

At the regular monthly meeting of The Exchange State Bank directors at Wesley, Iowa, the question of naming a new

member to fill the vacancy caused by the death of John Uhlenhake, came before the board. The name of Olaf Funnemark was placed before the board and unanimously accepted.

Heads Credit Corporation


S. C. Pidgeon, secretary of the Bankers Trust Company, Des Moines, was named president of the newly organized Polk County Bankers Agricultural Credit Company at the first meeting of the directory board last month.

L. O. Shaffer, president of the Shaffer State Bank, Altoona, was elected vice

president, and James C. Smith, secretary-manager of the Des Moines Clearing House Association, was chosen secretary-treasurer.

Other directors at the meeting were: W. H. Gavin, cashier of the Security Savings Bank, Valley Junction; H. S. Heggen, cashier of the Farmers Savings Bank, Alleman; and D. W. Bates, president of the Home Savings Bank, Des Moines.

Mr. Pidgeon said that all of the \$25,000 capital stock of the company will soon be in hand and that the concern will be ready to make loans on livestock and farm products within the next two or



Through this door
You'll Find Good Banking Service
and a Friendly Welcome

CENTRAL NATIONAL BANK
AND TRUST COMPANY

FIFTH AVE. - Between WALNUT and LOCUST
DES MOINES - IOWA

three days. Headquarters will be at the clearing house offices.

Reorganize at Newton

H. C. McCardell has been elected president and C. A. Peck vice president of the newly reorganized First National Bank of Newton, Iowa. Peck is president of the Newton Manufacturing Co. and McCardell is former head of the Parsons Co.

Fifteen resident stockholders of the old First National Bank in a recent meeting agreed to a voluntary assessment of 100 per cent on their stock, amounting to some \$50,000, to be put in a trust fund to aid in the reorganization.

Messrs. McCardell, Peck, H. C. Korff,

and L. A. Russell, the last two representing the old stockholders, last month presented reorganization plans to the comptroller of currency at Washington, D. C.

Heads Credit Company

A. O. Hauge, veteran Des Moines banker, was named president of the newly organized Union Agricultural Credit Corporation, which filed articles of incorporation with the Iowa secretary of state last month.

G. T. Schlenker, president of the Polk County Farm Bureau Federation, is vice president, and Jerry H. Mason, general manager of the Des Moines Cooperative Marketing Association, is secretary and

treasurer.

The corporation will have offices at 405 East Fifth street. It will have an authorized capital of \$50,000, and will make loans on feeder cattle, other livestock, corn and general agricultural products.

It will rediscunt its paper with the Federal Intermediate Credit Bank at Omaha.

The concern will be able to handle a loan volume of \$500,000 when the capital is paid up.

Its board of directors is composed of Hauge, Schlenker, Mason, F. H. Lehman of Alleman, one of Polk county's largest cattle feeders, and W. I. Sargent, president of Sargent & Co., Des Moines, dealer in prepared feeds.

Twenty-one Years of Service

"Regardless of the difficulties incurred during the past seven or eight years, the farm mortgage, well selected, is still the best possible investment," is the opinion of Ira C. Stanley, president of the Stanley Securities Corporation, farm mortgage bankers of Cedar Rapids and Des Moines. He goes on to point out, however, that most farm mortgage men have changed their ideas somewhat about the analysis of a loan, in that formerly mortgage men looked at the security rather than the borrower while now they scrutinize the borrower and his ability to pay. Mr. Stanley further points out that farm loan companies, such as his own company whose officers have loaned approximately thirty million dollars to Iowa farmers since 1908, have been most liberal, indeed, in assisting worthy farmers, and many a deserving farmer has traveled the road to financial independence through aid rendered him by farm mortgage companies.

The Stanley Securities Corporation is one of the largest farm loan concerns in the state of Iowa, functioning purely as a farm loan concern. Fully 95 per cent of its loans are made from money secured outside the state of Iowa and brought into the state for long periods of time and at low interest rates.

The Stanley Securities Corporation has offices at Cedar Rapids in the Higley Building, and at Des Moines in the Royal Union Building, with J. C. Mehan in charge.

St. Anthony Branch Office

The Iowa Savings Bank of Marshalltown, Iowa, has opened its new St. Anthony office.

