

Northwestern BANKER

DES MOINES

November, 1932

HEADS LOAN BANK

(See page 24)



COL. CHARLES B. ROBBINS
President, Federal Home Loan Bank,
Des Moines

A Cedar Rapids Bank



Cedar Rapids

Servicing All Iowa

Wide Experience

Our wide experience in handling correspondent bank accounts together with the personal cooperation of our officers assures prompt and careful attention to every detail in connection with correspondent services entrusted to this long established institution.

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Cedar Rapids

Iowa

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 544

NOVEMBER, 1932

37th Year

IN THIS ISSUE

	PAGE
Across the Desk from the Publisher.....	8
Frontispiece—"How Dear to My Heart".....	10
Banking Doesn't Need to Apologize..... <i>Harry J. Haas</i>	11
Sugar From Minnesota.....	12
How Banks Use Direct Mail to Advertise to Their Customers	13
What Their Statements Show.....	14
Chicago Gets New Loop Bank.....	15
The First National Bank in 1990..... <i>C. W. Fishbaugh</i>	16
Making All Bank Services Pay Their Way.... <i>John J. Anton</i>	17
News and Views..... <i>Clifford De Puy</i>	19
Banking Reform and the Reconstruction Finance Corporation	20
Railroad Bonds—Recovery or Default?... <i>Harold G. Parker</i>	25
"Everybody Pays the Tax Bill"..... <i>Leroy A. Lincoln</i>	31
South Dakota News.....	37
Nebraska News.....	39
Minnesota News.....	41
North Dakota News.....	43
Iowa News.....	45
News From Here and There..... <i>J. A. Sarazen</i>	49
Index to Advertisers.....	54

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Deposited Stocks in Each Unit of
NORTH AMERICAN TRUST
SHARES, 1955

MAXIMUM CUMULATION TYPE
(As of October 17, 1931)

CHEMICAL

E. I. duPont de Nemours & Company	200
Eastman Kodak Company	100
The Procter & Gamble Company	100
Union Carbide & Carbon Corporation	300

ELECTRICAL EQUIPMENT

General Electric Company	400
Westinghouse Electric & Manufacturing Co.	100

STEEL

United States Steel Corporation	100
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FOOD

The Borden Company	200
Corn Products Refining Company	100
General Foods Corporation	100
National Biscuit Company	200
Standard Brands Incorporated	200

RETAIL MERCHANDISING

Drug Incorporated	100
Sears, Roebuck & Co.	200
F. W. Woolworth Co.	200

MACHINERY

American Can Company	100
American Radiator & Standard Sanitary Corp.	300
Otis Elevator Company	200

FARM MACHINERY

International Harvester Company	100
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TOBACCO

The American Tobacco Company "B"	100
R. J. Reynolds Tobacco Company "B"	200

AUTOMOBILE

General Motors Corporation	200
--------------------------------------	-----

PETROLEUM

Standard Oil Company (New Jersey)	300
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RAILROADS

The Atchison, Topeka & Santa Fe Railway Co.	100
The New York Central Railroad Company	100
The Pennsylvania Railroad Company	100
Union Pacific Railroad Company	100

UTILITIES

American Telephone & Telegraph Company	100
Columbia Gas & Electric Corporation	400
Consolidated Gas Company of New York	200
The North American Company	200
Pacific Gas & Electric Company	200
Public Service Corporation of New Jersey	100
The United Gas Improvement Company	300

As of October 17, 1931, the date of execution of the Trust Agreement, a stock unit consisted of the shares listed above. The deposited stocks in each unit of NORTH AMERICAN TRUST SHARES, 1955 (Maximum Distribution Type) consisted on October 17, 1931, of 1/25th of the number of shares of the common stocks listed above.

The offering price of NORTH AMERICAN TRUST SHARES is based upon and varies with the actual New York Stock Exchange 100-share lot transaction prices of the underlying stocks during market hours. (Full details of method of calculating offering price are contained in the Offering Circular.)

The investor who purchases NORTH AMERICAN TRUST SHARES knows exactly what he is buying and at all times what he holds. Details of the operations followed in the creation of these shares are open to the inspection of any one.



NO SECRETS

THERE are no secrets in NORTH AMERICAN TRUST SHARES.

The investor who purchases NORTH AMERICAN TRUST SHARES 1955 and 1956 knows exactly what he is buying, and, at all times, what he holds. He obtains an interest in common stocks of 34 companies the market value of whose outstanding common shares exceeds half the market value of all the common stocks listed on the New York Stock Exchange. The portfolio in which he obtains an interest is not composed merely of a broad selection of stocks. The amounts invested in each company and industry have been weighed scientifically to reflect the relative importance of each.



Details of the operations followed in the creation of NORTH AMERICAN TRUST SHARES 1955 and 1956 are open to the inspection of any one. Records of purchasing and pricing are subject to examination.



Bankers and investors will find every responsibility of the Trustee, City Bank Farmers Trust Company and the Depositor Corporation, Distributors Group, Incorporated, set forth in the trust indenture, copies of which are publicly available.



Recently, for the first time in the history of the fixed trust movement, a report of the research department of a Sponsor was made available for every trust shareholder. Special significance attaches to this "Report on the Supervision of NORTH AMERICAN TRUST SHARES 1955 and 1956" because it calls attention to one of the important advances which this trust has made in the unit trust field. Eliminations from the portfolio are not automatic upon the occurrence of a pre-determined event. Eliminations, according to the trust indenture, are made by recommendation of a Research Department whose duties include the continual examination of the industries and companies represented in the trust. Eliminations may be made only for long term investment reasons and substitutions are not permitted. Thus *judgment* takes the place of mechanical provisions.

*Investors have
purchased more than
21,000,000 shares*



*Recommended by
over 1500 investment
houses and banks*

*Copies of "Report on the Supervision of NORTH AMERICAN TRUST SHARES 1955 and 1956"
will be sent free on request*

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NEW ORLEANS

CONTINENTAL ILLINOIS BANK AND TRUST COMPANY

CHICAGO

Statement of Condition, September 30, 1932

RESOURCES

Cash and Due from Banks		\$185,099,217.06
United States Government Securities		93,141,817.98
Other Bonds and Securities		89,680,362.88
Loans: Demand	\$105,803,172.55	
Time	257,492,343.10	363,295,515.65
Stock in Federal Reserve Bank		4,200,000.00
Customers' Liability under Letters of Credit		18,321,854.33
Customers' Liability on Acceptances		23,584,832.20
Other Banks' Liability on Bills Purchased		701,520.00
Interest Accrued but Not Collected		3,381,927.45
Bank Building		15,000,000.00
		<u>\$796,407,047.55</u>

LIABILITIES

Capital		\$ 75,000,000.00
Surplus		25,000,000.00
Undivided Profits		2,469,392.86
Reserve for Dividend Payable October 1		1,500,000.00
Reserve for Taxes and Interest		11,548,998.52
Deposits: Demand	\$449,251,666.99	
Time	187,308,386.39	636,560,053.38
Letters of Credit		18,794,964.02
Acceptances		24,125,788.54
Other Banks' Bills Endorsed and Sold		701,520.00
Discount Collected but Not Earned		706,330.23
		<u>\$796,407,047.55</u>

The capital stock of the Continental Illinois Company, held in trust for the stockholders of the Continental Illinois Bank and Trust Company, is not included in the above figures

Statements of Condition



September 30, 1932

The First National Bank of Chicago

ASSETS	
Cash and Due from Banks	\$190,459,520.57
United States Bonds and Certificates	72,258,561.87
Other Bonds and Securities	21,488,992.34
Loans and Discounts	177,975,347.17
Real Estate (Bank Building)	10,137,934.13
Federal Reserve Bank Stock	1,500,000.00
Customers' Liability Account of Acceptances	7,916,801.20
Interest Earned, not Collected	1,188,037.92
Assets Transferred <small>by Foreman-State National Bank after Deducting Reserves</small>	16,433,165.38
Other Assets	367,798.41
	\$499,726,158.99
LIABILITIES	
Capital Stock paid in	\$25,000,000.00
Surplus Fund	15,000,000.00
Other Undivided Profits	5,611,256.71
Discount Collected but not Earned	697,400.73
Dividend No. 201, payable Sept. 30, 1932	750,000.00
Reserve for Taxes, etc.	2,427,909.77
Liability Account of Acceptances	8,117,782.86
Time Deposits	\$25,878,786.49
Demand Deposits	414,881,407.69
Liabilities other than those above stated	1,361,614.74
	\$499,726,158.99
Contingent Liability <small>under Commercial and Travellers Letters of Credit Guaranteed by Customers</small>	\$ 2,877,448.30

First Union Trust and Savings Bank

ASSETS	
Cash and Due from Banks	\$ 49,669,027.66
United States Bonds and Certificates	9,338,556.20
Time Loans and Discounts	25,716,223.87
Demand Loans	18,277,959.45
Other Bonds and Securities	53,630,965.48
Assets Transferred <small>by Foreman-State Trust and Savings Bank after Deducting Reserves</small>	9,233,299.38
Other Assets	2,460,452.04
	\$168,326,484.08
LIABILITIES	
Capital Stock paid in	\$ 10,000,000.00
Surplus Fund	5,000,000.00
Other Undivided Profits	873,498.40
Reserve for Interest, Taxes, etc.	2,469,432.98
Reserve for Bonds held and Contingencies	4,000,000.00
Contingent Liabilities on Other Banks' Bills Sold	2,665.42
Time Deposits	\$121,159,024.24
Demand Deposits	23,856,137.46
Liabilities other than those above stated	965,725.58
	\$168,326,484.08
Combined	
Capital, Surplus and Profits	\$61,484,755
Deposits	585,775,355
Resources	668,052,643



Across the Desk from the Publisher

By Clifford DeLong

The Real Values of Life

During the thoughtful and contemplative days through which we have been passing I am sure that all of us have given more thought than we usually do to the real values of life.

James Truslow Adams, in his very inspiring book, "The Epic of America," points out that, "Just so long as wealth and power are our sole badges of success so long will ambitious men strive to attain them."

When we look back over the last three years I am convinced that all of us realize that there is more in life than wealth and power because we have seen both of these melt like the dew before the morning sun.

Discussing this thought further Mr. Adams says, "Until countless men and women have decided in their own heart through experience and perhaps disillusion what is a genuinely satisfying life, a 'good life' in the old Greek sense, we need look to neither political or business leaders. Under our political system it is useless save by the rarest of happy accidents to expect a politician to rise higher than the source of his power."

Surely in analyzing and appraising the genuinely satisfying life, we are in a better position now than we were a few years ago to put the right appraisal on the advantages of a cultural life which includes a higher appreciation of music, art and literature and does not focus all of its attention upon the mere getting of money and the controlling of power, both of which have so elusively slipped through our fingers in the last few years like water through a sieve.

I am sure that we agree more than ever with Mr. Adams' philosophy when he says, "There is nothing whatever in a fortune merely in itself, or in a man merely in himself. It all depends on

what is made of each. Lincoln was not great because he was born in a log cabin but because he got out of it—that is because he rose above the poverty, ignorance, lack of ambition, shiftlessness of character, contentment with mean things and low aims which kept so many thousands in the huts where they were born."

To have lived in a period and to have lived through it when you and I have seen the colossal fortunes and the gigantic power of men like Iver Kreuger and Samuel Insull go tottering down to a suicide's grave in the one case, and in the other to expatriation, I am convinced that we will come to a fuller and deeper realization that the sound values of life do not necessarily consist of a crown of gold upon a throne of power, but they must come from within us as each of us makes of himself a better and more worth-while citizen.

Fewer Banks but Better Ones

I have just read some very interesting figures making a comparison of our banking situation in 1921 with that of today. These figures clearly indicate that while we have fewer banks, we have better ones, and here are the figures.

"We now have about 19,500 banks in the United States. Back in 1921, the peak year, we had 30,800 banks of all kinds. They had average capital funds of \$207,000, average deposits of \$1,300,000, and there were, on the average, about 3,400 persons per bank in the nation as a whole. Today the banks on the average have capital funds of \$420,000, deposits of \$2,500,000, and the population represents about 6,100 persons per bank. This comparison shows we have now only two-thirds as many banks as we did at the peak, the average capital and deposits have about doubled and banks on the

average each have the business of some 80 per cent more people.”

With fewer banks but better ones, a fundamental adjustment has taken place which means a stronger and better banking system.

Pent-Up Buying Orders

One of the main factors favoring recovery is the large amount of pent-up buying orders for goods and commodities, which orders are being held back until the public fully believes that prices have reached the bottom of their downward trend.

The advantages which will result from the reversal in basic commodity price tendencies cannot be overestimated.

Specifically, an advance of one cent per bushel in the price of wheat adds approximately \$7,000,000 to the purchasing power of producers of this year's wheat crop and this increased purchasing power means that eventually the manufacturer will have orders for their goods which will help their wheels to start humming again.

The farm income for 1932 was estimated by Standard Statistics Company in the middle of August, to be about \$4,350,000,000 and since that time with the advance in the price of farm products it could be reasonably expected that this figure will be increased before the end of the season.

Such increased buying power means that the orders which have been held in abeyance will be put in execution and that means that better business conditions are on the way.

Start Rebuilding Confidence Now

In view of the experiences of the past two years I am convinced that there is no better time than now for bankers to start rebuilding confidence in their own institutions. If they think that because the storm has passed it may not occur again they are mistaken.

Only psychology has taken a vacation for the moment, but as one banker says, "Herein lies a real danger to those banks that are willing to let it go at that. I mean the danger of the lapsing back into a do-nothing policy, thinking as they have before, that everybody is happy so long as the complaints are not too numerous or too outspoken.

"For years unnumbered bankers have sat secure in the thought that because they themselves knew their banks were sound and well managed the public must know it, too. Ostrich-like they

have kept their heads buried in the sand of self-complacency and assumed that because there was nothing more to worry about the public should not worry. Nor was it—until about two years ago."

The time for a bank to build up its confidence is not when it needs it, but before it needs it.

I am convinced that bankers are taking this matter of re-establishing confidence in their banks seriously. I believe that they are going to be more careful in the personal contact of themselves and their officers with the public. I am sure they are going to explain more in detail the operation of their institutions and the financial standing of their banks.

After all, the customers of your bank, as you well know, have a tremendous power to wield for good or for ill, and by proper advertising and proper personal contact in the handling of your business you can re-establish confidence on a firm foundation.

A Good Record Even in a Bad Year

Nineteen thirty-one was the worst year in history of American banking when 2,300 banks closed with deposits of \$1,690,000,000.

Commenting on this situation, however, H. J. Haas, retiring president of the American Bankers Association, said "Bank failure news has been heralded to the country as though that meant a loss of \$1,690,000,000 of the public's money deposited in banks. It meant no such thing. It meant nothing more than that this gross amount of deposits was temporarily tied up. A considerable amount has already been paid back to depositors and the bulk of it will ultimately be returned to them. It has been estimated that on the average about 75 per cent of deposits are finally repaid through liquidation of closed banks. This would mean that the actual ultimate loss to depositors through the 1931 suspensions will be less than \$500,000,000. Since this would be distributed among 2,300 institutions the average bank failure represented a loss of probably little more than \$200,000. Since it is estimated that the average bank has about 1,750 depositors, the general average per capita loss among depositors as a whole would finally be less than \$125."

These figures should convince even the most skeptical that American banking made a very good record in a tremendously trying year, and when you consider these facts coupled with the further evidence that nine out of ten banks were not involved in suspensions and therefore caused the public no losses, it is further proof that our banking system has weathered the storm.



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JOLIET, U.S.A.

HOW DEAR TO MY HEART

HOW DEAR TO MY HEART

Reproduced from the original pastel by Wm. H. Thompson. Thompson saw active service in the World War, where he was wounded and gassed. Upon his return he took up his work which he had left at the beginning of his artistic career, and has painted many charming pictures of which the above is an example.

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Banking Doesn't Need to Apologize

It has proven itself one of the strongest elements
in our economic structure

DECLARING his faith "that happier conditions today represent a real re-establishment of fundamentally sound banking, business and general economic conditions," as compared with the "banking panic" that surrounded the annual convention of the American Bankers Association a year ago, Harry J. Haas, president of the organization, told the delegates at the recent convention that the improvement "constitutes one of the greatest tributes to the traditions and institutions of this nation and to the courage and resourcefulness of our people that has even been written in the annals of the country in times either of peace or war." He said the people had taken the change from "new era" of prosperity to adversity "like true Americans and good soldiers who have never lost a war."

Mr. Haas said in part: "Property rights have been respected. We have had no social upheavals as witnessed in other parts of the world. The minority have abided by the decision of the majority. We have probably experienced the enactment of some of the greatest constructive measures in our history. Our unemployment had never been as great and the fortitude with which they met their conditions is a matter of record. Generous assistance has been rendered to the unfortunate by those who have been able to carry the burden. Many of our outstanding leaders in business and industry have given liberally of their time and effort to public and social matters. In short, no matter what our position in life may be we should be proud of the fact that we are citizens of this great country where these things are possible.

"In considering the influences and forces that have led toward recovery from the depression, full recognition should be given to the broad-minded, nonpartisan and effective efforts of the national government at Washington in both its legislative and executive branches. At times progress was discouraging and it seemed well-nigh hopeless to expect fundamentally constructive action through political means. Yet, in the net result, there has been a gratifying avoidance of seriously unsound measures, and, when the full measure is taken of the things accomplished, we

realize that the greatest cooperative effort ever undertaken by a great nation to control the forces of economic destruction has been set in motion and promises to enable us to conquer the depression by positive action, instead of following the fatalistic attitude of allowing it to cure itself.

Work Yet to Do

"Yet, a great task of government lies ahead. It has yet to wrestle with over-taxation. Taxation up to the point required to carry on the functions of government for the maintenance of its basic purposes is unquestioned. But when taxation is used as a social measure to take an undue proportion of the property of certain classes of our people to finance special benefits to certain other classes, it is a violation of our basic principle. Both in public financial policies now in force and in many proposals brought forward during the period of stress we are justified in fearing the result, as there are involved government expenditures that create tax demands that are unfair to our people as a whole and would create special class privileges. We should bear in mind that it is the duty of our people to support the government and not the government to support the people. Any other policy would lead to paternalism and endanger the very existence of our institutions. Every dollar of avoidable governmental expense must be done away with and every dollar of unavoidable expenditure should be made to produce an adequate return or be absolutely necessary for the health or safety of our people."

Discussing banking conditions, Mr. Haas declared that his "view of the record banking has made during this depression is very different from that manifestly created in general public opinion," and that, as compared with other lines of business "banking need not apologize to anyone" and in fact proved itself one of the strongest elements in the economic structure.

Information Misconstrued

"Popular misconceptions about banking are attributable to the figures that have been given out to the public without adequate efforts to put them in their proper perspective," he said. "In fact,



HARRY J. HAAS
Retiring President, American Bankers
Association

during the period of fear, unreason and mass hysteria a sober public consideration of the matter was undoubtedly impossible. It may be possible now.

"In 1931, 2,300 banks closed their doors with deposit liabilities of \$1,690,000,000, heralded to the country as though that meant a loss of \$1,690,000,000 of the public's money deposited in banks. It meant no such thing. It meant that this gross amount of deposits was temporarily tied up. A considerable amount has already been paid back to depositors and the bulk of it will ultimately be returned to them."

On the basis of estimates that on the average about 75 per cent of deposits are finally repaid through liquidation of closed banks, the actual ultimate loss to depositors through the 1931 suspensions will be less than \$500,000,000 distributed among 2,300 institutions. This would make the average bank failure represent a loss of probably little more than \$200,000, he said, adding that since it is estimated the average bank has about 1,750 depositors, the general average per capita loss among depositors would finally be less than \$125.

"It is true these averages will bring small comfort to the individual who has lost all or a goodly part of his cash in banks through failures," he said. "But treating the bank failure situation as a public question we must take it by and large and not in individual cases. The facts are that nine out of ten banks were not involved in suspensions and therefore caused the public no losses."