Stresses Interdependence

The interdependence of the entire population of a state, and the great need for close cooperation between all kinds of business, was given unusual treatment in the official statement of the Iowa Bankers Association at the fall meeting of the

The
Omaha
National
Bank

ALWAYS
AT YOUR SERVICE

council of administration held some time ago in Des Moines. In part, the statement stressed these points:

"Even as a family may have its household shelter under the same roof, so do the people of this state find themselves governed by a common sovereignty, all surrounded by exactly the same well established business customs, and neighbored everywhere throughout Iowa by people of the same sort. Any unit of population attached to a fixed area and to the same political sovereignty cannot, upon close analyzation, be said to be other than a 'state family.' They are as much 'interdependent' upon one another as the members of the smallest unit of human relationship known as the 'family.' Those of us who live in this state will probably to the largest number spend our lives here. We do not have the world at our disposal over which to roam. We have no traditional instinct of migration that impels us into wanderlust or to wandering. We are on the whole as fixed first to this state and then to our nation as if it were the only inhabitable spot upon the face of the globe. Try as we may to cut loose from one another and forge ahead on our own personal and individual resources and protection we at once find how limited is our ability to do so and how narrow is the sphere in which we can so personally operate. And thus as 'interdependents' there is a condition that inseparably holds us together, conscious or unconscious of it as we may be. As in our own statehood life, 'interdependence' also binds the people of every commonwealth of our country. The tragic economic and deflation period through which we have been going the past few years has pulled aside the curtain and cleared the eyes of all of us a little more perhaps and permitted us to see that 'interdependence' of individuals and of every business does not even stop at the shores of this nation, but truly reaches across the seas and across national boundary lines to the people of foreign lands. When once we see it in its full significance and might, the inherent interdependence that binds all people together with an imperishable relationship then we will and we do become more considerate, more tolerant, more helpful toward one another; and more resigned to get back closer to the main source from which all human business relations spring; the more we understand the business of each other the more importance we can all see in the need and in the necessity for friendly, sympathetic cooperation with each other. The life of any community and of any state and of any nation and of the world probably cannot go forward in its development in the future except as the principle of 'interdependence' between its people and its businesses is given the fullest consideration and its irrepressible force is understood and followed by all of us."

Report on All Banks


R. N. Sims, secretary-treasurer of the National Association of Supervisors of State Banks, has submitted to the association a statement which shows in detail by states the capital, surplus and undivided profits, deposits, loans and discounts, stocks, bonds and securities, and total resources of all state banking institutions of the United States, together with totals of these items of the national banks, and all covering as of March 25, 1931.

The report of Secretary Sims covers the only available accurate and detailed data of the state banking institutions com-

parable with the report of the comptroller of the currency which covers the national banks.

Mr. Sims said: "The figures are very gratifying and reflect as a whole a healthy condition of the banking institutions of our country.

"On March 25, 1931, there was a total of 22,800 banks, of which 15,865 were state banks and 6,935 national banks, and in round numbers a total capital, surplus and undivided profits of \$9,729,502,736, total deposits of \$56,610,716,658, and total resources of \$70,812,887,579. Total capital, surplus and undivided profits of all banks were \$233,819,720 below, total deposits of all banks were \$835,283,877 be-

INCE this bank was founded by John H. Leavitt, three-quarters of a century ago, it has adhered consistently to the purpose of its founder—to provide facilities in keeping with the times.

With the experience of years supporting each department this bank offers exceptional facilities to banks and bankers.



PIONEER NATIONAL BANK

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

IRA RODAMAR, *President*

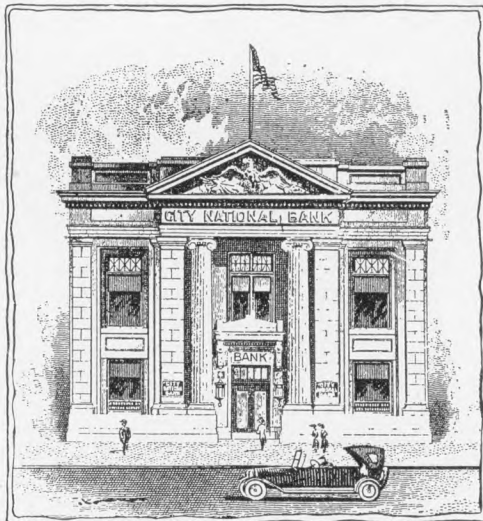
J. O. TRUMBAUER, *Vice President*

J. A. YOUNG, *Vice President*

C. A. CLARK, *Vice President*

D. J. WALKER, *Vice President*

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



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

KEENLY alive to the responsibility of the traditions built by a bank now over ten years past a half century of service this institution offers to its correspondents every advantage which Resources, Experience, Facilities, and Sound Management can supply.

●

THE CITY NATIONAL BANK

CLINTON, IOWA

Assets Over \$8,500,000.00

●

DIRECTORS

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

low, and total resources were \$1,225,678,-697 below the record of March 27, 1930.

"On March 25, 1931, in round numbers the capital, surplus and undivided profits of the state banks were \$5,950,593,736 and of the national banks \$3,778,909,000, showing the capital resources of the state banks to be 57 per cent in excess of the national banks. The deposits of the state banks were \$34,266,550,658, and of the national banks \$22,344,166,000, showing the deposits of the state banks 53 per cent in excess of the national banks. The total resources of the state banks were \$42,686,420,579 and of the national banks \$28,126,467,000, showing the resources of the state banks 51 per cent in excess of the national banks.

"Since June 30, 1919, which was the date of my first complete statement, capital, surplus and undivided profits of the state banks have increased \$3,050,931,458 and the national banks \$1,415,431,000. The deposits of state banks have increased \$12,633,728,646 and the national banks \$6,419,301,000. Resources of the state banks increased \$16,720,744,743 and the national banks \$7,326,917,000. The decrease in the number of state banks totals 5163. The decrease in the number of national banks totals 850.

"This makes a total increase in all banks of the United States since June 30, 1919, as follows:

Capital, surplus and undivided profits, \$4,466,362,059 or 84 per cent.

Deposits, \$19,053,029,546 or 50 per cent.

Resources, \$24,047,661,743 or 51 per cent.

Federal Reserve Banks

"Total resources all member Federal Reserve banks March 25, 1931, were \$45,542,276,000.

"Total resources national banks March 25, 1931, were \$28,083,136,000, or 61.66 per cent of total.

"Total resources of state member banks March 25, 1931, were \$17,459,140,000, or 38.33 per cent of total.

"Those figures show how surprisingly well the banks of our country have weathered the storm of depression and emphasize the important part which the state banking institutions play in our great Federal Reserve system, through their voluntary membership.

"Both classes of banks perform equally useful and necessary functions and I do not make comparisons for the purpose of disparagement, but to emphasize the colossal size of the two great banking systems and to direct attention to the importance and need of both in the development and handling of our country's business."

Kindred Spirits

Clipped from the Dallas News: "A marriage license granted to U. B. Boose and Dorothy Coffee." Boy, page Mr. Volstead or John Hammond.

Shall We Continue to Play "Hide and Seek?"

(Continued from page 10)

ers seemed to think they were; whether, when a capable banker told the public in plain English about the condition of a sound institution, the walls of that institution straightway toppled and crashed. I don't believe it.

An Iowa Example

HERE, for example, is such an item—one of thousands that might be assembled and challenged by this public relations committee:

"In _____, Iowa, there is a banker named _____, who has asked his depositors either to stop kicking and gossiping about his bank or come and get their money. In the *Gazette-Republican* of Cedar Rapids, we learn that the depositors took the hint and that not only is sentiment changed in _____, but that Mr. _____ has new prestige in the community. It says in part:

"_____ people were told that, if they didn't know enough to support a sound bank when they had one, Mr. _____ had no inclination to give them longer the services of such a bank. He told depositors they could have their money, and he told borrowers they would have to pay their notes. On the side he told Sam Jones, borrower, that his loan would have to be called because his neighbor, Smith, had decided he wanted his money out of the bank."

"Nor is this humorous. We can visualize people in _____ and wherever Mr. _____ runs banks, taking a new view about business, putting the money back into circulation and again talking, acting, buying and selling goods in a normal way."

There speak sound common sense, solid faith and the conviction that people are reasoning beings. And the aftermath indicates that the public simply wanted to be reassured. They had feared that silence meant assent to rumors.