In the Bank, and Out

Another public aspect of this matter that has been thrown entirely out of focus, he said, is the question of the
Northwestern Banker November 1932

relative safety of money entrusted to banks as deposits compared with what happened to it elsewhere during the year 1931. He pointed out that at the outset of 1931 there was on deposit in all banks the aggregate sum of about \$57,250,000,000 so that the amount ultimately lost to depositors would be less than nine-tenths of 1 per cent of the total.

"That is, the money in our banks was 99.1 per cent safe throughout the most disastrous year in the history of the nation," Mr. Haas said. "How about dollars invested in commodities? The Bureau of Labor Statistics wholesale price index for all commodities stood at 77 at the opening of 1931 and at 66 at the close. This was a drop of 14 per cent. How about bonds? A standard index for a representative group stood at 99.6 in January, 1931, and at 81.6 in December, a loss of 18 per cent. Finally, how about stocks? A standard index comprising

over 400 good American stocks suffered a depreciation of 48 per cent during 1931 alone, and at the end of that year it was over 69 per cent below the 1929 average price level on which a great many investors in this field established their positions. Some one might very properly state that, as many are still holding their investments and recently they have shown a material improvement market-wise, it is impossible at this time to determine their ultimate losses. The calculation must then be comparable to the recoveries made on deposits in closed banks. However, I believe the proper comparison should be individual investors with individual depositors. It is safe to assume that individual investors, with less expertly selected and less conservatively restricted issues, took a loss larger than the average. Do not these figures clearly indicate that, on the basis of actual comparisons, money in bank

during the depression had a loss experience that was far less abnormal than that of investors in stocks and bonds?"

On the Threshold

Mr. Haas declared that no class of business or business men in the nation today represents more capable management, sounder financial conditions and a greater capacity for constructive public service than do the present 19,500 institutions that make up our banking structure. He attributed a large part of the bank failures to the fact that government officials, in both the state and national systems, for over a period of more than twenty years permitted the organization of great numbers of banks with insufficient capital or in places where they never could be successful, and in many instances over the protest of the well established banks.

"We are justified in feeling confident that we now stand on the threshold of a return to better banking conditions," he said. "Recent figures reflect changes. There were 149 suspensions in June this year with deposits of \$136,000,000; 128 in July with deposits of \$56,000,000; and 85 in August with deposits less than \$35,000,000. Subsequent figures show a continuation of these improvements and I am confident the banking situation is well on its way back to normal. The average closings of banks in 1931 ran at the rate of about 44 a week. During 1932 they have run at the rate of about 30, and in recent weeks half that. Re-openings have also shown a steady trend."

Mr. Haas said that when the "forces of economic destruction converged on banking through the breakdown of other lines of business the consequent increase in bank suspensions focused public opinion on the banks as the cause rather than the victims of the general breakdown," causing "a politically stimulated clamor for a political cure of the situation by means of legislation," which "is becoming somewhat less violent as a clearer view of the truth has developed." He added:

Proper Banking Reform

"Bankers are not always in opposition to important measures affecting banking. All they ask is that these measures be sound, timely and in the real public interest. As to such banking reform as can be embodied in our laws, the approach in the past has been wrong. What has happened? Have we bankers been forehanded enough? I am afraid not. We have seen things developing in banking that some of us questioned—but have we been aggressive enough against them? Others have seen these things too—and then the first thing we know we are suddenly confronted with an insistent pub-

(Turn to page 27, please)

Sugar from Minnesota



SUGAR, sugar—where does it all come from? Well, if you were up around Frost, Minn., which is just across the state line from Iowa, about this time of the year, you would realize that a great deal of it comes from that territory. Above is a picture of sugar beets awaiting shipment at Frost. According to C. Kittlesen, cashier of the State Bank of Frost, sugar beets are the life blood of the territory. Last year the crop averaged 12 1-5 tons to the acre and there were approximately 1700 acres planted. The price received was \$6 per ton, so there was about \$134,000 in revenue distributed to the local farmers.

The number of carloads of sugar beets shipped out of Frost in the last ten years is as follows:

	Carloads
1921	153
1922	143
1923	147
1924	179
1925	230
1926	264
1927	161
1928	229
1929	298
1930	326
1931	444

It is interesting to note there has been a gradual increase in production and according to Mr. Kittlesen, there are 900 more acres planted this year than last, which reached the peak in production. The beets are shipped to the American Beet Sugar Co. at Mason City, Iowa.

How Banks Use *Direct Mail* to Advertise to Their Customers

HOW banks are using direct mail in their advertising was the subject of discussion at the Financial Advertising Departmental of the Fifteenth Annual Conference of the recent Direct Mail Advertising Association. The speakers were Sheldon L. Stirling, assistant treasurer of the Union and New Haven Trust Company, New Haven, Connecticut; Jacob Kushner, assistant secretary of the U. S. Trust Company, Paterson, New Jersey, and Tracy M. Purse of The Purse Company, Chattanooga, Tennessee. H. A. Lyon, advertising manager of the Bankers Trust Company, New York, and president of the Financial Advertisers Association, was the presiding officer.

"Direct Mail to Promote Business for Banking and Trust Companies" was the subject of Mr. Stirling's talk. Mr. Kushner spoke on "Direct Mail That Helps Solve Public Relations Problems." Mr. Purse's address was entitled "Direct Mail Technique Used by Banks in Various Parts of the Country."

A Business Promoter

Stressing the value of direct mail as a business promoter, Mr. Stirling emphasized the point that direct mail, properly used, not only increases sales, but also cuts selling costs. He cautioned against expecting too much from this medium, pointing out that it attains maximum effectiveness when coordinated with display advertising and personal solicitation.

Comparing the financial advertiser's problem to that of a military commander, Mr. Stirling suggested the use of display advertising for firing broadsides along the whole front and the use of direct mail as revenues brought up to concentrate upon specific groups to accomplish spe-

institution were attributed largely to care used in selecting names.

"We have consistently had a 25 per cent return from our mailings," Mr. Stirling continued. "In volume, leads from direct mail have accounted for about 50 per cent of the amount of new trust business reported by our new business department."

After deciding the purpose to be accomplished, the type of appeal to be used, and the persons to receive the mailings, Mr. Stirling listed the final step as determination of the number of letters to be sent out at a time and the best time for mailing. The number he suggested should be based on the number of returns that could be followed up promptly and effectively by personal calls. The time should be ascertained by tests, which would probably indicate Tuesday, Wednesday or Thursday mornings.

In concluding his remarks, Mr. Stirling pointed out that direct mail could be used effectively not only to solicit new business, but also to build and maintain good will, "keep the customer sold," and enlist cooperation on the part of special groups such as insurance underwriters and attorneys.

Public Relations Problems

"To give banking character and reputation; to broaden the value and use of bank services; to see that their use becomes beneficial to customers and at the

statement of Mr. Kushner in introducing his subject.

In an effort to determine how direct mail could be used most effectively to attain the stated objectives, Mr. Kushner remarked that he had written a number of representative banking institutions in different cities inquiring how their problems were being met. He gave a summary of the replies, describing the various types of booklets, pamphlets, folders, house organs, and miscellaneous mailing pieces, utilized for direct mail contacts by the different concerns.

Mr. Kushner emphasized the importance of exercising great care in using "the most personal of all direct mail—the letter." He pictured it as the voice of the bank, which should be not only cordial and sincere, but clear and definite in meaning. Personal letters, properly used, were said to be of the utmost value in establishing a closer alliance between the bank and customer.

"Direct mail," concluded Mr. Kushner, "does noble work in solving public relations problems, whether used directly for that purpose or in the advertising and sale of the bank's services. Every piece of direct mail used reflects the character of the bank sending it out. It virtually speaks for the bank."

The Proper Technique

Mr. Purse, the concluding speaker, opened his discussion of direct mail technique by sketching briefly the historical development of bank advertising. The earliest stage was described as the educational, when advertising was concentrated on selling the idea of using corporate executors and trustees. Later, advertising emphasis was placed on the individual services as they developed, such as insurance trusts and business insurance trust agreements. This, in turn, was pictured as leading to the development of inquiries for master books.

As personal solicitation of trust accounts developed, Mr. Purse stated that advertising was focused on estate shrinkage, estate planning, and reduction of transfer costs, more and more stress being placed on the importance of taxes. The newest phase, he said, was the current emphasizing of investment management qualifications.

Mr. Purse commented on the impor-

Northwestern Banker November 1932

A brief report on the addresses delivered at the Financial Advertising Departmental of the recent Direct Mail Advertisers Association Convention in New York. The program for this section was developed by Robert Sparks, Bowery Savings Bank, New York, and by John Donovan, Advertising Manager of the Central Hanover Bank and Trust Company.

cific purposes. Personal solicitation should be used to follow up and close.

Determination of specific groups was stressed as of particular importance by Mr. Stirling. He stated his conclusion that it is much better to have a small list of carefully selected names than a large list of names gathered in a haphazard manner. Successful results at his own

same time profitable to the bank; to bring understanding where ignorance exists; to bring cooperation where prejudice and indifference prevail; to make of a bank in the community *the* bank of the community; to mold all of these into a permanency of confidence and faith in banking; are factors that come under the public relations program of a bank," was

What Their Statements Show

(As of September 30, 1932)

Editor's Note: THE NORTHWESTERN BANKER invites its readers to forward their bank statements to us and they will be published herein, from time to time.

TOWN	IOWA BANK	Capital	Surplus and Profits	Loans and Discounts	Bonds and Securities	Cash and Due From Banks	Deposits	Total Resources
Algona	Iowa State Bank	\$ 50,000	\$ 63,388	\$ 360,024	\$ 625,227	\$ 372,230	\$ 1,268,594	\$ 1,381,982
Ames	Union State Bank	100,000	27,332	375,827	202,984	223,288	1,366,949	1,670,920
Cedar Rapids	Merchants National Bank	500,000	1,073,123	6,649,642	5,592,496	5,917,195	16,988,699	19,061,823
Charles City	First Security Bank & Trust Co.	150,000	81,086	1,063,467	655,706	159,138	1,444,068	1,889,949
Clinton	The City National Bank	400,000	385,065	4,438,080	3,145,633	1,204,252	8,385,743	10,170,074
Coon Rapids	The First National Bank	25,000	30,325	220,732	108,030	50,014	321,622	401,947
Council Bluffs	First National Bank	370,000	*48,977	1,524,220	1,463,065	373,221	2,657,242	3,503,799
Davenport	Union Savings Bank & Trust Co.	1,600,000	1,404,068	12,798,854	8,046,747	3,245,496	17,147,815	26,206,315
Des Moines	Iowa-Des Moines National Bank & Trust Co.	2,000,000	1,163,447	9,847,346	8,085,422	7,552,766	25,201,943	29,584,838
Des Moines	Valley National Bank	500,000	204,844	1,529,098	2,099,254	949,900	3,620,453	4,876,579
Des Moines	Valley Savings Bank	150,000	285,768	1,682,948	1,482,988	550,074	3,332,939	3,816,278
Dubuque	First National Bank	200,000	357,785	1,508,549	2,172,219	762,624	3,684,991	4,553,947
Grinnell	Grinnell State Bank	60,000	46,059	316,680	230,580	97,045	560,187	681,246
Grundy Center	Grundy Co. Natl. & Grundy Co. Sav. Banks	75,000	23,513	266,799	106,858	82,149	292,479	506,770
Humboldt	First National Bank	50,000	29,750	353,896	404,404	137,322	800,510	930,261
Marshalltown	Fidelity Savings Bank	100,000	149,570	1,605,798	412,093	415,496	2,243,795	2,493,365
Monticello	The Monticello State Bank	200,000	215,339	2,893,635	806,956	357,837	3,131,313	4,111,503
Newton	Jasper County Savings Bank	100,000	61,116	*1,574,952	351,407	1,988,156	2,156,772
Rippey	Rippey Savings Bank	25,000	27,365	197,666	59,395	19,218	227,899	280,265
Sioux City	Live Stock National Bank	200,000	216,703	1,921,046	1,541,233	1,518,496	4,340,190	5,253,661
Sioux City	Security National Bank	250,000	318,738	1,431,533	2,208,983	1,451,991	4,531,386	5,357,573
Strahan	Farmers State Bank	25,000	7,715	**78,752	32,374	83,529	116,245
Toledo	The National Bank	50,000	31,245	319,170	169,625	84,877	436,048	584,230
NORTH DAKOTA								
Fargo	The First National Bank & Trust Co.	\$ 300,000	\$ 278,893	\$ 2,303,430	\$2,899,044	\$ 984,410	\$ 6,047,706	\$ 6,929,774
Grand Forks	First National Bank	400,000	103,118	2,289,142	1,692,514	624,866	3,994,366	5,535,525
NEBRASKA								
Omaha	First National Bank	\$1,250,000	\$ 374,763	\$ 5,050,546	\$8,827,947	\$5,278,584	\$19,196,319	\$20,821,083
Omaha	Live Stock National Bank	450,000	159,826	2,604,534	1,062,372	1,478,935	4,546,719	5,320,344
Omaha	The Omaha National Bank	1,250,000	1,163,243	12,966,364	4,445,702	7,567,603	23,706,717	27,258,528
MINNESOTA								
Brainerd	First National Bank	\$ 100,000	\$ 194,331	\$ 638,237	\$1,769,725	\$ 492,762	\$ 2,679,304	\$ 3,013,810
Minneapolis	Midland National Bank & Trust Co.	1,000,000	357,939	6,488,484	4,174,518	2,705,940	11,787,652	13,655,845

*Surplus and capital combined.

**Loans and Discounts and Securities combined.

tance of adapting advertising to the solution of the problems at hand, thus capitalizing on current conditions. He enumerated twenty different types of advertising campaigns pursued successfully in various communities and illustrated how these general types of campaign could be made applicable to individual cases. By concrete examples, he showed that direct mail plays an important role in the prosecution of successful campaigns through such media as letters, booklets, pamphlets, folders, statement inserts, and other publications.

Urging continuity of advertising to assure effectiveness, Mr. Purse also suggested conformity to certain definite standards, such as adaptability to local conditions, reflection of the bank's standing, capitalization of the bank's strong points, offsetting of competitors' points, gaining interest of prospects, facilitating of closing, creation of better understanding and growing use of services, and adherence to legal and ethical standards.

"Advertising that meets such requirements," Mr. Purse assured his audience, "should prove sufficiently strong and flexible to lend itself to a development plan extending over a considerable period of time, and should place you well on the road toward the goal of making your trust advertising effective."

He followed with a note of warning to be sure to set aside a sufficient fund to

see the campaign through and to allow sufficient time to get the full effects.

"Trust development in general," he concluded, "depends upon public acceptance of the corporate fiduciary as the superior agency to meet certain human needs and wants. Trust development in your individual institution depends upon your convincing each individual prospect that your company can serve him to the best advantage."

First Vice President A. B. A.

Francis Marion Law has been elected first vice president of the American Bankers Association. He is president of the First National Bank, Houston, Texas. He has been second vice president of the association during the past year. Mr. Law was born in Bryan, Texas, in 1877 and was educated in the Bryan public schools, Agricultural and Mechanical College of Texas and the University of Texas. He was a country school teacher for a short time and then entered the First National Bank of Bryan as a bookkeeper, later becoming assistant cashier. He then went to the Commercial National Bank in Beaumont as cashier. Subsequently he became cashier of the First National Bank in Beaumont, vice president of the First National Bank in Houston, and finally

president of the latter bank, which position he now holds.

Mr. Law is a former president of the Texas Bankers Association. In the American Bankers Association he was a member of its executive council for two terms, member of the Executive Committee of the National Bank Division, and of the Administrative Committee and Commerce and Marine Commission.

Will Pay Up

Lifting the tax middle cloud off Chicago and the straightening of the city's financial affairs to the point where its securities will again enjoy an A-1 rating among bankers and investment houses, is within two months of accomplishment, according to an announcement made by City Comptroller M. S. Szymczak.

The statement came as a result of a survey made by Comptroller Szymczak and officials of Cook county of unpaid taxes following the recent refusal of the United States Supreme Court to review the Bistor case, an action brought in behalf of owners of large pieces of real estate who refused to pay their taxes without a reduction of the valuations for 1929 and 1930. Mr. Szymczak added that he is confident that approximately 90 per cent of the so-called tax strikers will have paid up their back taxes within ninety days.

Chicago Gets New Loop Bank

CHICAGO'S new bank opened October 6th, is the City National Bank & Trust Company of Chicago. It is an entirely independent institution, organized to give individuals and firms complete banking service, and specializing in commercial, savings, checking-savings, and trust service.

The new bank opened for business with paid-in capitalization of \$4,000,000 and a surplus of \$1,000,000, provided by a syndicate formed for that purpose.

City National Bank is organized under the National Banking Act, and will operate under the supervision of the Comptroller of Currency of the United States.

The new City National Bank and Trust Company has assumed all of the deposit liabilities of Central Republic Bank and Trust Company. Those depositors who were customers of the latter bank are now served by the new bank in the quarters now occupied by Central Republic Bank and Trust Company, at 208 South La Salle Street.

According to bank officers, there will be no inconvenience to present customers. For the time being, they will be served by the same tellers at the same location as in the past. City National Bank will honor all checks drawn on the Central Republic Bank and Trust Company. Customers having checking accounts will continue to use the same check forms and pass books and these will be honored by the City National Bank. Savings depositors will continue to use the same forms for the time being. This arrangement makes unnecessary any special trips to the bank as the transfer of accounts is entirely automatic and requires no red tape.

City National Bank and Trust Company opens in Central Republic quarters on La Salle Street

Business and Civic Leaders on Board

Administration of activities of the bank will be supervised by the following board of directors, including Charles G. Dawes, Chairman, and Philip R. Clarke, President, and containing quite a number of business and civic leaders not previously associated with Central Republic Bank & Trust Company: Donald S. Boynton, Pickands, Mather & Company; Henry M. Dawes, President, Pure Oil Co.; Chas. S. Dewey, Vice President, Colgate-Palmolive-Peet Co.; George B. Dryden, President, Dryden Rubber Co.; George F. Getz, Chairman of the Board, Globe Coal Co.; John Goodridge, Willing Estate; Charles B. Goodspeed, Manufacturer; Harry B. Hurd, Messrs. Pam & Hurd; James S. Kemper, President, Lumbermen's Mutual Casualty Co.; Frank Knox, Publisher, Chicago *Daily News*; Theodore W. Robinson, Manufacturer; Elisha Walker, Capitalist; Rawleigh Warner, Vice President & Treasurer, The Pure Oil Co.; and Robert E. Wood, President, Sears, Roebuck & Co.

Chicago bankers feel that the new bank, with its position of extreme liquidity, launches forth under unusually favorable conditions and at a time when indications point to improvement in general business conditions.

Following the announcement of the for-

maton of Chicago's new national bank, the City National Bank and Trust Company, there came a flood of varying opinions as to what course the Central Republic Bank and Trust Company would take.

Joseph E. Otis, new board chairman of Central Republic, made the bank's position clear: "Central Republic is not going out of business, in so far as its trust and real estate loan departments are concerned. The commercial business, savings department, and checking-savings department have been taken over by City National. But our trust, real estate loan and investment affiliate, Central Republic Company, will continue to do business."

The readjustment of the affairs of Central Republic was dictated by sound business principles. The nationwide decline in bank deposits which reached a peak last June, resulted in heavy withdrawals from Central Republic, so that it was necessary to borrow a substantial sum of money. While this restored the favorable cash position of the bank, it imposed a severe burden in the form of interest on the money borrowed.