In another case, rumors were met head-on with newspaper publicity and advertising. Immediately money flowed back. One woman depositor apologized, saying that she had no idea what a background of time-tried conservatism, sound management and financial stability the institution had. Next day she brought the first dividend from a large deposit she had lost in another bank and deposited it.

In another instance, a disinterested investigator was put out in various cities and states. His inquiries indicated that the institution had over-estimated public knowledge of its standing. The bankers had felt, when the advertising department advanced simple basic copy, that the public knew all that. The investigators found what an advertising agent could have told them—that the busy, noncha'ant outside

public knows little about any institution. Plates of several basic advertisements full of primary facts about the bank were resurrected and run in each of several important cities. When the investigator made his rounds again, he reported the public better informed and reassured.

So I suggest that somehow, through the A. B. A. or the F. A. A., we set up archives of public relations experience;

we survey what things have been done and what the results were; we find out whether more banks have died of *sheer silence* than have *talked themselves to death*. And we get these findings before top-flight financiers who too often seem ignorant and afraid of their public.

By this method I believe it possible to win a new respect for the bureau of public relations in a bank. I believe it possible

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

HOTEL HARRISON

CHICAGO'S NEWEST
DOWNTOWN HOTEL

RUNNING ICE WATER
IN EVERY ROOM
\$2.50 AND \$3.00
WITH BATH
NO HIGHER

RADIO
IN EVERY
ROOM

NO
PARKING
WORRIES
DIRECT ENTRANCE
FROM HOTEL TO
HARRISON PARKING
GARAGE



HARRISON STREET JUST OFF
MICHIGAN BOULEVARD

CHICAGO

to give the advertising manager that professional grasp of his subject which will put him where the importance of his portfolio entitles him to stand—among the bank officers with broad powers.

Cooperative Advertising

AS TO more specific advertising and publicity recommendations, let us be conservative. I should never recommend that a bank meet a critical situation with

sudden and dramatic advertising methods of the "Ship-that-rides-out-the-storm" variety.

But what one bank cannot do, many or all banks, or a clearing house, or the A. B. A. can do. As a long-time recommendation, I recently offered the idea that the American Bankers Association spend perhaps three million dollars, spread well over four or five years—to give the public some sound education on both sides of the bank-

ing relationship. The objection was made that it would be impossible to get the smaller banks to chip in. Maybe so, but I can hardly believe it. With 20,000 banks, \$25 to \$50 average investment per year would make it possible, through newspapers, magazines and other primary media, to tell every banking customer in the United States:

How to read a bank statement;
What to do if he has any misgiving, or hears any rumor against the bank in which he is depositor or stockholder.

How to select a strong bank;
Why a bank can be too liquid;
What to ask and what never to ask of the bank in which you are a depositor, a stockholder, a director;

What to expect and demand of bank examination;

Why bank services cost and why activities charges are fair.

Would it have been worth \$50 or \$5,000 to your bank if such a campaign had been running during the last two or three years? Wouldn't it have spiked the metal of most trouble makers, whether criminal or ignorant?

If this cannot be done nationally, it can be done in any city or other clearing house area. But at least let us remember the principle. *What the individual bank cannot do, especially when it is "on the spot"—the group of independent banks can and in future depressions may have to do.* Otherwise you might then have another of those situations where all the banks pay in lost assets or lost confidence. The advertising might cost dollars—the loss in prestige and in sales resistance set-up always costs millions.

The message in any such campaign—in fact the feasibility of the campaign itself—would depend upon the immediate circumstances. Education in banking principles and standards, demonstration of strength, should go into the message. It is essential that it be frank, specific and responsibly signed.

Building Confidence

NOW as to the things one bank can do of itself, either in a pinch or for the long pull. The most obvious thing that every bank can do at once is to get and keep in touch with its public.

What does the public think about your bank? What does it know about it? What does it say about it? What does it hear about it? What does it read about it? What does it ask about it? What kind of people are these depositors anyway? Are they the kind who draw their money, count it out and re-deposit it? Yes, I know that's funny, but what does it mean—it means that depositor knows not the first thing about the basic idea of banking, which is the loaning of money. He thinks you are running a safe deposit gold bin. How many of them are the kind that buy cashier's checks and store them in the

1876
1931

A Bank large enough for every financial service. Not too large for personal attention to the needs of each correspondent. ~ ~ ~

Consolidated National Bank

DUBUQUE, IOWA

J. K. Deming, President

Geo. W. Myers, Vice President

Jos. W. Meyer, Cashier



DIRECT DEALING

IN contact with our banking friends, Security National follows a consistent policy of direct dealings.