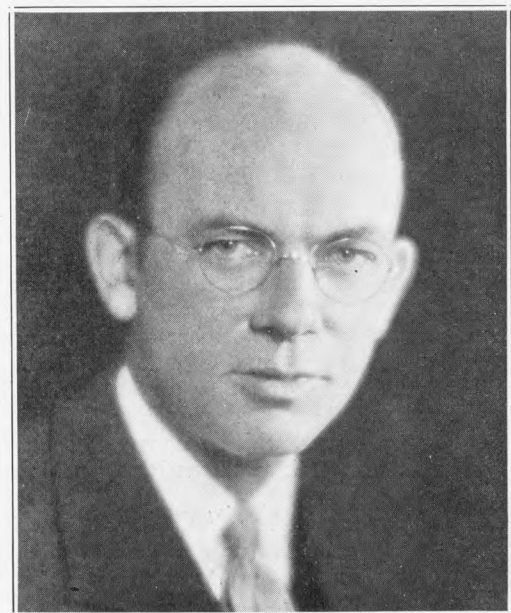
Drastic reductions had been made in overhead and salaries but the shrinkage in earning assets due to declining deposits was making it increasingly difficult to meet fixed rental obligations and other charges. When the cost of borrowed money was added to the other operating expense, the continuation of Central Republic Bank and Trust Company without some plan of readjustment could only have the effect of a steady impairment of its assets.

The problem of how to remedy this uneconomic condition had the constant attention of Central's board of directors. Every effort was made to devise a plan that would



To the left—
Charles G. Dawes,
Chairman of the Board

To the right—
Philip R. Clarke,
President



retain intact the business of the bank. A careful analysis, however, of all of the factors involved and particularly the high fixed rental charges, made it apparent that continued operating losses were inescapable and could only result ultimately in forced liquidation. This would have meant a sacrifice of the bank's assets.

Therefore it was finally concluded that the Central Republic Bank and Trust Com-

pany could only be enabled to remain in existence by divesting itself of its deposits and having them assumed by an outside and distinct institution.

In the process Central Republic was able to adjust many of its heavy fixed charges on a more reasonable basis. By thus permitting the continuation of operation there is opportunity for realization of its assets

to be made carefully during a prospective period of business recovery.

City National Bank will take over only the commercial, savings, and checking-savings departments of the Central Republic Bank. The latter will continue with its present Trust and Real Estate Loan Departments. Its investment affiliate, Central Republic Company, will also continue as in the past.

"THE FIRST NATIONAL BANK

in 1990"

By C. W. FISHBAUGH

IN EVERY business there has been speculations as to what will happen in the next fifty or sixty years. But not so in banking. We admit there has been enough speculation in banking; yes, more than enough. But as to what the next fifty years will bring forth only the Man in the Moon and the Old Lady in the Shoe know. So let's take a look. Roll back the curtain and peep at the good old First National Bank of Podunk in 1990 A. D. (After Depression).

Naturally there is still the picture of Adolph Wholing the First, founder of the bank, hanging out in the front office. But Adolph wouldn't recognize the bank now; if he did he wouldn't admit it. He might still recognize the outside, as the same awnings are still out in front. But everything else has changed with the exception of the note case. There are still a few of the notes that Adolph I took on the opening day, many years ago. The bank examiner has advised Adolph III to get rid of them, but he can't bear to part with those prized possessions of his grandsire. Besides, they might be paid some day!

Let's take a half peep inside the bank. Adolph I had always recommended a high grill work to protect the tellers from the dishonest customers. There may still be dishonest customers, but the grill's gone. Just a plain counter is all that's left. It's rather handy because it's a lot easier for the teller to lean on.

The poor, overworked tellers have at last found relief. They can now sit at the counters in rocking chairs. When a customer comes in to deposit money the teller just steps on a button and the customer's money is automatically counted and the entry made in the pass book. If the customer merely wants to cash a check the teller presses another button. All the time the teller can keep rocking and reading the paper, which now says in large headlines: "Government Plans Farm Relief."

Aside from this teller-saving device there are many more inventions that have come into common use. For instance, in the bookkeeping room we have

the self-correcting posting machine, that finds your mistake before you make it. The champion check-filing machine, the combination mistake-adjuster, not to mention the new deluxe overstuffed posting machine chair.

In the credit department we have the triple-action machine for bad notes. It can tell if a note is bad, a forgery, or a renewal all in one action. Then there is the lie detector that can tell when any borrower makes a false statement. This machine caused a great deal of trouble at first. Adolph III was making a loan to himself and the bookkeeper accidentally ran his statement through it. Since that time all officers of the bank make their financial statements on scratch paper with disappearing ink. Science has indeed worked wonders in banking; it has done everything but increase the profit. And right at this time in 1990 they are working on a new profit machine, but they can't finish till they find a bank that paid a dividend the previous year.

Now let's look at the money in use. The silver standard has now come into vogue. The smallest piece of silver made is the dollar. There is no use for anything smaller. The currency is now the size of bond coupons. When the treasury department back in 1929 started the new size currency they found they could save money on the new small size. They've gone the whole way now—they're using up the scrap paper they had left in 1929.

But let's leave the money and physical change of the bank alone. Everything's changed, so let's forget it.

The real change, the change that is a change, is in the policy of the bank. Right under the picture of President Wholing is a sign that reads: "We Solicit Your O. D." If Adolph I could see that he would commit the unpardonable sin and spit in the wastepaper basket. The whole tone of the bank now is Good Will. It wants your good will even if you don't have anything to go with it. Adolph Wholing III is out for the good will of every man, woman,

child and lawyer. He asks you to write bad checks, kite checks and float checks. He will loan money on any note for any amount, providing you hand out the good will. The O. D. list is larger than the deposits, but what of that? That only makes the bank safer; the depositor can't lose when he carries an O. D. Competition has grown so keen that it's necessary to go after business with a will, and that calls for good will. And the old fighting blood of his early ancestors is still in Wholing III and he'll run a bank—even if the directors have to pay the light bill.

Heads Savings Division

Gilbert L. Daane was elected president of the savings division of the American Bankers Association at the annual convention. He is president of the Grand Rapids Savings Bank, Grand Rapids, Mich. He has been vice president of the savings division during the past year.

Mr. Daane was born in Grand Rapids, Mich., May 30, 1886. He was educated in the public schools of Grand Rapids, later attending the Grand Rapids Business Institute and Michigan State College, East Lansing, Mich. His first business position was as a stenographer and bookkeeper. Later he became teller in the Commercial Savings Bank, Grand Rapids, then manager of the Michigan Exchange Private Bank, also of Grand Rapids, vice president and cashier of the Grand Rapids Savings Bank, and finally president of the latter bank, which position he now holds.

In his activities relating to the American Bankers Association, Mr. Daane was chairman of membership committee 1930-1931, member of executive council 1930 to date, vice president savings division 1931-1932 and member legislative committee 1931-1932. He was president of the Michigan Bankers Association 1928-1929.

We Should Apply Ourselves
to a Fixed Program of

MAKING ALL BANK SERVICES PAY THEIR WAY

By JOHN J. ANTON

Vice President The First National Bank
Chicago

NOTWITHSTANDING the present unsatisfactory and trying conditions, notwithstanding the hysteria, the crumbling markets for our securities, the freezing of millions of dollars in failed banks, by far the larger proportion of banks in America deserve confidence. Most of them are managed by men of high character who have the ability and the will to bring their institutions safely through the unprecedented business storm which has raged for the past three years. We may confidently expect that the end of this depression will find the American banking system still fundamentally sound and, as in the past, exerting a powerful influence for business recovery.

Profit With Safety

If the banking business is conducted properly, it performs a very useful service to the community and at the same time shows a reasonable return to its stockholders. It has been proved time and again that employing the best management methods and making the best of available opportunities will produce the most gratifying results: stability, confidence, and growth. To earn a fair profit is not a cold philosophy. It does not preclude sentiment in banking. It is entirely in harmony with the idea that a banker's principal function is to serve his community and the men and women in it. Let me emphasize that no banker properly serves his community and its citizens unless the bank makes a profit, for profit in banking is inseparable from safety, and a bank must be safe if it is to contribute its proper share to the upbuilding and development of its community.

Bankers have been for many years the accredited leaders in civic and business life. Yet I regret to say in too many instances in the conduct of their own busi-

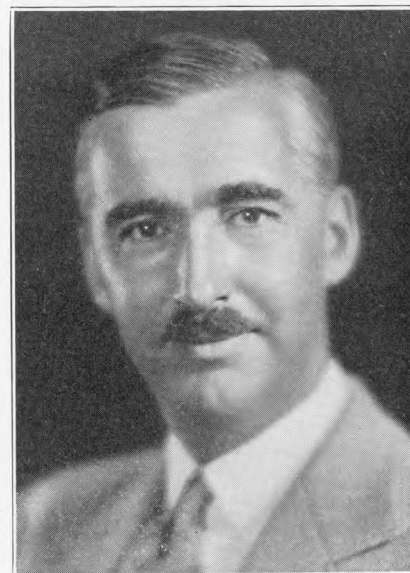
ness they have failed to demonstrate their capacity for such leadership. It is a recognized fact that a business, to be successful, must have earnings to justify its stock investment. This is fundamental economics in any business organized for profit. And banking is, I believe, still regarded as a commercial operation.

While remembering our responsibilities to the public, we must not forget that we still have stockholders who are looking to the operation of our institutions in large part from the standpoint of dividends. We have not yet succeeded in eliminating losses from banking nor the need for setting up reserves for losses, for taxes, for building and furniture and fixtures—and for dividends, an item which many banks seem to have forgotten completely. Do not mistake this as impertinent. These are conditions we must face and quickly correct if we are to resume our proper place and again enjoy the confidence of our communities and of our stockholders.

Good Management

I have known bankers to say that it is impossible to formulate principles of good management which may be applied generally to any bank. They say, "My bank is different from any other bank. My town is different." They forget that there are basic principles of sound management which have been developed through years and years of practical experience. These principles did not spring up over night; they are the result of time-tested experience of many banks under varying conditions. I should like to state here that these fundamental guiding principles of sound bank management are applicable to every bank in this country, whether it be large or small, whether it be located in the country or in the city.

The evidence of this new interest in



JOHN J. ANTON

bank management is to be found on every hand. In banking publications, at state and national bankers conventions, and at group meetings, the discussions revolve about this subject.

As we look back in bank history, I wonder if the old type of bank manager—the fellow with the glass eye who usually said "no" and meant it, the hard boiled banker of earlier years—did not after all have some cardinal virtues. His customers abided by his decisions and respected him. Of late years, we have too often reversed this principle; too often have our depositors dictated the services they should expect of a bank and also the terms. Obviously, we must change this attitude on the part of the customer if we are to resume our proper standing in the community.

Already there are definite indications of a changed viewpoint on the part of depositors. Banks which have been forced as a result of material decrease in deposits to build up their income from special sources, have been receiving remarkable support and, incidentally, showing a greatly improved position.

We can help ourselves with depositors and others by proper explanation of the bank management standards discussed at our conventions and group meetings. An educational program featuring the need for safe and profitable banking will, I am sure, receive the endorsement of your people. In publishing your periodical statement of condition, some well-put

Northwestern Banker November 1932

The address presented here was delivered by Mr. Anton at a number of Group Meetings held recently in Northern Illinois. The profit-proving points he makes will apply to your bank, also.

slogans will be found helpful in this connection.

Declining Profits

We are presently concerned with declining profits, resulting from low interest rates, shrinking deposits, increased taxes, increased operating expense, increased loan losses, bond depreciation. We are also suffering from a lack of special or by-product incomes. I refer to real estate and farm loan mortgage commissions, commissions on real estate and farm sales, and other sources of banking income which we can well remember from former years.

Today we have but two basic sources for our profits: first, interest on our loans and investments, and second, service charges. Income from loans is practically self-regulated by prevailing average discount rates; however, some increase in revenue can be derived from this source by applying a minimum charge of, say, 50c or \$1 on small loans. While on this subject of a minimum charge, let me ask what is the cost to your bank of placing a loan on your books, the proper record of loans, the cost of looking after the collateral, the cost of insurance against theft of customers' collateral? Surely these are items of expense not to be overlooked, and would seem to justify a minimum charge or service charge on small loans—and we all have them.

Item number two is service charges. This item to my mind, gentlemen, offers a definite and promising result if we will but apply ourselves to a fixed program of making all bank services pay their way.

I am not here to discuss the logic or

soundness of the principle of service charges. This has already been accepted as a recognized standard of banking. I frankly say to any banker not following the practice of making charges on small and unprofitable accounts, that he is neglecting a responsibility to himself and to his stockholders; he is the exception to the rule; he is sadly in the minority. No defense is necessary for service charges; they are founded on a sound and basic principle. What I have to say on the subject of these charges is rather to urge you to establish charges that are not alone "stop loss charges," as they have become commonly known, but which will in addition provide for a profit on every item of service, instead of just enough to bear the expense.

The Metered Charge

The metered service charge has been, I believe, the most popular and the most accurate plan for charging the small but active checking account. This plan is also a self-regulating analysis of the small account and, regardless of the activity, you can depend upon having a self-sustaining and profitable account. Larger accounts should be analyzed and charges made when results show a loss. We have too often been weak-kneed in the matter of carrying unprofitable accounts. What would we think of the wisdom or even the credit of a customer who admitted that many of his accounts were carried at a loss? Beyond question, thousands of checking accounts are being carried at a loss, with the banker in some cases even paying interest on the unprofitable accounts.

Activity of accounts is the stumbling block for many bankers who are trying to increase their profits. They apply service charges which are based on minimum balances but which fail to charge for activity. The number of employees required and the operating expense in a commercial bank naturally vary with the number of transactions (deposits and withdrawals) per month per \$1,000 of deposits. If a bank's checking accounts are all high quality, the number of transactions is relatively low. Surveys indicate that the number of transactions per \$1,000 of commercial department balances varies from as low as 5 to as high as 87 per month, or a spread of about 1,700 per cent. Is your bank getting paid for excess activity? The amount of activity will determine in a measure the number of your employees.

An Analysis

In an analysis covering a number of communities, 34 per cent of the checking accounts averaged \$7.08 apiece; 49 per cent average \$14.82; 75 per cent averaged \$41. Three-fourths of the accounts were below \$50. Take 100 accounts with an average balance of \$25, set up a reserve of 15 per cent and at 6 per cent the bank will only make \$128 on the loanable balance. One need not go into higher mathematics to know how far \$128 will go in serving 100 accounts for a whole year. The bank must provide part of the time of a teller and a bookkeeper, checks, statements, passbooks, depreciation of book-keeping machinery, rent, light, taxes, overhead and salaries. Those who have figured costs carefully estimate that these accounts will reveal a net loss of \$6 each per year.

In a recent article a Wisconsin banker described a systematic effort to reduce the number of unprofitable checking accounts. In three years he cut the number down one-half and then, to use his own words, he "tried to determine the amount actually saved by losing an account," and he estimates that every unprofitable account he lost saved him \$8.75 a year. The amount he saved by eliminating the unprofitable accounts and through service charges was equal to 3 per cent on his capital stock. His bank is located in a town of 556 people and he has deposits of \$260,000.

There are cases where banks have earned from 2 to 19 per cent on their capital by recourse to the service charge alone. One thousand dollars in service charges collected annually is the equivalent of putting \$66,000 in new business on the books of the bank at a net profit of 1½ per cent; \$6,000 in service charges annually is the equivalent of adding \$400,000 in new business and netting 1½ per cent thereon.

A well known bank consultant has recently collected some interesting figures in this connection:

(Turn to page 28, please)



Looking down the banking floor of the new Paris Uptown Branch of the Chase National Bank

This room is a striking example of the modern treatment of bank interiors with its tellers' counters instead of old-fashioned cages, and its reliance for effect upon simplicity of line and natural beauty of material.

NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

IN A recent book by HARPER LEECH, "The Paradox of Plenty," I think he gives a good definition of our present economic picture, when he says, "This is not a depression, it is a mishandling of the greatest era of plenty the world has ever known."

IN THE Grill Room of the HOTEL GOVERNOR CLINTON, New York City, they sell you six coupons for five dollars to be used in buying their one dollar club luncheons, and as part of the selling argument, they very facetiously remark, "You will get an added thrill buying coupons that really can be clipped—now."

The trouble with other kinds of coupons is not that they can not be clipped now, but that many of them have no particular value after they are clipped. Trading coupons for food is not an unpleasant task.

FRED L. PALMER, advertising manager of the Distributors Group, called my attention to an article in the *Nation*, on "Guesses for Sale," by W. H. GARFIELD which is the record of the business forecasters. If you wish some interesting reading, this will certainly give it to you.

In this article Mr. Garfield analyzes the records of BABSON, BROOKMIRE, MOODY, and STANDARD STATISTICS, and sums them up with this interesting paragraph: "Thus we bring to a close our survey of forecasters who could not forecast. Having missed the opportunity to have their clients cash in on their profits before the market crash of 1929, they had at least seven subsequent major chances to save money for them by advising them complete withdrawal from the market. Not one of these chances was used to the full by any of the organizations. Most of them were completely ignored. Instead, they plunged investors in deeper and deeper with more and more buying recommendations. And then, when the market did turn, they were three weeks late in realizing it."

GEORGE F. BENKHART, vice president of the General Motors Acceptance Corporation of New York, plays a good game of golf but he recently left his foursome after he had finished the sixteenth hole because a telephone call from his secretary informed him that there was at his office a prospective buyer for a piece of real estate which he owned. As consolation for his leaving an unfinished game,

he reports that he did sell the real estate—and for cash, too.

WHILE in New York last month, I had the pleasure of dining with MR. AND MRS. WALTER W. HEAD at their delightful apartment at 440 Park Avenue. Mr. Head is president of the Morris Plan Corporation of America and is enjoying the duties of his new position very much. In addition to his many other directorships in various corporations, he still finds time to carry on his work as president of the Boy Scouts of America.

IN ORDER to stimulate business ONE NEW YORK BOOTLEGGER who is known as "A1," gives free with every ten dollar purchase, one bottle of BACARDI, 1873, according to an advertising folder which one of my New York banker friends (a dry, however) showed me. "A1" also adds that "For anything, anytime, anywhere, the fastest delivery service in town, use your telephone. Don't run to the corner. Let us run to you." Thus the modern bootlegger is improving his efficiency—if not his product—in the big cities.

IN THE October issue of *The Forum*, is an article by FRED C. KELLY, "CAN TRUST COMPANIES BE TRUSTED?" Mr. Kelly points out the weaknesses of certain procedures carried on by trust companies and suggests how they should be corrected. Here is just one of Mr. Kelly's harpoons: "A large trust company, because of its size, and the very nature of its methods, is frequently well nigh barred from intelligent action. Because of its prejudices and handicaps, a trust company sometimes buys securities for widows and orphans funds that many of the company's own employes would know better than to buy for themselves."

With the increasing growth of trust company business, it is but natural that some mistakes will occur, but trust company officials should take it upon themselves to immediately eliminate any questionable methods which may in the future reflect upon this business and the valuable service it can render.

I WAS very much interested in reading the SUPREME COURT DECISION OF NEW YORK which recently ruled that the Superintendent of Banking is not responsible to individual bank depositors for the financial statements published by banks in the state. The ruling held that the superintendent can only ac-

cept the bank's statement and that he can neither suppress them nor correct them.

The case arose because a depositor placed money in a certain bank on the strength of the bank's published statement. Later on the bank closed and the depositor sued the state superintendent of banking, charging that he was responsible for the money which he, the depositor, lost in the bank.

Personally I would think it rather unfair to hold any state banking superintendent responsible for the loss of funds belonging to depositors, unless this might be legalized into a new form of guaranteeing deposits through the superintendent's office.

ATTENDED a lecture last month at Columbia University, New York City, given by PROF. A. W. MACMAHON on "OUR TWO PARTY POLITICAL SYSTEM." In this lecture he brought out that in most countries there are a large number of political parties, contrasted with only two major parties in the United States. Prof. Macmahon gave many reasons for the American two party plan, saying our love of sports had something to do with it since Americans like team play and cooperative combat between two well organized groups.

Perhaps this is the reason the Republican and Democratic "teams" have had so much fun in this campaign, throwing statistics at each other like so many forward passes.