Emphasis on friendly contact and a constant attention to your interests makes for satisfactory and efficient correspondent service.

OFFICERS

Leonard R. Manley	President
C. C. Jacobsen	Vice President
C. R. Gossett	Vice President
R. Earl Brown	Cashier
Delko Bloem	Ass't. Vice President
Albert C. Eckert	Ass't. Cashier
Daniel B. Severson	Ass't. Cashier
Elmer O. Smeby	Ass't. Cashier

SECURITY

NATIONAL BANK

of Sioux City

vault? That's funny, too, till you face the desperate ignorance of it.

Your public is made up of stable and unstable mentalities, rich and poor, educated and ignorant, readers and non-readers, the phlegmatic and excitable, the brave and the cowardly, the sportsman-like and the pot hunters. If you could establish a customer filter capable of eliminating the latter classes, a well-managed bank would be impregnable. You can set up quality standards, but that's another subject. Surely the least you can do is to know your public and get them to know you.

The technique of customer surveys is easily developed. One method that has already been practiced by some is to have officers of the bank call on those who bank with it. It is a fine old custom. It ought to be done twelve months a year. If I had time I could prove that it yields more business and boosts more departments of your so-called department store of finance than any other new business effort. And what a bulwark of understanding it puts up against trouble! What an opportunity it gives you to settle the minds of the uneasy!

Find out who your public are, what they think, what they can understand and how to tell them. Present these facts in the form of a brief and demonstrate to your advertising committee that you *know* public relations. Out of that will surely spring some of the right kind of advertising progress.

Specific Campaign Suggestions

AND now as to the actual use of printers' ink.

We already have the rule: "Do nothing sudden, over-dramatic, clever and reckless." Some people think bank advertising has been too dignified. I think a great deal of it is too dignified, too smart, artificial, remote. I am for an unobtrusive rifle laid on the target rather than a ten-ton mortar of Civil War vintage rocking in the park. I mean—and I've been saying it for twenty years—pick your objectives and keep the sights on them throughout a persistent campaign.

There are countless distinctive campaign initiatives still to be done. If you want a timely campaign now, you may safely build it on the fact that the people want to be reassured about the fundamentals in banking. One possible plan is to dig out plates you ran when the seas were smooth and repeat them with the inference or caption that now as then and always, these standards are yours.

People are not seeking to be amused—they want to know. Give them the good old message of safety, responsibility and liquidity; or of the directorate and the pre-digested statement, of age, conservatism and progressiveness. Don't dwell on panics, wars and crises—and don't painfully sidestep them either. Don't try too

hard to be different. Just be plain, natural and honest—but don't be silent. Isn't it better to keep such messages circulating every month of your institution's lifetime rather than to keep silent so long that when you must have a message of reassurance, depositors are startled because the Sphinx has spoken?

Now I recognize some of the mental hurdles that outstanding bankers in every community have felt when they considered even so conservative an advertising effort as this. They feared they would attract business possibly of unstable types or from institutions that can ill afford to lose it. They visualized the interlacing fabric of correspondent deposits. They were intensely conscious of any slow assets of their own. They were thinking of "loud-speaker" advertisers who have been cut off in the midst of self laudation. But the right course in banking and in

public relations would have helped—all concerned.

However, there is a third and final suggestion. There are times when a bank may properly hesitate to launch even an institutional campaign. Handicapped by a long record of silence, it feels self-conscious over any change of tactics. At such times a satisfactory middle course for the advertising department may be to launch a trust department campaign, with a double objective—new business for the department; new emphasis on the trustworthiness of the whole institution.

A purchaser must have some confidence in anyone from whom he buys. He must believe a penny's worth in Mr. Wrigley—and his Cubs—if he is to buy a stick of chewing gum. He must believe a great deal in the bank where he deposits his money, even though he is alive and more or less capable of watching his account.