DO NOT know how many bankers have a philosophy of life, but I think most of us do, although we may not be entirely aware of it. Here is a bit of philosophy I heard recently which appealed to me: "If you get what you want, you are successful. If you want what you get, you are happy."

EARNEST ELMO CALKINS, noted advertising man, brought out a point of unusual interest in an address I heard last month at a luncheon meeting of the New York Financial Advertisers Association, when he said that most of the fundamental factors in world recovery are unpopular and unpleasant to talk about. Disarmament is one—balancing the governmental budget another—cancellation of war debts another—leveling tariff barriers still another. He feels that the only way that our age-old prejudices and dislikes toward making changes can be overcome is by education. In this connection, he said banks have a great opportunity to help change national thinking by pointing out some of the lessons of the past three years.

HAROLD CUNNINGHAM, of Los Angeles, was the winner of the national public speaking contest sponsored by the American Institute of Banking and

Northwestern Banker November 1932

in an address before the A. B. A. convention he said: "The responsibilities of the banker cannot be overemphasized, but it is time that there be written across the horizon of American life in letters of flame, the responsibilities of the bank customer. When a bank account is opened there is born a dual responsibility. That of the bank is neither greater nor less than that of the customer. Only by common shouldering of the load can the prob-

lems of banking be solved." It is the duty, however, of bankers, to educate their own customers to the responsibilities which they, the customers, have toward their own banks.

FRANCIS H. SISSON, new A. B. A. president, defends the American banker by saying, "As a matter of fact, bankers had to face criticism in the prosperous

years because of their more conservative attitude and lack of enthusiasm for the 'new era.' It is true that most bankers did not realize how severe and prolonged the reaction would be, but with a very few exceptions, neither did any one else."

May I suggest that I hope that the "guesses" of the future, which are made by bankers and economists alike, will have a better batting average than those of the past?

Banking Reform and the Reconstruction Finance Corporation

These two subjects received their full share of discussion at the recent A. B. A. Convention. Presented here is the report of the Economic Policy Commission as it relates to the above interesting topics

IT HAS long been generally admitted that one of the drawbacks and weaknesses of our American banking system was that we had more banks than were required by the economic needs of the nation. Unfortunate as were the circumstances which brought it about it can safely be said that there has in recent years been a marked correction of this particular weakness in American banking, for during the past eleven years the number of banks in the United States has been reduced from thirty to twenty thousand through suspensions, consolidations, and voluntary liquidations. In this way many uneconomic units were eliminated and the position of the remaining institutions was thereby strengthened.

Unfortunately the violence and rapidity with which the process of elimination has operated during the period of the depression carried it to disastrous lengths that increased general business unsettlement and public alarm. This in turn caused the suspension of many good banks and the ruin of many excellent bankers that would otherwise have weathered the storm. Doubtless, also, many communities have been deprived of the banking facilities for which their business activities present a real need. In the main, however, the processes that have so largely reduced the number of banks in the United States have, to a great extent, weeded out institutions from the banking field that fall under the following heads:

Eliminated

(1) Banks that should never have been granted charters because of inadequate

capital, lack of proper qualifications to engage in banking on the part of their organizers, or insufficient available business to support them in the places where they were started.

(2) Banks in places where probably permanent local changes later reduced the volume of available business to a point below the amount necessary to support then existing banking facilities.

(3) Finally, institutions in which improper or incompetent management had come into control.

To the extent, therefore, that the banks which have been removed from the banking structure belonged in these foregoing classes, there has been a salutary elimination of undesirable elements and causes of weakness that reacted against all banking. To this extent, also there has been a strengthening of the banks that are left and a raising of the now prevailing standards of character and soundness as measured in terms of average capital, resources, available volume of business and qualities of management. This reform has been enforced by these inevitable readjustments with greater thoroughness and effectiveness than could have been accomplished by any of the sweeping plans for so-called banking reconstruction by legislative reform urged during the period of economic confusion from which we are now happily emerging.

Consider Changes Carefully

We do not claim that all desirable readjustments in our banking structure and methods have now been perfected, but we do take the stand that any attempt at extensive or forcible banking reforms

by means of drastic legislation during the period of greatest economic distress would have been most unfortunate. Some changes in existing laws relating to banking in order to bring them up to date with economic changes that have taken place since they were enacted and to correct such features in them as experience has proved undesirable are doubtless in order. But such changes should be given careful and deliberate consideration and should be based on practical banking experience and conditions and not on theoretical or prejudiced views of the operations and position of banking. For the greater part, however, the further strengthening and readjustments desirable in the banking structure will come in due course from other than legislative sources.

Within banking it is to be expected that the processes of consolidation and voluntary liquidation will continue to eliminate where and as required such uneconomic units as still remain, and that they will be the chief means of this correction, as distinguished from the destructive forces of the bank suspensions, which, it is to be hoped, will hereafter run a more normal course. Also in those places which have been deprived of needed banking facilities they should be restored by reopenings, establishment of branches where state laws permit or organizations of new banks where fully justified from all points of view. These processes present the most effective and desirable means for bringing the banking structure, both as to the number, capital and distribution of its units, into closer contact with the economic needs of the nation.

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Enough Banks Now

The looseness of this contact that was created in the past largely as a result of former competitive and ill-considered chartering practices on the part of both state and national banking authorities, has, as we have indicated, been extensively corrected. It is one of the cardinal requirements of insuring a sound banking situation for the future that these mistaken policies of the past shall not be repeated. Full consideration of the advisability of granting new charters can be exercised under existing laws, both state and national, so there is no need for any major legislative enactment to prevent the return of the evils of over-

banking or the entry of unqualified persons into the banking business.

There are now about 19,500 banking institutions in the United States. Properly distributed, capitalized and managed, they should constitute an ample banking plant for the nation. In 1921 there were 30,800 banks—clearly far more than the nation needed.

Structure Strengthened

How this reduction in the number of banks has strengthened the structure more effectively than could be done by legislation is demonstrated by comparative figures. The banks on the average in 1921 had the economic activities of

only about 3,500 persons as the basis of their business. Today there are more than 6,000 persons per bank. In 1921 the average capital funds per bank was about \$205,000 and the average deposits \$1,250,000. The average capital funds for the banks in the present structure is about \$420,000, and the deposits nearly \$2,500,000—both twice the former similar figures. The total capital funds in 1921 were \$6,360,000,000 and today they are approximately \$8,500,000,000—a readjustment downward from the high point of \$10,000,000,000 reached in 1930.

While no arbitrary dimensions can be stated for the size of the banking plant required by the economic activities of the nation, it is probable that the readjustments that have now taken place have gone far in bringing it in line with a sounder relationship to the actual banking needs of the nation than has existed in over a decade, and that the present number of banks and volume of banking capital can take care for some time to come of expansion in the business activities of the country which is now to be expected. Over-competition among too many banks and the dispersion of capital among too large a number of small, high-cost units have been largely responsible in the past for unsatisfactory banking developments. Only prosperous banks are safe.

Conditions Improved

With the internal improvements which are developing in banking, improved external conditions also are bringing about a sounder situation on more fundamental lines than could be provided by laws. These outside influences are the marked subsidence of public fear in regard to banks, a reduction in withdrawals for hoarding, a falling off in runs, a gradual improvement in the ability of borrowing customers to meet past obligations, a gradual revival of sound industrial and mercantile transactions as a basis for new obligations, and above all in a return toward normal market values in the investment securities that form the basis of so large a part of bank assets. Thus are economic conditions by reversing their trends exerting opposite influences from those by which many banks were previously wrecked.

The improvements that have taken place should not lead us to underestimate the difficulties that remain. Foremost among those difficulties are the effects of the tremendous declines that have taken place in price levels, and especially in those of commodities and of lands. While some readjustments upward have occurred, and more may be expected, a large part of the changes to lower price levels may prove to be of long duration. These price declines have greatly increased the burden of existing private and public debts, and because of this



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they constitute serious barriers to the restoration of normal business activity. This is especially true in respect to the expansion of credit, since the creation of new obligations will necessarily be subordinated to the magnified position that old obligations hold in our economic structure. Our current paying power has shrunk, while our debts previously incurred are large. A gradual reduction in our top-heavy debt structure is a prerequisite to full economic recovery.

Reconstruction Finance

In sketching this picture of broad banking improvement by processes and changes which make general reform measures by legislative processes far less necessary than it seemed during the last session of Congress, full consideration is given to the part played in the extraordinary situation that was prevalent by the Reconstruction Finance Corporation in enabling banking to regain its position without further government intervention. To September 1st, R. F. C. loans had been authorized for 4,715 banks in the amount of \$824,000,000. The great majority of these aided banks were intrinsically sound, well managed institutions under anything like normal conditions and capable of rendering useful services to their communities. Their difficulties were due on one hand to an impairment of their assets and current cash positions by the failure of borrowing customers to meet their obligations and to the ruinous temporary under-valuation of bank investment holdings resulting from the demoralized securities markets. On the other hand, they were subjected to urgent demands for cash on the part of depositing customers to meet which involved the irretrievable sacrifice of securities or forced liquidation and consequent ruin of borrowing customers.

Aid Needed


This was a wholly artificial situation against which no banking structure could be wholly proof in all its parts without special aid. It was created by public conditions and public acts and called for public aid and a change of public attitude. The R. F. C. loans were the answer to this situation. They enabled banks endangered by it to borrow on their good assets instead of sacrificing them beyond recall at current market under-valuations, which would have been further demoralized by such sales. They enabled such banks to show forbearance toward their borrowing customers. They enabled them also to meet the demands of depositing customers for cash. These R. F. C. loans also restored needed public confidence in banks and caused a drop in withdrawals, runs and hoarding.

In connection with these reconstruc-

tion loans, which thus brought the powers of the nation's public credit to the support of the banking structure, which is a semi-public instrumentality, we would particularly point out and emphasize that this is in no way constituted "banking relief" in the sense of helping the banks to make money with the aid of public funds or of enabling them to pass losses on to the government. Advances to the banks by the R. F. C. plan were purely loans on the basis of intrinsically good assets with ample margins of security and ample elements of responsibility on the part of the borrowers, so that these advances should ultimately be repaid in full.

Results Gratifying

In any event it has been amply demonstrated that the results have fully justified the means. The change of public attitude has relieved pressure against the banks and the turn in the securities markets has materially aided in readjusting their positions. Recovery in bond prices has amply justified the theory on which the Reconstruction Finance Corporation was based and has gone far in making possible a real start in liquidating the temporary emergency credit structure erected by it with public funds in the public interest. In the case of some banks, of course, their part in taking down this structure by the repayment of



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

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their loans can be carried out promptly, while in others doubtless the longer term of credit aid envisioned in the R. F. C. loan plan will be necessary. However, we would emphasize that in the banks' own interest it is highly desirable to free the banking structure as rapidly as possible of all leaning on public support and it is to be hoped that the loans made by the Reconstruction Finance Corporation will be repaid as fast as general and individual circumstances permit.

Covert Cops Golf Prize

Frank M. Covert, Drivers National Bank, Chicago, outstanding cross-handed golf shooter of Northern Illinois and Southern Wisconsin, stepped off with the blind bogey prize at the recent Drivers National Bank golf tournament held at the Cog-Hill course, Chicago.

Second honors went to Henry Sheffield, while Robert Smoot and Fred Ogden tied for third place. Low net was won by Robert Turley, and the ladies' prize went to Francis Hoffman.

Congratulations, Frank—and come out to Iowa some time. There are some banker-golfers out here who will be glad to take you on.

HEADS LOAN BANK

(See Cover Photo)

A big man for a big job, if you want that job well done, so Col. Charles Burton Robbins, of Cedar Rapids, was chosen to head the Federal Home Loan Bank established last month in Des Moines. Soldier, lawyer, insurance executive, bank director—it would be no easy task to find a man of broader experience—to find a man better suited to the job in hand.

Col. Robbins was born in Hastings, Iowa, now with a population of 400, but perhaps not so many back in 1877. He got his legal training at Columbia University in New York City, and was admitted to the Iowa Bar in 1904. Having served through the Spanish-American War, it is natural Col. Robbins should take an active part in National defense activities. He was appointed a Colonel in 1926, and during 1928-29 was Assistant Secretary of War.

Colonel Robbins is president of the Cedar Rapids Life Insurance Company; and a director in the Cedar Rapids Candy Company, the Cedar Rapids Morris Plan Bank, and the Merchants National Bank of Cedar Rapids.

Bonds and Investments

RAILROAD BONDS—

Recovery or Default?

SUBSTANTIAL improvements in the business and financial future of the railroads and in the position of investors in their securities were indicated in an analysis presented by Harold G. Parker, vice president Standard Statistics Company, New York, before the Savings Division meeting at the convention of the American Bankers Association. Outstanding points made by Mr. Parker were as follows:

1. No general statement that the railroads are "over-bonded" can be sustained when judgment is based on long-term earnings record and the view that their business will necessarily return within striking distance of normal.

2. After two years of depression reported "fixed charges" of the railroads were lower for 1931 than any year since 1923 which they exceeded by only \$15,000,000, while junior capital increases have more than kept pace with those in funded debt.

3. The Reconstruction Finance Corporation is merely carrying temporarily financing that would normally be supplied by the commercial banks until restored earnings permit public refinancing through the bond market.

4. Competition against railroads by trucks, busses and waterways is magnified beyond its real stature by the sub-normal business volume offered all transportation mediums.

5. When business increases the railroads will get their share and can easily carry their debt burden.

"Furthermore we believe we are just about to see an increase in business and traffic," Mr. Parker declared. "How soon it will reach the necessary level to restore general railroad credit no one can say, but sooner than most investors believe. While the railroads will continue to have many troubles, 'normal' conditions will later diminish them to a greater extent than pessimists now believe." Other points he made were: "The public has recently been assured on the highest authority that there will be no 'major' railroad receiverships in 1932.

"Three bodies, the Reconstruction Finance Corporation, the Interstate Commerce Commission and the Railroad Credit Corporation have rendered a service the value of which can scarcely be imagined. They have undertaken a huge task and performed wonders in the short time they have been in existence.

"We believe the panic is over, improve-

ment beyond the usual seasonal will be experienced this fall, low prices of some securities have been established because it was believed business could decline indefinitely, but there is already some evidence of a 'buyers' panic,' stocks of merchandise have been allowed to get too low and a gradual rise in business will restore bond prices to normal."

These foregoing factors, he said, coupled with the release for long term investment of the vast liquid sums now available, "unless past experience is no use as a guide, will probably create higher bond prices than most of us have ever seen soon after general confidence returns."

Change in Policy

Mr. Parker particularly discussed changes that appear to have occurred in the railroad policy of the Reconstruction Finance Corporation. He said it was at first assumed its functions were to take

Part of an address by Harold G. Parker, Vice President of Standard Statistics, Inc., before the Savings Bank Division at the recent American Bankers' Association convention, in which he pictures a better future for the railroads.

care of refunding because the bond market was nonexistent and to keep bank loans to railroads liquid by making them acceptable as collateral when an individual bank required assistance. However, when a major short term loan matured and the bankers asked for payment the R. F. C. compromised by advancing half the amount, it was felt there would not be enough funds to continue on the original basis.

"The result was that each remaining maturity and heavy interest payment contained a receivership threat, which was reflected in the prices of all bonds," Mr. Parker said. "There were two schools of thought in the financial community. One felt that receivership and reorganization should be allowed to happen as

quickly as possible. The other maintained that banks and insurance companies could not stand such a shock—that receivership was not necessary. When additional funds were supplied to the Reconstruction Finance Corporation by Congress, it was obvious that it then had the capacity, if it cared to use it, to prevent receiverships.

New President

"The management of the corporation was changed. Charles A. Miller of the Savings Bank of Utica, former president of the Savings Banks Association of New York, was made president. Mr. Miller's appointment was of great importance. Mr. Miller has for years had the reputation deservedly of being one of the best judges of railroad bond values. He was author of the original New York state law on investments legal for savings banks, which served the state, and in fact trustees all over the country, as a safety guide for more than twenty years.

"It is obvious not only that the viewpoint of such a man would be the 'long term,' but that he would have a good chance to 'sell' his views to the Interstate Commerce Commission. A distinct change seems to have come about in the policies of the Reconstruction Finance Corporation and Interstate Commerce Commission toward the railroads. Foremost is permission granted to consolidate four eastern systems along the lines on which they have been assembled by their sponsors. It is possible to make loans to big groups blanketing an entire industrial section which would perhaps have been unwise made to isolated units. The wise policy would seem to be to carry on by means of borrowed money until such time as a 'new normal' volume of traffic returns to the roads.

"Following this came the Baltimore & Ohio loan application to the Reconstruction Finance Corporation. In contrast to the 'Frisco' case, which seemed utterly impractical in that it required the voluntary reorganization of a major road in about two months, this plan seemed sound. It helped to restore confidence in all railroad bonds by taking care of a maturity still several months away. Perhaps not all of the August advance in bond prices was due to these apparent changes in policy, but they played a major role in

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the re-establishment of confidence in railroad securities.

Earning Power

"We think it safe to assume that the Interstate Commerce Commission and the Reconstruction Finance Corporation will rule that a loan may be adequately secured even when the applicant does not offer collateral of a market value in excess of the loan. We believe that they will give due weight to past earnings records, as well as estimates of the future earnings of the applying road. Such a basis seems much sounder than a strict collateral test. In the last analysis, every banker knows that a loan must depend mainly upon the earning power of the borrower. The execution of such a policy involves of necessity a belief in the ultimate recovery of business and should greatly enhance the general credit of our railroads. The attitude shown should inspire public belief that the other loans of the corporation will be granted only after meeting the tests that would be applied by experienced bankers. So far as railroad loans, we believe only a minor portion can be said to be doubtful risks and the government will eventually lose little, if any, money on this phase of the Reconstruction Finance Corporation activities.

"The proposed 'Frisco plan' may establish a precedent of vital long term importance to all bondholders. Even with modifications it would assure bondholders of whatever capital position the earnings of the road can later justify, in contrast to the old method of writing down the capital of bondholders to create an immediate earning power and equity for the stockholders, often before normal earning power was restored. Whether you agree as to the equity of the present plan as it deals with the various securities or not, savings bank men as long term investors should fight hard to see that this general principle of maintaining capital is established and carried on."

Earn Fixed Charges

As to statements implying that all railroads are heavily indebted to the Reconstruction Finance Corporation he said that of 72 Class 1 roads it is estimated that 16 will earn their fixed charges in 1932, and there are 32 roads which, unless business gets much worse, will not have to borrow from the Reconstruction Finance Corporation or the Railroad Credit Corporation.

"If volume of traffic were to pick up, only 10 or 5 per cent of the old normal, about 25 roads would cover their charges," he said. "If we were fortunate enough to get a 25 per cent increase in present volume about 40 roads would be 'in the black.' The railroads would come out of their troubles very rapidly on any further improvement.

"As a result of shifting certain loans



from the bankers to the Reconstruction Finance Corporation the total bank borrowings of leading roads were estimated to be down about \$30,000,000. We estimate that the Class 1 railroads have actually increased their total debt less than \$100,000,000 since January 1, 1932. They have cut their dividends from a peak of \$506,000,000 in 1930 to an estimated \$80,000,000 in 1932. The wage saving, about \$170,000,000 on present volume, will increase rapidly on any increase in volume."

Return of Credit

The credit of the railroads will be re-established so that loans can be easily sold to the public, to furnish the funds to pay off the Reconstruction Finance Corporation, he said.

Only thirteen mortgage issues have defaulted, he said, defaults for 1930, 1931 and to date in 1932 representing only 2.8 per cent of the principal of Class 1 railroad bonds and 3.1 per cent of annual railroad bond interest. He said that "full credit for holding these losses within limits no greater than might be experienced in any normal year must be given to the Reconstruction Finance Corporation and the Interstate Commerce Commission."

In support of his assertion that the effect of competitive traffic was exaggerated, Mr. Parker pointed out that the airplane business is not booming, securities indirectly indicate a depreciation in pipe line developments, inland waterways make profits only through subsidies by government which in the future will be more inclined to demand profitable operation. Panama Canal tolls show a drop, bus traffic revenue has decreased, automobile production is off and truck sales are low.