Omaha Stockyards and City COLLECTIONS Given Quick and Careful Service

Live Stock National Bank

Union Stock Yards

OMAHA

Bankers who demand the best in correspondent service know they will secure:

- ACCURACY
- SPEED
- PERSONAL ATTENTION
- SATISFACTION

AT THE

FIRST IOWA STATE TRUST & SAVINGS BANK

BURLINGTON, IOWA

Capital \$600,000

Resources Over \$9,000,000



FOR 59 YEARS

*a bank to rely
upon*

—a consistent growth in
correspondent business
every year.

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, *Asst. Vice President*

C. O. CRAIG, *Vice President*



And he must believe infinitely more in the trustee who is to take his place as the economic head of his family.

Let your advertising tell an honest, convincing story of the trustworthiness of your institution in its trust capacities—its age, conservatism, organization, experience, progressiveness, judgment, understanding, etc.—and the public which does not read advertising in water-tight compartments, is apt to reflect that you have a pretty good bank.

Promotes Service Charges

The officers of the Nebraska Bankers Association, and especially William B. Hughes, the secretary, have been doing their utmost to help the banks of the state establish reasonable charges for various services that used to be "free" to the customers—although hard experience has demonstrated that the banks paid heavily. Such business methods as charging a fee for checking accounts which do not maintain profitable balances, or charging for the handling of items from out of town, or a charge per check on accounts which rarely keep more than a few dollars balance, have received the earnest attention of the association, working through the various county associations, groups and regional clearing houses, and steady progress is being made toward sound and profitable banking.

The association has also been busy in the matter of establishing a proper service charge for handling public money. In a recent number of the Nebraska Bankers Association *Record*, Secretary Hughes was able to report that in 64 counties of Nebraska, agreements have been made by the banks with the county officials for payment to the banks of a service charge under the new state law allowing the payment of a one per cent service charge to the banks that are required by statute to pay two per cent interest and furnish security for county funds that are handled. Mr. Hughes says that the reports to his office have been "unanimous in stating that the banks cannot, under present conditions of the money market, escape a loss on public money at two per cent plus security and plus all of the work that is done for public treasurers, especially county treasurers, and plus the fact that a public money deposit in most instances is so handled, with regard to fluctuation, as to make it extremely difficult to realize any profit in its handling."

An unusual accident occurred in Louisville, Kentucky, recently, during a wind-storm when a block partition wall in an office building collapsed. The wall separated the offices of the Massachusetts Mutual Life and the R. W. Hunter Coal Company. Furniture in the life office was badly damaged, but no one was injured. An interesting question as to liability is raised by the accident.

IN THE DIRECTORS ROOM



A Hard Proposition

A traveler stopped to change tires in a desolate region in the Far West.

"I suppose," he remarked to a native onlooker, "that even in these parts of the country the bare necessities of life have risen tremendously in price."

"You're right, stranger," replied the native, gloomily, "and it ain't worth drinking when you get it."—*The Crescent*.

Playing Safe

"Yes, I heard a noise and got up, and there under the bed I saw a man's leg."

"Good heavens! The burglar's?"

"No, my husband's. He had heard the noise, too."—*Exchange*.

Poor Fish!

An ardent angler took a friend fishing. The friend knew nothing about the gentle art, but was set up with all the necessary tackle, and had a nice, comfortable seat on the bank.

The experienced hand started fishing a few yards higher up the stream.

Presently the novice said: "How much do those red things cost?"

"I suppose you mean the float," said the angler. "That only costs about twopence."

"Well, I owe you twopence," said the novice, "The one you lent me has sunk."—*Tid-Bits, London*.

Just a Bum!

Banker: "What is your ambition, Willie?"

Willie: "I ain't got any. I just want to be a Vice President."

Nature is no spendthrift, but takes the shortest way to her ends.—Emerson.

He that can have patience can have what he will.—Franklin.

Who knows the mind has the key to all things else.—Alcott.

To Be Sure

Agent: "Madam, where is your husband?"

Lady: "In the barn with the cattle."

Agent: "Will I have any trouble finding him?"

Lady: "No, he's the one with the whiskers."

Menu for a Supper

Dear Mrs. Lee—I am a young man. Girls are having a supper and I am on the committee for the food. We want an inexpensive but good meal and don't want to pay over 25c for it. What do you suggest?

—Question column in the Cleveland Press.

We suggest you get off the committee.—New Yorker.

Try This on Dad

"Have you a son?"

"Yes."

"How old is he?"

"Sixteen."