"Truck manufacturers are still reporting deficits," he added. "They are not looking to truck transportation companies for their next big orders, but to the breweries, if and when beer is legalized."

Banking Doesn't Need To Apologize

(Continued from page 12)

lie demand under skilful political management for banking laws that more often than not were not based on practical experience, or else carried good ideas to bad extremes.

"The question of banking legislation is too technical, too related to all phases of the public welfare, and it deals with matters of too delicate a character to be subjected to the rough and tumble of partisan political or controversial battles rather than a sober discussion of the merits of the case. I think we might well consider the Canadian procedure, where it is provided by law that every ten years the bankers and the legislators

shall sit down together, review the banking laws, consider the economic changes that have developed, study the lessons of experience and then amicably work out a program of needed legislation.

"Legislative measures are not the only means for promoting improvements in banking. The more fundamental actions must come within the spirit and practice of banking itself. Our banking methods at heart are sound, our established traditions are fundamentally true. If there have been any deviations from them the remedy is in a return to standard principles, not in a rigid formulation by law of those things that must be left to the dictates of experience and free discretion. We cannot make banks fool-proof by legislation—but we can come near doing so by good management and common sense. The principles of good bank management can be taught, and common sense can be cultivated, by means of technical education.

"Promotion of banking education, therefore, is one of the major obligations of organized banking. The American Bankers Association must step ahead in this field. In the American Institute of Banking we have what is considered to be the outstanding project for adult education now being carried on in business and industry. The institute should be familiar to every member of

the association, and every senior banker should insist that his employes wherever practicable shall pursue its courses. It is one of the best practical methods possible for bringing about universal good banking for America."

Retail Trade Up

Wage earners in September received 4.5 per cent more money than in August according to the Monthly Consumers Index compiled by Investors Syndicate. This gain in the national payrolls was promptly reflected in a 3 per cent gain in retail trade for the month.

A year ago, September payroll totals and retail trade both dropped sharply below the levels of the preceding month.

This reversal of last year's trend brought September, 1932, wage totals to within 17.5 per cent of the same month last year, a substantial narrowing of the spread since August, which showed wage totals 38 per cent below August, 1931.

A strong seasonal increase in public interest in securities was indicated by a 50 per cent gain over August investment totals.

Home building increased at a more rapid rate in September, according to the Syndicate Index, showing a 10 per cent improvement over August as compared with a 5 per cent gain registered by Aug-

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Northwestern Banker November 1932

ust residential construction over July figures.

Automobile buying declined 11.2 per cent from August; this, however, was less than half the percentage of decline from August to September last year, according to Investors Syndicate tabulations.

Sound Securities

Debentures to be issued by the Federal Home Loan Bank system will be among the soundest securities ever offered to investors, Philip Lieber, Shreveport, La., first vice president of the United States Building and Loan League points out. Citing the provisions of the act which created the system, the building and loan official shows that every \$100,000 worth of such bonds will be secured by first liens on units of residential real estate with total value of at least \$285,000.

Chase National Statement

The statement of the Chase National Bank for September 30th, made in response to the call of the comptroller of the currency, shows the following change in important items since June 30th, the last previous statement date.

Total resources amounted to \$1,855,617,000, as compared with \$1,731,509,000 on June 30th; cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks \$377,211,000, as compared with \$299,944,000; investments in United States government securities, \$249,899,000, as compared with \$218,073,000; securities maturing within two years, \$120,394,000 as compared with \$106,511,000; other bonds and securities, including stock in the Federal Reserve Bank, \$90,371,216, as compared with

\$99,847,000; loans and discounts, \$860,924,000, as compared with \$860,646,000.

The capital of the bank amounted to \$148,000,000, unchanged; surplus, \$100,000,000, unchanged; undivided profits, \$18,335,000, as compared with \$17,381,000; reserve for taxes, interest, contingencies, etc., \$14,541,000, as compared with \$12,170,000; deposits, \$1,420,221,000, as compared with \$1,302,456,000.

New Banking School

Plans for organizing a graduate school of banking was announced at the first general session of the American Bankers Association convention by Harold Stonier, national educational director of the American Institute of Banking Section of the Association. The graduate school will be sponsored by the institute which has already trained 16,000 junior bank employes in its four-year course.

"The work is especially designed to meet the demand of men who have gone through the regular institute school or who have by experience obtained a banker's position in the official class and want to take advance work in some phases of banking not now offered in the institute organization," Mr. Stonier said.

A faculty of recognized authorities is being selected for the school, which will include work on five subjects of an advanced nature: bank management, trusts, credit, the investment portfolio, and the laws relating to the operation of national and state, as well as the Federal Reserve systems. Intensive work on these subjects will probably be handled in three-week's summer classes at New York City next year.

Making Bank Services Pay Their Way

(Continued from page 18)

In one bank with total deposits of approximately \$4,000,000, capital, surplus, and undivided profits of \$400,000, and net earnings of \$33,000, it was found that 75 per cent of the net earnings, or about \$25,000, was attributable directly to the invested capital, and by-product departments earned 15 per cent, or nearly \$5,000. The earnings in the savings department were \$12,000 and the commercial department lost about \$9,000. In other words, less than 10 per cent of this bank's net revenue was earned by its banking business—the commercial and savings departments.

Surveys covering hundreds of banks of all kinds and sizes, and tens of thousands of check accounts, show that in the absence of activity and service charges, about seven out of every ten accounts result in a loss to the bank; one just about pays its cost, and less than two are profitable. A flat service charge isn't always enough. The cost depends on activity. One \$50

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account writes four checks, another twenty checks. The charge should take activity into consideration.

In one bank the average loss on all accounts with less than \$1,000 in balances was over \$7.50 each annually. On accounts over \$1,000, which represented only 10 per cent of the accounts in number, the annual net profit on each was something over \$80. This profit was just enough to offset the losses and leave a slight net profit on the bank's commercial banking operations.

Balance Essential

Even though a checking account has no activity, the banker should remember that a certain balance is essential to cover the expense of carrying the account on the books. In one bank, for example, it was estimated that an inactive balance of more than \$75 would be required to cover this general expense.

A checking account can reasonably be considered purely a bookkeeping service or a convenience for the depositor. You receive his deposits, you clear his checks deposited; you provide him with checks with which to meet his bills, and at the end of the month you render a statement of credits and disbursements. If his balance is inadequate, a charge to make up for the balance deficiency would seem logically in order. When this line of reasoning is properly presented, little difficulty will be experienced in obtaining its acceptance by the public.

How often have we persuaded ourselves that the prospect of future profits or the development of good will would in some way make up for the losses we have sustained in unprofitable accounts? I contend that good will can be inspired with equal success by making a just service charge and giving prompt and intelligent service.

Charges can also be made on the small and yet active savings account. Perhaps a metered plan should be worked out for former checking customers who now use their savings accounts as though they were checking accounts. With the present low returns on safe investments, interest should be eliminated on the small savings account. A charge should be made for cashing checks and for furnishing cashier's checks to nondepositors, and to depositors where balances are not compensating.

Must we provide safe deposit facilities at cost or less than cost, supply free checks—often with the customer's name imprinted—furnish free legal advice, free investment service, and almost free trust service? Must we give customers immediate use, without charge, of funds represented by checks on other banks not yet collected, better known as float? When you cash or give immediate credit on out-of-town checks, it is in effect loaning the amount of the check for the number of

days necessary to collect it without interest. The time required may extend anywhere from two days to ten days, depending upon where the check is payable. Very often, in addition, out-of-town checks involve cost of exchange and this cost on nonpar items must be paid either by your bank or by your correspondent.

Many banks are advanced in meeting this float problem. Charges are made at 5 per cent or 6 per cent for the time outstanding, and for simplicity purposes, the federal reserve availability schedule is ap-

plied. As an example, on a \$1,000 check requiring two days to collect, you would charge 25 cents; on a four-day item, 50 cents, and so on, with a minimum charge of 5 or 10 cents on small items.

There are other services too numerous to mention on which a charge can be levied. If we will persist in this effort, I have a profound faith that we shall accomplish a logical correction of a great problem, the future progress of banking will be assured and the results of good management will be immeasurably great.

Guaranty Trust Company of New York

140 Broadway

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Condensed Statement, September 30, 1932

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers	\$ 203,355,932.39
U. S. Government Bonds and Certificates	464,819,497.64
Public Securities	56,245,057.46
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	24,693,165.03
Loans and Bills Purchased	495,152,411.74
Real Estate Bonds and Mortgages	2,045,662.43
Items in Transit with Foreign Branches	4,004,603.43
Credits Granted on Acceptances	74,593,820.45
Bank Buildings	14,381,404.79
Accrued Interest and Accounts Receivable	7,894,864.18
	\$1,354,986,419.54

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	10,830,233.44
	\$ 270,830,233.44
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	6,983,374.04
Acceptances	74,593,820.45
Liability as Endorser on Acceptances and Foreign Bills	551,849.00
Deposits	\$976,925,986.09
Outstanding Checks	25,101,156.52
	\$1,354,986,419.54

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"He was the wisest, best and greatest King that ever reigned in England!" So it is chronicled of Alfred the Great.

Disguised as a minstrel, Alfred invaded the enemy camps to spy on their strength. Armed with the information thus gained he returned, rallied his demoralized forces, and in a series of brilliant battles decisively defeated the Danes and drove them out of the kingdom.

A most noteworthy feature of Alfred's character was his zeal for learning. He established schools and labored himself as a scholar and teacher. Asser, Erigena and other noted schoolmen of the day were invited to his court. He collected and revised the laws, encouraged industry, and is credited with the construction of England's first fleet.



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Insurance

"Everybody Pays the Tax Bill"

says Leroy A. Lincoln, vice-president and general counsel of the Metropolitan Life Insurance Company. Mr. Lincoln presented his subject over a nation-wide broadcast on October 22

PRESENTING the question whether the representatives elected in the nation, the state, the city and the county, represent organized minorities rather than the majorities electing them to office, Mr. Lincoln pointed out that special favors at the hands of government have always met with disfavor at the hands of the American people when the people comprehended what was going on. He cited how the railroads, which were deemed to be receiving special governmental favors a generation or two ago, had been put into a strait-jacket until the pendulum of public opinion seems to be swinging the other way to allow them the proper performance in their great field of real usefulness, minus abuses which are admittedly things of the past.

Mr. Lincoln stated that the railroads, the big service corporations, the big industrial concerns no longer present a tax problem comparable with that of organized minorities, who in their demands for special consideration from some governmental body, are responsible for a great part of the extravagance in public spending. This extravagance, he said, had become such a burden to everyone that there is a peaceable rebellion against it from all classes, since the public is coming to the realization that taxes to pay government expenditures are really paid by all and not by some special class.

We All Pay

"Governments, as such, have no magic power to support themselves," said Mr. Lincoln. "Their income, the money used to pay for their expenditures must come out of your pockets and mine whether we are rich or poor. It makes no difference, we all pay, either directly or indirectly. If the rising flood of taxes is to be effectively stemmed before it destroys us all, every citizen must be fully alive to his own individual interest in the problems of taxation. He must become active in his opposition to every unwise and unnecessary governmental expenditure because, in the last analysis, governmental expenditures can be supported only through taxation. Each citizen must extend his interest to every branch of governmental, national, state and local, for

out of them comes the sum total of all the taxes with which we are so grievously burdened."

Mr. Lincoln pointed out how the landlord and the merchant, the railroads and the public utilities, must all pass along their tax burden to the ultimate consumer. He then continued:

"I am speaking not only as a citizen but as an executive of a life insurance company which has millions of policyholders. What is the interest of life insurance in this problem? There are some sixty-eight million life insurance policyholders in the United States. Every other individual is a policyholder. They, with their beneficiaries, constitute a major portion of the population of the country. Taxes purporting to be upon the business of life insurance companies are fair examples of those indirect taxes ostensibly levied against a big corporation but actually paid by the individual policyholder.

Even Life Insurance

"The policyholder pays his tax with every remittance to his company, but there is no separate bill for this item to remind him of the tax. In every state in the Union, save one, a percentage of every life insurance premium paid by the policyholder must be paid by the company into the treasury of the state by way of a tax. There are also numerous other license taxes and fees, and, finally, the federal income tax imposed upon all life insurance companies.

"These taxes, all of them, must, in the last analysis, be borne by the policyholder, as reflected in the cost of his insurance. Tax a life insurance company a hundred thousand dollars in your state and those of you who have policies in that company have to stand that tax bill either in increased premiums or decreased dividends on your policies.

"It should be understood that nearly 80 per cent of the life insurance in force in this country is on what is called the participating basis, that is to say, the premium cost is reduced by dividends to policyholders. The remaining something over 20 per cent of the country's life insurance, on a basis which does not provide for reduction of premiums by dividends,

must compete with this participating type of life insurance and the burden of taxation is reflected in the premium charge for such insurance just as it is reflected in the reduction of dividends on participating policies.

A Serious Question

"Life insurance companies destroy no natural resources, enjoy no special privileges and put the state to very little expense. On the contrary, they serve the state. By far the largest percentage of life insurance claim payments goes to the support of those who might otherwise be dependent upon private or public charity and thus become a burden upon the state. Policyholders are already imposing upon themselves a charge to provide independence from public support and are relieving society of a burden it would otherwise have to carry. Why should these thrifty policyholders be singled out for special taxation? This is a cold practical question that every policyholder should bear in mind. He should know that a tax on his life insurance company is a tax on himself, collected from him, without notice to him, through the medium of his life insurance company.

"And so it is whether the tax is one on real estate or on railroads, on living expenses or on life insurance. There is no such thing as a tax on property or services which does not inevitably come out of the pocket of the ultimate consumer of the goods or service involved.

"Indirect taxation acts like an opiate. Its accompanying deception that only a few are paying taxes for the support of projects to be enjoyed by all, has brought upon us the same sort of debility as follows the use of a drug. The habit of increasing public budgets has been gradually—almost unnoticeably—growing upon us and we have not been awake to what has been going on. But now the tragic enormity of the situation has become clear to us in this time of depression. There remains for us but one avenue of escape, and aroused and wide-spread public demand for the utmost economy in governmental expenditures.

Time to Reduce

"What can we do about it? Each one of us can associate himself with organizations in his own locality or align himself with national or state organizations devoted to securing government economy and tax reduction, and actively cooperate with them. We must all inform ourselves about local and state expenditures and

Northwestern Banker November 1932

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Northwestern Banker November 1932

know the position of candidates for office on this question. We must make our views felt by direct communication with candidates before, and with representatives after, election. We need advocate no particular scheme of reduction of expenditure or taxes. We should look to our elected representatives to accomplish that necessary result through means which they should best understand. They should know where reduction of expenditures is practical. The necessary reductions will be made when, and only when, our representatives in the various legislative bodies fully understand that the people back home demand reduced expenditures and reduced taxation and *will* have them."

A New "High"

Spurred on by the desire to "make October hit a new high for '32," the entire agency organization of Northwestern National Life of Minneapolis has set out to pay its respects to President O. J. Arnold, who last month began his eighth year as head of NwNL. October was designated "Arnold Month," and, as it is also Mr. Arnold's birthday month, the occasion is doubly appropriate for a testimonial to his fine leadership and the excellent depression record NwNL has made under his direction.

Many letters have been going back and forth between many of the company's leading general agents and managers calling upon their fieldmen to leave no stone unturned in making the celebration a successful one, feeling that, because of the enviable reputation NwNL has earned in the life insurance world, the Arnold Month will be the greatest one which the agency organization has been privileged to celebrate.

Every one of the company's hundreds of fieldmen will participate in this tribute, and those who do work of outstanding merit during the month will be given special recognition in the 1932 Arnold Month Roster and Year Book to be published shortly after the first of the year. This book is an annual publication and contains a record of all the outstanding activities of the agency organization during the last year. Last year was the first year for which a year book was published and it met with great favor with the company's field force.

Unwilling Farmers

Picturing life insurance companies as the most "unwilling farmers" of our nation today, Deane W. Trick, manager of the mortgage loan department, Bankers Life Company, Des Moines, addressed the Mortgage Bankers Association of America assembled in convention at Niagara Falls.

He said, "A large part of the farm mortgage debt represents money advanced

by life insurance companies. This money that the farmer borrowed did not come from a rich lender to whom it would make little difference if the debt were paid or not; it represents the slow accumulation of hard earned savings sent in to the company by many thousands of policyholders, and entrusted to the care of the companies' investment officers to be safely invested, so that those savings will yield an adequate return and so that the funds will be promptly available to pay policy contracts, when needed.

"There are times when some difficulty is encountered in convincing some people that there is not a definite movement underway among investors to gain control of the farm land of this country. Any such aim can be vigorously denied; most people know that it is inconceivable that institutional investors should be inspired by any such motive.

"When life insurance companies who have substantial farm mortgage holdings are forced to take over the security which they hold under a farm loan in order to protect the interests of their policyholders, they do so only after all restorative measures have failed. They do not want the land. They do not foreclose unless the borrower's debt burden is hopeless or unless they fall in the hands of an owner who is totally disregarding the mortgage debt, and diverting the proceeds of farm income elsewhere," continued Mr. Trick.

Heads Trust Division

Richard M. Sims was elected president of the trust division of the American Bankers Association at the annual convention held at Los Angeles. Mr. Sims is vice president and trust officer of the American Trust Company, San Francisco. He was born in Rock Hill, South Carolina, in 1873. He attended high school in Charleston, South Carolina, and graduated from the University of South Carolina. He was at first engaged in engineering but gave this up when he moved to California, where he became a high school teacher in Sonoma. He took up the study of law and in 1898 resigned his teaching position to practice law in San Francisco, for four years being an assistant city attorney. In 1909 he accepted the position of trust officer of the Mercantile Trust Company of San Francisco, which through mergers is now the American Trust Company. Mr. Sims is now vice president and trust officer of the latter bank.

Heads N. W. Mutual

M. J. Cleary, vice president, was elected president of the Northwestern Mutual Life Insurance Co. of Milwaukee at a recent meeting of the board of directors.

Mr. Cleary has been connected with the Northwestern Mutual for more than 15

years and is deemed one of the outstanding insurance men of the nation.

Following his graduation from college as an attorney Mr. Cleary practiced law for a few years and then, becoming interested in the life insurance business through his legal practice, he became a part-time subagent with the Northwestern Mutual.

While thus employed he became interested in state politics and was elected state senator in Wisconsin. Later he became insurance commissioner of the state and while holding that position was elected president of the National Association of Insurance Commissioners, a position which he held with high honor to the association.

Following his service to the state as insurance commissioner of Wisconsin, Mr. McCleary returned to the Northwestern Mutual Life as vice president, a position which he has held up to the present time, and in which he is accredited with having been a strong factor in the fine progress that company has made in the insurance field.

Deposits Increase

The total deposits of the Northern Trust Company of Chicago have increased 60 per cent since September 30th of last year and they have increased \$21,000,000 since the last bank call. In a year's time savings deposits have increased 82 per cent, growing from \$18,000,000 to \$33,000,000. In the last three months savings have increased almost \$6,000,000.

Heads State Bank Division

L. A. Andrew was elected president of the State Bank Division of the American Bankers Association at the annual convention. Mr. Andrew is vice president of the First Bank & Trust Company of Ottumwa, Iowa. He was born in Ashland, Wisconsin, in 1875. During his early business career he was a newspaper publisher in Illinois and Iowa. He later established the Citizens Savings Bank in Ottumwa, and continued in the banking business for 25 years.

In the American Bankers Association Mr. Andrew has served seven years on the executive council, on the executive committee of the state bank division, has been a member of the nominating committee for 15 years, and has also served on several other committees during the past 20 years. He was president of the Iowa Bankers Association 1920-21.

Check Tax Rules

Three important rulings have recently been announced by the tax department with respect to the tax on checks, according to J. S. Seidman, tax expert of Seidman & Seidman, certified public accountants. The first holds that the tax does not

apply to checks drawn by federal trustees or referees in bankruptcy. The second is that bank drafts purchased by postmasters for the purpose of transferring postal savings funds from one post office to another are subject to tax. Finally, checks drawn by charitable or educational institutions are held to be taxable, unless they are state, county, or municipal institutions supported entirely from public funds.

"Another ruling that will be of interest to banks and trust companies," Mr. Seidman added, "has to do with stamp taxes on the transfers of stocks and bonds. It is held that where a person turns over stocks and bonds to a bank as trustee, the transfer tax applies, even though the declarer of the trust reserves the right to revoke it. The tax will also be imposed on the transfer of the securities back to the grantor upon revocation of the trust.

"An important ruling has also recently been issued with respect to the 10 per cent tax on the lease of safe deposit boxes," Mr. Seidman declared. "This tax, it will be recalled, became effective June 21, 1932. A case arose where the renewal fee for the safe deposit box became due in May, 1932, but was paid in August. The question was whether the tax applied under these circumstances. It was held that the tax attaches to any amount collected after June 21st for use of the box after that date. Consequently, that portion of the rental charge paid in August,

which covered the use of the box for the period on and after June 21st, was declared taxable."

Loans Decreasing

When asked for a statement regarding the position of the company, particularly in regard to policy loans, President Walton L. Crocker of the John Hancock Mutual Life Insurance Company of Boston, said:

"The company has not experienced any emergency in its affairs during the present business depression. It has been able to duly meet every obligation, without strain, from current income.

"The company has not borrowed from the Reconstruction Finance Corporation nor from any other source, and has not been obliged to sell securities.

"Demands from policyholders for loans continue to be large in number, but the aggregate amount being loaned appears to be less than it was a few months ago. For example, the loans made during July and August were approximately 13 per cent less than those of the peak month of the year.

"The assets have continued to increase, and the company's new insurance paid for has averaged more than \$2,000,000 for each working day for the first eight months of 1932 while the company paid to policyholders during the year up to September 1, the sum of over \$71,000,000."

When the UPTURN Comes in Life Insurance

The curve of new life insurance sales has not yet turned upward, but when it does, NWNL anticipates that it will be marked by the increased sale of life insurance for the primary purpose of protection. For this its agents will be well equipped. As much protection as possible for as little money as possible will be the demand of life insurance purchasers. They will not be disappointed in the offering of NWNL agents.

SOME NWNL LOW COST POLICIES

(Figures for Policies Issued at Age 35)

Kind	Minimum Amount	Annual Premium Per \$1000
Whole Life Preferred Risk.....	\$10,000	\$22.91
20 year surrendered net annual cost per \$1,000—\$0.15.		
20 Payment Life Preferred Risk.....	5,000	32.03
20 year surrendered net annual profit per \$1,000—\$6.55.		

47th Year

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY

O. J. ARNOLD, PRESIDENT

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Bankers' Wants



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Position Wanted—In office or bank. Young man, age 23, just out of commercial college. Will start at small salary. Best references with business experience. Address Northwestern Banker No. 3198. 10-11-12,

Position Wanted—In office or bank. Can operate Burroughs Posting Machine, and familiar with departments of bank. Age 20. Good references. Now unemployed. Address Northwestern Banker No. 3197. 9-10-11.

For Sale—Two Burroughs latest style posting machines at a wonderful bargain. Also transient machine, late Burroughs, also two Brandt cashiers. Address the Northwestern Banker No. 3196. 9-10.

Position Wanted—In bank or office. Young man, age 25, single. Six years general banking experience including stenographic work. Very good references. Write Northwestern Banker. No. 3199. 11.

Heads Secretaries

Wall G. Coapman was elected president of the State Secretaries Section of the American Bankers Association at the annual convention held at Los Angeles. Mr. Coapman is secretary of the Wisconsin Bankers Association. He was born in Reeseville, Wisconsin, in 1885, and graduated from the Columbus, Wisconsin, high school, the University of Minnesota, and the Milwaukee chapter of the American

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MINNEAPOLIS

Northwestern Banker November 1932

Institute of Banking. He began his business career with the First National Bank of Racine, Wisconsin, later going to the First National Bank of Portage, Wisconsin. He was assistant secretary of the Wisconsin Bankers Association from 1916 to 1924. Since 1924 he has been secretary of that association.

Trust Conference

Trust problems in the light of present-day conditions will be the chief topic of discussion at the eighth midcontinent trust conference to be held under the auspices of the American Bankers Association trust division at the Hotel New Pfister, Milwaukee, Wisconsin, November 17th and 18th. The program as announced by R. M. Sims, president of the division, vice president American Trust Company, San Francisco, gives special attention to questions of immediate importance to trust men in the states in the conference region, comprising Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.

Advertising

W. H. Hodge, vice president and manager sales and advertising department, Bylesby Engineering and Management Corporation, discussed "Today's Advertising Needs" when he addressed the commercial section of the American Gas Association on October 11th at Atlantic City. Mr. Hodge is chairman of the publicity and advertising section of the American Gas Association.

Strong Position

With the leading corporations of America in perhaps the strongest financial position in decades, it is logical for holders of fixed investment trust shares to demand that sound corporation stocks be retained in trust portfolios regardless of dividend omission, according to Ross Beason, president of Administrative and Research Corporation, New York, sponsors of corporate trust shares.

"We have had thousands of requests that common stocks of great American industries be retained in the corporate

trust share portfolio," Mr. Beason said. "In response to this demand we are offering our shareholders the option of modifying without charge, their certificates so that such nondividend payers may be held in the portfolio and so contribute their recovery power to the group investment.

"As we conceive of our duties as sponsor we can not make such modification at any expense to our shareholders. Strong sponsorship, in our opinion, must alter the set-up of its trust to meet changing conditions. Accordingly we plan to stand the entire expense of making modification, despite the fact that such expense might have been met by a per share levy. The total cost of this modification will run in excess of \$175,000."

Chicago Manager

Hobart E. Smith, formerly manager of the municipal department in the Chicago office of National City Company, has joined the Chicago office of Stifel, Nicolaus & Company, in a similar capacity. Mr. Smith was with the National City Company for sixteen years; he was one of four employes who assisted in the opening of its Chicago office on November 16, 1916.

Bullard Retires

W. Irving Bullard, vice president of the Central Republic Bank & Trust Company of Chicago, announces his retirement as an official of that bank. Mr. Bullard will devote his time temporarily to his eastern textile interests including the E. H. Jacobs Manufacturing Company and the Williamsville Buff Manufacturing Company, both of Danielson, Conn. He is treasurer of both companies.

The "Review" Says:

The following comments on business conditions are reprinted from the current issue of the Northwest Bancorporation Review, which says:

With a number of major economic indices pointing to betterment, and definite improvement to be found in the composite business reports, the country, eighteen days before the event, is waiting for the passing of the election. Although general conditions now are very different from those of more recent quadrennial election years

and are not at all comparable to corresponding periods farther back when there was much tenseness, the tradition that business hesitation must precede an election still persists, and even this year the country has not wholly escaped effect. For the past six or seven weeks to have shown something of lessened activity, would have been the expectation had this influence been felt as fully as in the past. On the contrary many indicative changes covering September and the first part of October, while working out into percentages that require the use of only the smaller decimals, were changes towards an upward trend. Conclusions reached a month or six weeks ago by some of the professional and most of the country's practical economists that the long continued downward movement finally had spent itself, are being fortified. Coincident with a hesitating tendency that just recently has begun to be more manifest is the more general feeling that the trend, following the smash-up of 1929, has run itself out and business has been pounding bed-rock for several months. Were this the case in other than a pre-election period, the upturns would be more general and more pronounced.

Meanwhile, with the week ending October 1 showing 80,099 carloadings originating in the northwestern district, which was the largest weekly activity of the year, the month began encouragingly. Grain receipts in Minneapolis in September of this year were 20,195,320 bushels compared with 14,610,700 in September, 1931, which increase was of course an important contributing factor. Looking at the northwestern district the "less worse" comparisons, by which progress in these times is so often measured, show carloadings, for 14 weeks ending September 3, 1932, as compared with the same period last year, down 41.4 per cent, while for the four weeks preceding September 3 of this year, the decline from the corresponding four weeks in 1931 was 36.5 per cent, and for four weeks ending October 1, 27.7 per cent below 1931. For the entire United States the figures for the corresponding periods are: 14 weeks ending September 3, 1932, 32.8 per cent less than the same weeks in 1931; for the four weeks preceding September 3, a decline of 29.4 per cent; and for the four weeks ending October 1, a decrease of 21.1 per cent.

From the foregoing it can be seen that the upward swing in the third quarter of this year presents strong contrast to extreme declines of the corresponding period of 1931. Slowness of business recovery is still being reflected in loans, however, the general trend continuing slowly downward. On October 5, 1932, the loan total was at low point for the year both with respect to loans on securities and with respect to all other loans; the drop in advances on security collateral has been relatively greater than the decline in loans

included in the miscellaneous classification, "all other loans."

In the past few months, with deposits mounting and loans slowly contracting, the slack thus created has been taken up in various ways. As has been noted, borrowings from reserve banks have been considerably liquidated and reserves have been built up both at reserve and correspondent banks. In amount, the greatest change of all has been in investments, which have been increased by more than a billion dollars over the low point in 1932. The increase in investment, however, has been almost wholly in holdings of government securities; holdings of investments other than governments have

remained about stationary—in fact, at the present time they are practically identical with the total reported in the first week in January.

The amount of funds that banks can lend or invest, of course, is closely governed by deposits. If these are declining and go beyond a certain relationship with credit outstanding, banks are obliged to limit their loans or trim down their investment holdings—or borrow, which they are loath to do. The satisfactory ratio between credit outstanding and deposits is naturally not a set percentage, being subject to many modifications. In the spring of this year, at about the time Federal banks began their open market operations

Can You Afford It?

EVERY bit of constructive advertising you ever did, accomplished more than merely the selling of your goods or your services: it helped to build up the most valuable asset of your business—Good Will.

Good Will is as powerful as a giant dynamo—and as hard to build.

It is as precious as the finest diamond—and as hard to find. It is as wonderful as youth—and as hard to keep.

What are YOU doing to keep the good will and friendship of the customers who have made it possible for you to remain in business when so many have been unable to weather the storm?

There never was a time in the history of business when the good will of the customer was of so much importance as NOW.

Good Will Advertising is the best salesman on your force. It determines what your business will be in 1933.

Can you afford to take this Master Salesman off your payroll in times like these?

Ask the Gerlach-Barklow salesman to show you Good-Will Advertising that makes friends of customers and customers of friends.

**The
GERLACH-BARKLOW CO.
Joliet, Illinois**

on a large scale, city commercial banks as a rule were maintaining an uncomfortably high ratio of loans and investments to deposits (101 per cent, March 2, 1932). This was not due to mounting loans and investments—there had been a large decline and it was still in progress; it may be remembered that banks at that time were receiving much loose criticism because they were not expanding their credit outstanding. The high ratio was caused, rather, by a much greater decline on the other side of the balance sheet, in deposits, a falling off that had been in progress for more than a year. By midsummer, however, the position was considerably improved, and at the present time the ratio of loans and investments to deposits may

be considered to be about normal. What is not normal, however, is the relatively low proportion which loans—taken by themselves, investments eliminated—bear to deposits. City banks, nationally considered, are apparently in a favorable position to expand commercial loans whenever business demand increases.

Urge Tax Reform

Reduction of government taxes to the irreducible minimum, levying of a beer tax to return three-quarters of a billion dollars annually, and restriction of local and state taxing powers for the purpose of re-establishing real estate values were advanced at the opening sessions of the

twenty-first annual convention of the Investment Bankers Association of America.

Citing the increase in the public debt from \$19,487,000,000 at the beginning of the current fiscal year to about \$20,600,000,000 on September 1, the federal taxation committee, headed by Edward Hopkinson, Jr., of Drexel and Company, Philadelphia, stressed the need of a minimum tax burden on productive industry for continued business recovery, and a broader tax base that would include lowering present exemptions.

A tax on beer up to 40 cents a gallon could be levied without increasing the price, it was held. Figuring malt liquor consumption in this country as in 1917, last full year before war-time prohibition, of about 1,885,000,000 gallons, this would bring in a revenue of \$754,000,000 a year—equal to 75 per cent of the entire income tax collected for the last fiscal year, the report shows.

"The assistance which such additional revenue would be in the present emergency, representing a voluntary payment only for those who would choose to become subject thereto, cannot be disregarded," it was stated.

"Furthermore, a substantial portion of this revenue would not represent additional public expenditure, but rather a diversion of funds now going into bootlegging channels.

"Present taxes on real estate may be reduced, but the return of prosperity would see them rise again unless restricted," according to the committee on real estate securities headed by Louis K. Boysen, vice president of the First Union Trust and Savings Bank, Chicago. Tracing the increased volume of realty bond defaults since 1931, the report offered scant encouragement for a near upturn "until there is some semblance of normal prosperity, accompanied by a substantial reduction in real estate taxes."

A Major Factor

Scarcity of financial transactions of a type creating pure commercial credit, caused by changed business methods rather than voluntary banking policies, was a major factor in the non-liquid banking situation that was "abnormally vulnerable to the general business reaction" which began in 1929, the Economic Policy Commission, American Bankers Association, says in a report made public here today. Banking readjustments that have now been made and a return by business to former financial practices are more effective means for restoring desirable conditions than "too much regulation by means of radical legislation," it says.

Handicapped

Girl (to one-armed driver): "For goodness' sake, use two hands."

Driver: "Can't. Gotta drive with one."

WE KNOW OUR NEIGHBORS



FOR 35 YEARS we have continually poked our nose into the livestock business. (The yards are practically next door.) For 35 years we have made it our job to understand the banking requirements of this exciting industry. We have kept our eyes and ears open.

As a result you will find few banks with a more intimate, authoritative knowledge of the livestock industry. It is one of the advantages you get when you ask us to be your correspondent in Sioux City. It is also one of the reasons why we are able to handle your livestock transactions with dispatch.

Livestock National Bank

SIoux CITY, IOWA

"The Bank at the Yards"

Affiliated with Northwest Bancorporation



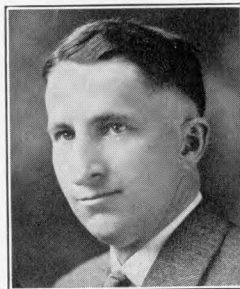


T. M. BRISBINE
President

South Dakota Bank News

Officers South Dakota Bankers Association

President.....T. M. Brisbine
Woonsocket
Vice President.....E. R. Heaton
Yankton
Treasurer.....Russell Bard
Miller
Executive Manager, Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

New Group Officers

Group 1—Meeting at Yankton. Attendance 68. 1933 meeting to be held at Yankton. President, C. I. Danforth, Yankton; vice president, J. E. Lloyd, Yankton; secretary-treasurer, H. E. Edmunds, Yankton, and one executive committeeman from each county in the group.

Group 2—Meeting at Dell Rapids. Attendance 116. 1933 meeting to be held at Brookings. President, R. G. Eilers, Hudson; vice president, Robert Henry, Volga; secretary-treasurer, Horace Fishback, Brookings, and one executive committeeman from each county in the group. G. J. Moen of Canton, was nominated as a member of the executive council of the state association, to be ratified by the next state convention.

Group 3—Meeting at Mitchell. Attendance 98. 1933 meeting to be held at Mitchell. President, R. E. Montgomery, Chamberlain; vice president, Julius Bertsch, Fulton; secretary-treasurer, J. M. Patton, Mitchell, and one executive committeeman from each county in the group. Wm. C. Rempfer of Parkston was nominated as a member of the executive council of the State Association, to be ratified by the next state convention.

Group 4—Meeting at Watertown. Attendance 42. 1933 meeting to be held at Webster. President, S. L. Allen, Aberdeen; vice president, J. E. Paulson, Summit; secretary-treasurer, J. A. Anderson, Pierpont, and one executive committeeman from each county in the group. Don W. DeVey of Westport was nominated as a member of the executive council of the State Association, to be ratified by the next state convention.

Group 5—Meeting at Huron. Attendance 80. 1933 meeting to be held at Huron. President, L. A. Anderson, Hitchcock; vice president, L. L. Branch, Pierre; secretary-treasurer, George M. Townsend, Huron. Geo. C. Fullinweider of Huron was nominated as a member of the executive council of the State Association, to be ratified by the next state convention.

Group 6—Meeting at Mobridge. Attendance 49. 1933 meeting to be held at

Mobridge. President, Arthur Haerter, Hosmer; vice president, H. B. Zenk, Eureka; secretary-treasurer, H. A. Swenson, Mobridge.

Group 7—Meeting at Belle Fourche. Attendance 54. 1933 meeting to be held at Rapid City. President, Noel Klar, Rapid City; vice president, D. J. Hull, Newell; secretary-treasurer, C. W. Waldman, Sturgis. W. B. Penfold of Belle Fourche was nominated as member of the executive council of the State Association, to be ratified by the next state convention.

Loan Examiner

Harold Mitchell, of Madison, recently received word of his appointment as loan examiner for the Regional Agricultural Corporation, with his headquarters in Sioux City. Mr. Mitchell has had many years of banking experience. He is a graduate of the University of South Dakota and has been business manager of the New Madison hospital for the past year. Mr. Mitchell has assumed his new duties in Sioux City.

New Bank

Tyndall has been without banking facilities for some time, so that the assurance of the opening of a new bank is pleasant news.

The new bank, which will be known as the Security State Bank, will open for business the first of November. Everything is underway and all legal parts of the proceedings for forming the new association have been approved, fixtures ordered and everything will be in readiness for the opening day.

W. Z. Sharp, of Sioux Falls, will head the organization as president and will have as his co-workers in the organization, O. V. Meyhaus and F. H. Hollister of Sioux Falls, and Anton Chastka, F. M. Seoblie and M. F. Schmitt of Tyndall. B. R. Laird, of Fedora, has been selected as cashier.

Group One Meets

Reduction of state expenditures in every department, a state tax league to aid in such reductions and other current problems were discussed by about sixty bankers of southeastern South Dakota at the annual meeting of Group One of the South Dakota Bankers Association, held at Yankton recently.

Officials from nearly every bank included in the district of nine counties were present and entered into discussions of the various problems. Group One includes the counties of Bon Homme, Clay, Charles Mix, Gregory, Yankton, Mellette, Union, Tripp and Turner.

Speeches dealing with current problems of the bankers were given by officials of the association and others associated, with the main speech, an explanation of the new federal farm loans, being given by J. M. Hutchinson of Sioux City, secretary to C. C. Jacobsen, assistant manager of the Federal Agricultural Credit Corporation for the eighth district. Election of officers and other official business concluded the annual meeting.

Dies at Gettysburg

Adam Richardson, 71 years old, active in Gettysburg banking circles for the past twenty-three years, died at his home there recently. Mr. Richardson was born at Toledo, Illinois, October, 1861. He came to Gettysburg in 1903 as president of the First National Bank and retained that position until the bank affiliated with the First Bank Stock Corporation of Minneapolis two years ago, and the Potter County National Bank was formed.

Another Pioneer Gone

Z. A. Crain, pioneer Redfield merchant, civic leader and banker, died at his home recently from cancer ailment.

Mr. Crain pioneered in Spink county forty-six years ago. Coming from Indiana, he settled first in Doland, where he established a drug business with his brother, Dr. F. M. Crain.

In 1900 he moved to Redfield and entered the drug business under the same name. In 1902 he organized the Redfield National Bank, holding the position of president until the time of his death.

NEBRASKA NEWS

Dies in Omaha

Albert H. Metzger, 61, pioneer Merriman, Nebraska, banker who had been ill in an Omaha hospital, died there recently. He had lived in Merriman for 40 years.

Surviving are four brothers: William A., of Gordon; Fred C., of Montana; Marrion O., of Merriman, and C. E., of Omaha, and three sisters, Mrs. Clara Stander of Gordon, Miss Lillie A. of Plattsmouth, and Mrs. Amelia Mayer of Ulm, Germany.