"Well, Mr. —, you say you don't want any more insurance, but, even now, if you could get all the insurance you wanted rated at age 16, you would probably take it—wouldn't you?"

"Of course, I would."

"Why not do it for your son? You can't get insurance rated at 16, but he can. Start him early on a life insurance program, just as you would start if you could begin over again with your present knowledge of life."—*The Radiator*.

I will kill thee a hundred and fifty ways.—Shakespeare.

The Man and His Work

I haven't much faith in the man who complains

Of the work he has chosen to do.

He's lazy, or else he's deficient in brains, And—maybe—a hypocrite, too.

He's likely to cheat and he's likely to rob; Away with the man who finds fault with his job.

But give me the man with the sun in his face,

And the shadows all dancing behind; Who can meet his reserves with calmness and grace,

And never forget to be kind; For whether he's wielding a scepter or swab,

I have faith in the man who's in love with his job.

Yes, Indeed!

Will: "Every man has his price."

Bill: "Yes, and every woman her figure."

That's Different

Sales Manager (hotly): "Who put these flowers on my desk?"

Secretary: "The president, sir."

Sales Manager (sweetly): "Pretty, aren't they?"



HOTEL FONTENELLE

400 ROOMS WITH BATH FROM **\$2.50**

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

OMAHA, NEBRASKA

Northwestern Banker December 1931



This illustration shows the New 3-plow FARMALL tractor. The McCormick-Deering FARMALL is now made in 2 and 3-plow sizes.

« »

Analysis of 47 farmers' crop cost records proves that if a man could get all his horse feed for nothing it would still cost him 70 cents an acre more to use horses than to use a tractor. Horses eat every day the year around; the tractor asks for fuel only when it is working.

TRACTOR PRICES ARE LOWER THAN EVER . . . and Gasoline Is Cheaper Than Horse Feed

INTERNATIONAL HARVESTER offers tractors today at prices *lower than ever before*. While the prices of commodities are considerably increased today over the 1913 level, McCormick-Deering tractor prices are now *about 40 per cent lower than in 1913*. *And these much lower prices are for a very much better farm power plant in every way.*

In the important matter of fuel costs and tractor upkeep, the advantage is all on the side of the tractor. Corn, oats, and hay are now at about the same levels as in the 1921 depression, *but gasoline today shows a 46 per cent drop in price from the low point of 1921. Gasoline fuel for tractor operation costs much less today than the hay and grain consumed by horses doing the same work.*

Labor is the big item in farm production costs. One man with a tractor, doing from two to four times as much work in a day

as another man with a team of horses, has in his control the most powerful wedge to widen the gap between cost and selling price — and that means PROFIT.

A McCormick-Deering Tractor is the soundest investment for the farm. The McCormick-Deering dealer has the 10-20, the 15-30, and the two Farmalls on display.

INTERNATIONAL HARVESTER COMPANY
606 So. Michigan Ave. OF AMERICA Chicago, Illinois
(Incorporated)

McCORMICK-DEERING



IOWA

Keeps on an Even Keel

The broad diversification of industry and agriculture which has taken place in Iowa in recent years has proven its worth especially in the twelve month period now drawing to a close.

Putting its eggs in many baskets, Iowa has kept its income stable. Its \$800,000,000 annual income from manufacturing is not subject to the fluctuations of any one industry—for it comes from many different sources—meat packing, vegetable canning and the production of such diverse products as cement and plaster, wearing apparel, automotive equipment, milling machinery and numerous other items.

Iowa's \$700,000,000 annual farm income is equally diversified and comes not only from hogs, but from milk and milk products, eggs, poultry, corn, oats and many other crops whose numbers are steadily increasing.

Since its establishment in 1875, this Bank has been deeply interested in whatever benefits Iowa. Because of its long experience in Iowa banking matters, its central location and many widespread contacts, this Bank is the preferred correspondent connection of a large and growing number of bankers who seek authentic data on Iowa conditions.

● *Whether you wish information on markets or credits, or service on collections and B/L shipments, or merely a strong depository for your reserve funds, you will find this Bank thoroughly qualified from the standpoint of facilities, experience, conservatism, and financial strength. Your inquiry is invited.*

IOWA-DES MOINES NATIONAL BANK & TRUST COMPANY

Affiliated with

NORTHWEST BANCORPORATION