Northwestern Banker November 1932

Merged

The consolidation of the First National and Farmers State Banks of Tekamah was announced recently. This merger has been under consideration for some months.

Wayne Man Honored

Rollie W. Ley, president of the State National Bank of Wayne, has been named a member of the committee in charge of the eighth district of the Agricultural Credit Corporation. This organization has been effected by the federal Reconstruction Finance Corporation to inaugurate and carry out a program of feeder livestock loans. Mr. Ley and H. H. Adair

of Dakota City, are the only Nebraska members of the association.

Reopened

The Farmers & Merchants State Bank of Ceresco was reopened for business recently, on authority of the Nebraska department of trade and commerce.

Former stockholders and depositors reorganized the bank and restored it to solvency. The bank was reopened with deposits of \$48,537 and capital of \$20,000.

Under the plan of reorganization about 50 per cent of the bank's deposits will be released to the depositors upon reopening. The balance is being released on monthly

installments. The contract provides for eventual total payment of deposits.

New officers of the bank were announced as follows: Frank Wedberg, president; Herman Nelson, vice president; Fred Mostrom, cashier.

Banks In Good Shape

Omaha banks are in excellent condition, reports issued at the instance of the comptroller of the currency indicated. Deposits totaled \$77,527,789 compared with \$79,502,529 on June 30th, when the last report was made, and loans aggregated \$36,905,850 as against \$37,884,376.

Quitting Business

Recently the Arthur State Bank of Arthur announced that it would go out of business. Their announcement says:

"Because of small volume of deposits and the fact that the cashier wants to leave, it has been decided by the directors of this bank to liquidate the affairs of the bank, paying off the depositors one hundred cents on the dollar and going out of business.

"Business will be carried on as usual to October 22d, after which it is expected that no further deposits will be accepted and no checks will be paid. Depositors whose accounts have not been closed before October 22d, will please call at the bank and withdraw their balances before November 5th, the bank building will be open but one or two days a week after that date. Withdrawals of more than \$100 will be paid by draft unless currency is arranged for a few days in advance."

The officers of the Arthur State Bank are R. H. Barber, president; Ray C. Langford, North Platte, vice president; Theo. Lightbody, Arthur, cashier; Paul H. Kannon, Kearney, vice president.

Interest Ready

In spite of greatly increased delinquency of payments on its farm loans throughout Nebraska and Iowa during the first nine months of 1932, the Lincoln Joint Stock Land Bank has sufficient money set aside to pay \$400,000 of interest on its own bonds which will fall due November 1st, and is pursuing the most lenient policy possible toward borrowers in distress, President W. E. Barkley reported to the stockholders at their annual meeting.

While many of the bank's farm debtors have been unable to make their full payments on amortized loan installments, other farmers are taking advantage of low prices for land by purchasing farms which the bank was compelled to take over on defaulted indebtedness, Barkley said.

Of the farms thus disposed of during nine months ending September 30th, the bank received cash payment for 61 per cent of the sales.



THROUGHOUT the years this bank has faithfully adhered to the principles of sound banking. The banks for whom we act as correspondent find this traditional characteristic a valuable asset in their relationship.

If we can serve you in Chicago your inquiries are respectfully invited.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets
CHICAGO



Northwestern Banker November 1932





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

Lincoln Bank Figures

TOTAL deposits of \$20,618,337 were reported by the national banks of Lincoln in answer to the national bank call as of the close of business September 30th. Loans totalling \$10,005,050 were listed by the banks.

The statements for the close of business June 30th showed total deposits of \$22,192,462 and total loans of \$11,173,285.

The First National Bank reported total deposits on September 30th, amounting to \$10,817,130 and loans amounting to \$5,208,588 as against \$11,825,207 deposits and \$5,893,904 reported for June 30th.

The Continental National Bank reported deposits of \$5,130,768 and loans of \$2,200,523 for September 30th. The June 30th statement showed deposits of \$5,096,889 and loans of \$2,447,785.

The National Bank of Commerce had deposits of \$4,503,439 and loans amounting to \$2,502,939 on September 30th as against \$5,106,366 and loans of \$2,741,596 on June 30th.

The Havelock National Bank reported deposits of \$167,000 and loans of \$93,000 for September 30th, and said that both figures represented a drop of approximately \$3,000 since the June 30th statement.

Officials of all banks said that published statements would show unusually strong reserves and that the statements showed the banks in strong financial positions.

One leading banker said, "All the banks have exceptionally strong reserves and there is no pressure being felt. We are not operating on any federal reserve borrowed money at all. Usually we have borrowed money at this time of year to take care of cattle feeding loans. This year many of the feeders are financing themselves on a smaller scale or taking advantage of R. F. C. funds.

"Then, too, the small movement of grain has meant but little demand for funds. The Canadian grain movement is just about over and I look for an appreciable gain in wheat prices about the first of December."

County Meeting

The Cass County Bankers Association held its annual meeting on Wednesday, October 12th, at Greenwood, a very large percentage of the membership being in attendance.

The business session opened at 2 o'clock in the afternoon at the Masonic Hall with President H. A. Schneider of Plattsmouth, presiding. The visitors were welcomed by Mayor E. A. Landon of Greenwood, who is also vice president of the Greenwood State Bank. To the welcome the response was made by Carl Ganz, cashier of the Farmers & Merchants Bank of Alvo.

"The New Receivership System" was discussed by George Woods, of Lincoln, bank commissioner, who explained the plan by which the affairs of closed banks were now being handled by the state department.

Attorney James L. Brown, of Lincoln, discussed the "Prejudgments Against the Legal Profession," taking up a large num-

ber of the prejudices that are held against the lawyers.

George Holmes of the First National Bank of Lincoln, and Clarence Owens of the Stock Yards National Bank of Omaha, also spoke briefly on matters of interest to the bankers in general.

William Hughes, secretary of the State Bankers Association, was also present and touched on the work of the state association. He also extended to the bankers an invitation to attend the state meeting at Omaha.

In the annual election of the officers of the association the following were named: W. N. McLendon of Elmwood, president; Harvey Koop of Loupville, vice president; Guy Clements of Elmwood, secretary-treasurer.


The next meeting will be held at Elmwood, the county association accepting the invitation of the two banks of that city.

Bank Moved

Definite arrangements have now been completed for the removal of the Max State Bank to Benkelman sometime soon, the exact date of moving not being known at this time due to the fact that some of the final details are yet to be worked out. The management has completed the purchase of the old Bank of Benkelman building.

Annual Meeting

The annual meeting and election of officers of the First Nebraska Bankers Regional Clearing House Association was held October 13th, at the Hotel Pathfinder in Fremont, with a dinner at 6:30 and the meeting immediately thereafter. The present officers were re-elected, that is: J. M. Sorensen of Fremont, president,



Condensed Statement September 30, 1932

RESOURCES		LIABILITIES	
Loans and Discounts	2,604,534.58	Capital	450,000.00
Bonds and Securities	88,367.32	Surplus	100,000.00
U. S. Bonds to Secure Circulation	100,000.00	Undivided Profits, Net	59,826.69
U. S. Government Securities	974,005.20	Unearned Discount	25,580.77
Stock in Federal Reserve Bank	16,500.00	Reserved for Taxes, Interest, etc.	31,507.43
Banking House	53,000.00	Dividend payable Sept. 30, 1932	6,750.00
Furniture and Fixtures	None	Circulation	99,960.00
Other Real Estate	1.00	Deposits	4,546,719.19
Due from U. S. Treasury	5,000.00		
Cash and Sight Exchange	1,478,935.98		
	5,320,344.08		5,320,344.08

This Bank Has NO Affiliated Companies
Member of Federal Reserve System and Omaha Clearing House Association

LIVE STOCK NATIONAL BANK

OMAHA, NEBRASKA

and H. H. Peters of Yutan, secretary-treasurer.

C. C. Kuning of the Omaha branch of the newly organized Regional Agricultural Credit Corporation was present and gave a very interesting talk on the plans, policies and functions of his organization.

A large representation of the district was present.

Home Loan Bank

Dave Rowe, of Fremont, has returned from Topeka where the organization of the Federal Home Loan Bank for the tenth district was perfected after a three-days' session of the directors appointed from Washington. Mr. Rowe is the only

one from Nebraska on the board, made up of five directors from Oklahoma, three from Kansas, two from Colorado and one from Nebraska, comprising the tenth district, all serving without pay.

Mr. Rowe is confident that the money available from the regional banks will play its part in bringing business to a higher level.

The Federal Home Loan system cannot be expected to perform economic magic on all the home owning and mortgage ills. Changes in the financial structure are in the nature of the case brought about slowly, especially where so large a territory and so many participating institutions are involved.

National Bank Head

J. R. Cain, Jr., vice president of the Omaha National Bank, was elected president of the national bank division of the American Bankers Association, in convention at Los Angeles.

Mr. Cain was present at the meeting.

For the past year, Mr. Cain has been vice president of the National Bank division. He is a past president of the Nebraska Bankers Association.

Mr. Cain was born in Falls City, Neb. After several years of banking experience there, he came to Omaha in 1914, as vice president of the State Bank of Omaha. In 1920, he helped organize the Peters National Bank, of which he became vice president in active charge. He was elected a vice president of the Omaha National in 1930.

While in Falls City, he was a state representative and then a state senator.

Mr. Cain is a past grand master of Nebraska Masons and is a thirty-third degree member of Scottish Rite.

Too Much Money

A couple of small boys were "prospecting" in Arlington and came upon an old heap of rubbish at the rear of the First National Bank Building. Poking through the debris they discovered a lot of pennies.

In just a minute, a "gold" rush was on, and from every direction came the youngsters. When the entire pile had been fine-combed one lad had found nearly a hundred, and others had from five to twenty-five.

Recently receivers who have been in charge of the bank had a house cleaning day and hauled out several truck loads of "rubbish." Just how the money came to be carried out with the trash was not known.

Explains A. C. C.

Charles C. Kuning, manager of the Omaha office of the Agricultural Credit Corporation, outlined purposes of the corporation in a talk to the Triangle Club at the Conant recently.

Promoted

After ten years of serving in the Toy banking institutions, beginning under the tutelage of his father, M. J. Kuhl, cashier of the First National Bank, Osmond, Nebraska, Alexis Kuhl has earned the promotion which now comes to him. Beginning this week, he is to be auditor for the Toy banks of Nebraska and Iowa, leaving his position as cashier of the Toy bank at Varina, Iowa.

His headquarters will be in Sioux City and he will make periodic audits, it being the custom of the Toy banks to audit privately besides undergoing an examination from time to time by the national examiner.



Visit the International This Year

America's Premier Live Stock Exposition

November 26 to December 3, 1932

Packers, Commission Men, Live Stock Breeders, Business Men and Banks of the Yards, combine forces to make the International the Spectacle Supreme.

Visit this great Exposition this year, learn of the strides Live Stock is making toward better times. Talk to the leaders in the Industry.

"See you at the International"

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

The Drovers Banks are glad to contribute this advertisement for the benefit of the "International." Incidentally, the International, 100 per cent of the nationally known packers, the leading commission men and business men of the Stock Yards carry their accounts at the Drovers.

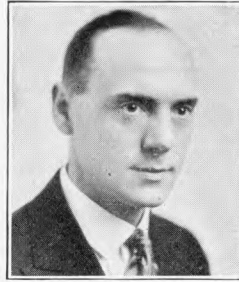


M. F. ERNST
President

Minnesota Bank News

Officers Minnesota Bankers
Association

President.....M. F. Ernst
St. Paul
Vice President.....William Duncan
Mankato
Treasurer.....D. J. Fouquette
St. Cloud
Secretary.....George Susens
Minneapolis



GEORGE SUSENS
Secretary

Operate Banking Clinic

OPERATING on the premise it was poor management rather than hard times which caused many bank failures, an organization at the University of Minnesota has set about a task of fact-finding to strengthen the administration of Minnesota's financial institutions.

Projected largely as an aid to the small independent banks, a banking clinic to cure some of the ills of finance in the state has been established within the Employment Stabilization Research Institute.

The clinic, headed by leading staff members in the university school of business administration, purposes to act as an educational institution informing its students on how to buy bonds and generally keep order in the balance sheets.

It intends, backers of the project say, to show small town bankers where they are behind the large organizations in matters of daily efficiency and the making of investments. Purchase of bonds is regarded at the clinic as one of the most annoying problems because the small banker often fails to study the relation of "debt" to "total net worth" of industries having bonds for sale.

To this end is published a monthly "Financial and Investment Review," whose first issue, now in circulation, takes several market favorites, emphasizing the security of some and the instability of others by determining the "margin of protection."

Teaching the banker how to do this for himself is one of the clinic's purposes. The clinic also will seek information on banking policies and causes for bank failures, analyze the failures, establish operating standards, audit banks, and survey existing credit facilities in Minnesota.

Heads of the clinic staff are Dean Russell A. Stevenson, Professors Alvin H. Hansen and Robert Weidenhammer, and Arthur R. Uppgren.

War On Bandits

A crack state police force, instead of the antiquated sheriff and constable system

in combatting the raids of organized bank "mobs" will be sought of the next state legislature by the Minnesota Bankers Association.

The ease with which the machine-gun armed desperadoes have looted scores of northwest banks of hundreds of thousands of dollars during the past year has proved the breakdown of the local constabulary in meeting the challenge of the bank robber, bankers said.

The total from bank robberies in thirty-one Minnesota holdups since September 1, 1931, has been \$300,000. In the Dakotas similar losses have been sustained. Friday a bandit held up the Pennock State Bank of \$400 and escaped before pursuit could be effectively organized in the latest raid.

Even in the large towns where vigilantes groups have been formed the simple weapon of roofing nails scattered on the road behind a fleeing bandit automobile has baffled pursuit.

The compact, carefully selected Minnesota highway patrol, a motorcycle mounted unit, and the state bureau of criminal apprehension would be combined under the new plan and enlarged into a super crime fighting organization, equipped perhaps with radio and airplanes.

During the past year the crime bureau has been able to trace the course of out-of-state gangs which have generally started their forays in Wisconsin and then struck in rapid succession in larger towns in Minnesota and the Dakotas before turning southward into Iowa and Nebraska.

Dies at Waseca

Anton O. Lea, 66, died recently at the home of his brother in Waseca. He had been suffering for several years, but was only confined to his bed five days.

Mr. Lea served as postmaster at New Richland eight years and was cashier of the First National Bank of New Richland for eighteen years. He also served on the school board for several years and held the office of mayor for two terms.

During the war he served as a member of the Waseca County Fuel Administration.

Banks Unite

The Shaffer State Bank of Shaffer, Minnesota, has been consolidated with the Stannard State Bank at Taylors Falls to continue under the latter name.

Annual Meeting

J. O. Haugen was elected president; O. S. Kyvig, Starbuck, vice president; T. R. Thompson, Glenwood, secretary, and H. F. Engbretson, Lowry, treasurer, when the Pope County Bankers Association held its annual meeting. About 34 bankers attended the meeting, which was held at Glenwood.

New Location

The Rice Street State Bank of St. Paul, has opened for business in its new location at Wabasha and Rice Streets. The lobby of the new bank is finished in marble and the flooring is of terazzo. New fixtures have been installed throughout. Officers are Otto Bremer, president; Anton J. Helget, cashier, and George F. Dodor, assistant cashier.

Maple Plain Death

Funeral services for Adolph Hallberg, 43 years old, were conducted recently in Maple Plain.

For twenty years Mr. Hallberg had been affiliated with the State Bank of Maple Plain. He was a member of the Minneapolis Shrine, the Wayzata Masonic lodge and the Scottish Rite. Mr. Hallberg belonged to the Maple Plain American Legion. Surviving are his wife and three children, Valaire, Audrey and Carl.

Bank Deposits

Deposits of Minneapolis banks total \$285,895,603, while their loans and discounts amount to \$140,420,162. These figures compare with \$337,950,546 and \$151,728,783 a year ago.

Figures made public by the ten national banks, in response to statement calls by the comptroller of the currency, show total deposits of \$181,937,174 at the close of business September 30th, compared with \$211,858,962 on September 29, 1931. Their loans and discounts were \$97,419,890, against \$111,982,331 a year ago.

The three trust companies report deposits of \$37,418,367, compared with \$46,178,370 on September 29, 1931, while their loans have decreased from \$26,343,161 a year ago, to \$22,202,335. State banks of Minneapolis reported total deposits of \$5,119,072 as of September 28th, against \$6,213,119 on September 29, 1931, while their loans declined from \$2,271,620 to \$2,094,670 in the year. Savings banks showed deposits of \$61,419,990 September 28th, against \$65,009,897 a year ago.

Northwestern Banker November 1932

Converting Collections Into Cash

The best collection system is that which converts time items into **RESERVE** in the least time at the lowest cost.

We reach all points in the Third Federal Reserve District as well as the principal cities and towns in the United States direct.

[[No loss of time in receiving remittances
or advices of credit.]]

We have private telephone lines to our local telegraph office and into New York City.

[[No delay in making telegraphic transfers.]]

We operate our Transit and Collection Departments twenty-four hours each day.

[[Mail matter addressed to us or by us
wastes no time in the Post Office.]]

All items handled at par for correspondents. No charge for telegraphic transfers of funds.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

CAPITAL and SURPLUS-----\$42,000,000

Retires from Office

John Sheehy, president of the First National Bank of Montgomery, has announced his retirement from active leadership of the bank and will be succeeded in the office by F. M. Pexa, veteran Montgomery business man and a director of the bank for a long period. Mr. Sheehy, who served four terms as mayor of Montgomery and many more as a member of the village council, started the First National with his father as a private institution, the Bank of Montgomery, in 1890.

Renews Charter

The State Bank of Clements, in existence for thirty years, has obtained an extension of the charter for another thirty years. The bank was established by Springfield residents when the railroad was built through Clements.

Sign Waivers

Because almost every depositor in Kasson's two banks was willing to sign waivers on deposits for a five-year period, both banks opened their doors, following a five-day holiday declared by Mayor E. P. Healy. Depositors were asked by local business men to sign the waivers which allow withdrawal of only certain percentages of their deposits for five years. The two banks are the National Farmers Bank of Kasson and the National Bank of Dodge county.

Bank Group Head

Miss Leonilla Joseph is new chairman of the women's committee of the Minneapolis chapter of the American Institute of Banking, appointed by President R. C. Rutherford.

Experienced

Administrative control of the twelve Federal Home Loan Banks which opened October 15 is vested in 108 men of long experience in the home financing business, a circumstance which bodes well for the success of the system, the United States Building and Loan League points out. A majority of the directors for the several Home Loan Banks have been leaders in building and loan association management for the past ten to forty years.

The League, which was one of the ardent advocates of this new home financing measure during the last congress, is co-operating with the system, and bringing building and loan associations into membership in the regional banks.

The banks' directorates include twenty-four representatives of the public interest in addition to the directors who were chosen for their experience in managing home mortgages. Capital of \$134,000,000 is now at the disposal of the banks.

North Dakota Bank News

Officers North Dakota Bankers Association

President.....T. A. Tollefson
 Dickinson

Vice President.....D. R. Green
 Grand Forks

Secretary.....C. C. Wattam
 Fargo

W. N. Steele Retires

CONCLUDING a term of 44 years as head of the banking institution he founded in the pioneer days of North Dakota, Warren N. Steele has resigned as president of the First National Bank of Rolla. Mr. Steele has been living in California for several years, returning to Rolla during the summer to look after his extensive interests in this territory, and it was because of the fact that he was now only available in the banks' counsels during such a short part of the year that he decided to give way to a more active executive.

F. A. Foley, who as vice president, has been the active managing officer of the bank, will succeed Mr. Steele as president, and John A. Stormon, prominent local attorney and member of the bank's board, will become vice president. Oscar Hjelt will continue to serve as cashier and John Munro, chairman of the board for many years, continues in that office.

At the time of First National's affiliation with the First Bank Stock Corporation in 1929, Mr. Steele was anxious to definitely retire, but was prevailed upon to continue in office until the present time.

It was in 1888, a year before North Dakota was admitted to statehood, that Mr. Steele in association with Charles F. Wilbur, organized the Rolette County Bank. Rolla was then little more than a townsite and the bank was one of its first business institutions. A state charter was later obtained, under which the bank operated until February 14, 1902, when the bank entered the national system as the First National Bank of Rolla. Mr. Steele was a vigorous figure in the development of this section of the state. His faith in the country was unbounded and he assisted with financing many of the projects which marked its growth.

In 1929, when the First National entered the First Bank Stock Corporation group, Mr. Steele expressed his gratification at the accomplishment as he foresaw that eventually he would have to completely relinquish his responsibility to the bank and the community which he had borne for many years.

"I am very glad to entrust the bank to

such an organization as the First Bank Stock Corporation, with the knowledge that its future is assured under sound and conservative management," Mr. Steele said at that time.

A. G. BJERKEN has been elected president and director of the Benson County State Bank of Minnewaukan, succeeding M. M. Hayden, who has resigned.

H. L. COLE has resigned as director of the Bank of Barney and P. S. Nielson has been elected as his successor.

THE SECRETARY of State has issued a certificate renewing the term of corporate existence of the Bank of Webster.

In Who's Who

Nine Fargoans and three others from North Dakota are listed in the new 1932-1933 edition of "Who's Who in America," national compendium of notables, who were not listed in the previous edition.

Newcomers to the publication from Fargo are:

Frederick B. Bartlett, bishop of North Dakota for the Episcopalian church.

Norman D. Black, publisher of the Fargo Forum.

William Lemke, attorney and Republican nominee for congress.

James S. Milloy, recently moved to Minneapolis where he is associated with the Minneapolis Tribune, chairman of the board of directors of the Greater North Dakota Association.

H. D. Paulson, editor of the Fargo Forum.

Dr. William C. Sainsbury, pastor of the First Methodist Episcopal church.

Dr. John H. Shepperd, president of the North Dakota Agricultural College.

Walter L. Stoekwell, general grand master of the general grand council, Royal and Select Masons, and grand secretary of the grand lodge, A. F. and A. M. of North Dakota.

E. J. Weiser, president of the First National Bank & Trust Company.

To Classify Soil

Determined to attack its farm taxation problem wherever possible with facts instead of guesswork, McKensie county, in western North Dakota, has inaugurated a comprehensive, exhaustive soil classification as the first step in a new land valuation program, the United States Department of Agriculture says. The classification is being made by state workers and the soil survey of the department.

Students of soils, taxation, and land utilization have praised the McKensie county commissioners for their progressiveness in turning to scientists for knowledge about their problem. The project is being watched with interest, especially

20%

REDUCTION

in HOTEL

RATES



Hotel Savery
Des Moines, Iowa



Hotel Fort Des Moines
Des Moines, Iowa



Hotel Blackhawk
Davenport, Iowa



Hotel Mississippi
Davenport, Iowa



Hotel Davenport
Davenport, Iowa



Hotel Hanford
Mason City, Iowa



Hotel Saint Paul
St. Paul, Minn.

Black Hawk Hotels have led the way in reducing hotel rates. At all of the seven Black Hawk Hotels your travel dollars go farther in buying the finest of accommodations and service.

NO DELAY

100% more minimum rate rooms at new low rates guarantee desired accommodations without delay or inconvenience. Rates for extra guest reduced to surprisingly low figures.

You will enjoy your visit at any of our hotels — and will want to come again.

In Des Moines
HOTEL SAVERY \$2.00 and up

HOTEL FORT DES MOINES \$2.50 and up

In Davenport
HOTEL BLACKHAWK \$2.00 and up

HOTEL MISSISSIPPI \$2.50 and up

HOTEL DAVENPORT \$1.50 and up

In Mason City
HOTEL HANFORD \$2.00 and up

In St. Paul, Minn.
HOTEL SAINT PAUL \$2.50 and up

BLACK HAWK

HOTELS



Davenport Bank and Trust Company

Davenport, Iowa

STATEMENT OF CONDITION SEPTEMBER 30, 1932.

ASSETS

Cash on Hand and in Reserve Banks.....	\$3,107,209.70
United States Government Bonds.....	1,157,716.02
Iowa Road and Municipal Bonds.....	533,135.41
Commercial and Collateral Paper Readily Marketable.....	412,633.80
<hr/>	
Cash and its Equivalent.....	\$5,210,694.93
Loans and Discounts.....	4,475,058.83
Furniture and Fixtures.....	14,013.65
Overdrafts.....	9.05
<hr/>	
	\$9,699,776.46

LIABILITIES

Capital.....	\$ 600,000.00
Surplus.....	200,000.00
Undivided Profits.....	97,689.16
Deposits.....	8,802,087.30
<hr/>	
	\$9,699,776.46

OFFICERS

E. P. ADLER.....	President
V. O. FIGGE.....	Executive Vice President
HERMAN STAAK.....	Cashier
A. H. HIEGEL.....	Assistant Cashier
FRED GRUENWALD.....	Assistant Cashier

DIRECTORS

E. P. ADLER President Lee Syndicate Newspapers	V. O. FIGGE Executive Vice President
J. W. BETTENDORF The Bettendorf Company	H. E. LITTIG Vice President Peoples Light Co.
H. O. SEIFFERT H. O. Seiffert Lumber Co.	KARL P. TESKE Teske Milling Co.
DR. KUNO H. STRUCK Physician	J. L. HECHT French and Hecht, Inc.
JOS. S. KIMMEL President Republic Electric Co.	T. J. WALSH Walsh Construction Co.
DR. FREDERICK H. LAMB Physician	C. D. WATERMAN Lane and Waterman

A NEW BANK
ORGANIZED NINETEEN THIRTY-TWO

because the county is on the western border of the state and is in what is known as the Northern Great Plains area, or dry land belt. Although not classed as marginal land, the 2,800 square miles of territory of the county lie in a region where rainfall is light and where the correct use of the land is essential to profitable operation.

The survey is one of the most difficult the soil survey has ever undertaken because the soils in McKenzie county vary widely. When completed the survey will show the exact soil composition of all the soil in the county. The fourteen men at work in the survey are making special reports on each twenty acres. They walk over the ground and take soil samples at frequent intervals.

The soil workers from the department will chart the composition of the soil and the topography, and will also record information on the grass covering. This information will be useful in estimating the grazing possibilities of the land. The survey will show all wagon roads, canal ditches, lakes, rivers, creeks, telephone lines, power lines, springs, fences, as well as houses, churches, schools, roads, and other landmarks. It considers such factors as the water supply, the drainage, the subsoil, and slopes.

The fieldmen grade the land from a soils standpoint, giving the best land in the county a grade of 100, and grading the rest accordingly.

An Open Case

Sherlock: "Ah, Watson! I see you have put on your winter underwear."

Watson: "Marvelous, Holmes! How did you deduct that?"

Sherlock: "Well, you have forgotten to put on your trousers!"

Worth the Money

Father criticized the sermon, mother disliked the blunders of the organist, and the eldest daughter thought the choir's singing atrocious.

The subject had to be dropped when the small boy of the family, with the school-boy's love of fair play, chipped in with the remark:

"Dad, I think it was a jolly good show for a penny."—*Cumberland Herald*.

Hang on, Girlie

The lights in the crowded bus had failed and the passengers were thrown into confusion.

"Can I find you a strap?" the tall young man asked a young lady at his side.

"Thank you," she replied, "but I have just found one."

"Good," he replied. "Then perhaps you wouldn't mind letting go of my tie?"—*Answers*.



FRED J. FIGGE
President

Iowa Bank News

Officers Iowa Bankers Association

President Fred J. Figge
Ossian
Vice President Robt. W. Turner
Council Bluffs
Treasurer B. D. Helscher
Sigourney
Secretary Frank Warner
Des Moines



FRANK WARNER
Secretary

How the A. C. C. Operates

HOW federal funds are being made available promptly for the relief of farmers in the middle west is explained in a recent interview given by J. M. Hutchinson, executive vice president and general manager of the Sioux City branch of the Agricultural Credit Corporation, an R. F. C. organization.

Mr. Hutchinson, a former Cedar Rapids bank executive, noted especially the rapidity with which the federal government put the Agricultural Credit Corporation into the business of aiding farm credit.

"There are four classifications of loans that we can make. To livestock men we make range and breeder loans, pasture loans and feeder loans. The fourth classification is general farm personal property. There is no delay when an applicant for a loan comes into our offices.

"Immediately after an application is filed it is checked by one of our examiners. If he finds that the applicant is entitled, by reputation, integrity, and so forth, to credit, one of the field men goes out at once to make an appraisal of the applicant's security. As soon as that man's report is completed, the applicant can come in and get his money.

"We are making loans that are based on the character of the borrower, his ability as a farmer, and his willingness to cooperate with us in working his way out of debt. We loan direct to farmers, livestock men and corporations engaged in the business of farming or raising, breeding, feeding and the marketing of livestock. We have \$3,000,000 of capital, with rediscount privileges totaling \$25,000,000 more.

"The whole process of completing a loan is confined to our office, which eliminates red tape and delay. As soon as an application is approved, a check awaits the borrower. That check is written in our office, signed by executives there. We have in Sioux City the entire set-up necessary to the kind of business we are doing.

"We consider one of the most important types of loans to be those on general farm personal property. Many farmers

who are anxious to make a fight for recovery and liquidation of their debts are absolutely put out of business when some holder of a chattel mortgage or lien steps in and takes away their personal property. We want to prevent that procedure wherever and whenever possible.

"And despite the speed with which we are working, we are making reasonable loans. We check carefully on every applicant. He must be able to show that if we lend him money for the purchase of livestock, he is in position to feed out that stock and carry it 30 days beyond the date at which it may be ready for market.

"If a good applicant wants a loan to buy livestock, we tell him to go ahead, just as soon as we have determined that he is entitled to credit. He can come to us one day and buy his livestock within a day or two if we are able to confirm him as a good borrower."

Injured

C. A. Baker, former cashier of the State Savings Bank, Greenfield, was seriously injured in a car accident near Ladora, Iowa. Mr. and Mrs. Baker left to drive to Davenport and Chicago, for a visit with their children, and when he turned out for another car he lost control of his car and overturned in the ditch. He received an injury to his head, which caused concussion of the brain and he has been unconscious since the accident.

Dies at Cedar Rapids

Edward LeClere, who for several years has been a resident of Cedar Rapids, moving there from Central City, died at his home recently, following a two years' illness.

Mr. LeClere was cashier of the Central City State Bank, while there. He was born in Coggon, November 24, 1876, son of Mr. and Mrs. Charles LeClere. He attended high school in Monticello and later graduated from the Cedar Rapids Business College.

In 1900 he went to Coggon, where he

was assistant cashier of the bank until 1905, when he moved to Central City and took over the cashiership.

New Bank

A massmeeting was held at Story City recently for the purpose of taking the first steps leading to the formation of a new bank.

Practically all the business houses were represented, as well as some of the farm organizations. By unanimous vote it was decided to go ahead with plans to organize a new bank as soon as possible. A committee was selected to notify the state banking department that such a movement had been started and that in due time, if the efforts to get stock subscribed are successful, a charter will be applied for.

Begins Work

Robert J. Richardson of St. Louis, Mo., who was named executive vice president of the eighth district home loan bank in Des Moines, began his new duties recently.

The veteran home loan executive said scores of applications are being received for direct loans to home owners. He emphasized that applicants must furnish proof that they have tried and failed to get loans from private concerns before the home loan bank can consider their requests.

Work on permanent quarters of the bank on the fourth floor of the Des Moines Building has been started. Meanwhile, offices are being maintained on the seventh floor of the building.

Leaves Bank

Miss Bertha Wells who has been associated with the Miles Savings Bank for the past several years severed her connection with it recently and has returned to her home in Clinton.

Foiled

Robbers paid another visit to the Northwest Davenport Savings Bank recently, but Herbert Langfeldt spoiled their plans and saved the funds that were in his "cage" at the time of the visit.

"Stick 'em up," the holdup men ordered as they entered the bank. Langfeldt, who had been in the bank when it was robbed of \$6,000 on December 7, 1931, didn't obey. Instead, he dropped to the floor and released a quantity of tear gas that drove the men from the bank to their car, in which three companions waited.

Police took the trail of the would-be robbers immediately after they had left the Davenport bank, and by taking a short cut, were able to intercept the machine. A gun battle followed, and in the fight one of the bandits lost his life and another one was critically wounded, while one of the police was shot, but was not considered in a dangerous condition.

Northwestern Banker November 1932

Reorganization Plans

Preliminary steps have been taken by a group of Dubuque business and professional men looking toward the organization of a new state bank which, if organized, will be located in the banking rooms occupied by the Union Trust & Savings Bank.

This became known when it was learned that L. A. Andrew, state superintendent of banking and receiver of the Union Trust & Savings Bank, had filed an application in the state district court asking a court order authorizing him to enter into an optional contract with W. H. Klauer, president of the Klauer Manufacturing Company, and Frank D. Gilloon, of the law firm of Frantzen, Gilloon & Glenn,

for the sale of the Union Trust & Savings Bank building and fixtures. The sale price is fixed at \$62,500.

Remodel Building

The Iowa-Des Moines National Bank & Trust Company will remodel the building it formerly occupied on the northeast corner of Sixth Avenue and Walnut Street at a cost of \$50,000, Louis C. Kurtz, chairman of the board, said recently.

Alterations will be confined mainly to the basement and the first three floors of the bank, which were formerly occupied by the bank and trust company. A new front on the Sixth Avenue and Walnut Street sides will be installed.

The bank, which recently moved to its

new building directly across the street on Walnut Street, formerly used the first and second floors as a banking room, the basement for vaults and the third floor for a business office.

These parts of the building will be prepared in skeleton form in the remodeling and will be subdivided and remodeled later according to the desires of tenants to whom they are let.

The remaining three floors of the building are in condition now for tenants, Mr. Kurtz said.

"We have decided to remodel our old building now," Mr. Kurtz said, "in order to aid employment conditions. We will use local labor and materials wherever possible."

Check Tax

The federal tax collected in Iowa on bank checks during September totaled \$69,790.50, George W. Bird, assistant collector of internal revenue, reported recently.

Collections of miscellaneous federal taxes in the state during the month showed a rise of nearly 60 per cent over the August total, Bird said, increasing from \$121,243.66 to \$139,163.50. The bank tax was the largest item. The August figure on this levy was \$67,099.49.

The electric energy tax brought in \$38,908 against \$18,627.90 for August. All other taxes increased except on admissions, which fell from \$8,221.90 to \$8,025.30.

Other miscellaneous collections last month included: Toilet articles, \$22,851.54; telephone, \$2,746.50; jewelry, \$3,776.52; dues and initiation fees, \$5,011.67; soft drinks, \$3,932.93; safety deposit box leases, \$1,776.14; and candy, \$1,521.63.

Success Talk

"The luggage any person carries through life determines his success," Maynard W. E. Park, Kansas City banker, told the Des Moines chapter of the American Institute of Banking at a recent meeting.

Mr. Park, assistant cashier of the Federal Reserve Bank in Kansas City, and member of the national executive council of the institute, pointed out that if one's luggage includes fear, extravagance and satisfaction with small accomplishments, his life is doomed to failure.

Mr. Park said, on the other hand, if a man voluntarily takes as his load, ambition, study and the desire to push forward into new fields of usefulness, he will be a success.

"Don't worry about the man with a pull," Park said. "Preparedness will obtain a promotion 99 times where pull gets it once."

The address followed dinner and entertainment. Guy Lines, president of the chapter, had charge of the program.

Allen Evans presented certificates to

The
Omaha
National
Bank

ALWAYS
AT YOUR SERVICE

five junior bankers who have completed the standard educational course offered here each winter. They are Ray Braniff, Orville Gore, Louis Rodenbaugh, A. R. Wallace and C. F. Carlson.

George Harnagel received a prestandard certificate.

Reduce Service Charge

Bankers of north Linn county held a meeting at the Wapsie Valley State Bank, Central City, and decided that the service charge, which was formerly 50 cents a month on accounts below \$50, would be 50 cents on accounts falling below \$25 during the month. It has been the custom for some time to charge exchange on foreign checks, and this practice will be continued. The service charge as above mentioned may not have been the same in all instances, but they have now adopted a uniform plan, and will abide by that plan. The banks represented were the Alburnett State Bank; Center Point-Walker banks, from Center Point, Walker and Coggan, and the Wapsie Valley State Bank, with its Prairieburg branch bank.

Polk Elected President

Fifty Iowa investment bankers, meeting last month at Hotel Savery in Des Moines, made tentative plans for a state association and elected officers and directors.

The group decided either to form an entirely new organization or to revise the dormant Iowa Bond Dealers Association. Definite action will be taken later by the board and officers.

H. H. Polk, Des Moines, chairman, was elected president of the projected association, and J. A. Cummins, Des Moines, secretary-treasurer.

Mr. Polk and Mr. Cummins and C. W. Britton, Sioux City; John Quail and Robert Alexander, both of Davenport; F. E. Coquillet, Cedar Rapids; J. W. Leavitt, Cedar Falls; L. L. Hill and Harold Klein, both of Des Moines, and Leo Mack, Waterloo, were chosen on the board of directors.

Complete Service

The Newton National Bank has been granted permission to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and various other fiduciary capacities, according to word received from the federal reserve board.

The requirements for obtaining this permission are of the most rigid sort, involving the financial condition of the bank, the general character of its personnel, and ability of its management. By this appointment, the Newton National is capable of rendering a complete banking service to the community.

Banker Dies

E. D. Baird, age 83, bank president, former Iowa county officer and former state representative, died at North English recently. He was one of the best known residents of Iowa county.

Born in New York, he came to Iowa with his parents in 1855. After getting his education at Marengo, he taught school for several years, served as deputy county treasurer for eight years, and later served in both the offices of county auditor and county clerk. Coming to North English in 1889, he organized the North English Savings Bank, of which he became president.

Armored Cars

Two armored cars to transfer money for banks and business concerns were recently placed in service in Des Moines by the Lewis System, Inc.

State officers for the concern, which operates in several middle western states, will be established in Des Moines before January 1st, H. Lewis of Omaha, president of the firm, said.

The armored cars, constructed of bullet proof steel and glass, are equipped with machine guns, riot guns and gas masks.

The equipment, with the exception of the car, will be under police control and

THE ability and willingness to be helpful—that is the keynote of our service to Iowa bank correspondents.

BANKERS TRUST CO. BANK

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



DIRECTORS

L. B. BARTHOLOMEW— <i>Vice President-Trust Officer</i>	F. W. HUBBELL— <i>Vice Pres.-Treas., Equitable Life Ins. Co. of Iowa</i>
PAUL BEER— <i>President, The Flynn Dairy Co.</i>	J. W. HUBBELL— <i>Vice President, F. M. Hubbell Son & Co.</i>
DR. O. J. FAY— <i>Surgeon</i>	B. F. KAUFFMAN— <i>President</i>
HENRY FRANKEL— <i>Treasurer, Younker Brothers</i>	L. B. MAYTAG— <i>Capitalist</i>
J. G. GAMBLE— <i>Attorney</i>	S. L. SHEUERMAN— <i>Secretary, Sheuerman Bros., Inc.</i>
J. W. HOWELL— <i>Vice President, Warfield-Pratt-Howell Co.</i>	B. B. VORSE— <i>Vice President</i>

will be issued to the operators of the cars only when needed.

Each car is manned with four men, two in the driver's compartment and one each in two other compartments separated from each other by dual locks.

A. I. B. Classes

Annual night school classes sponsored by the Des Moines chapter of the American Institute of Banking, began October 10th, C. F. Carlson, educational chairman, announced recently.

Sessions will be held every Monday, Tuesday and Wednesday from 7 to 9 p. m. in the Chamber of Commerce rooms at Henderson for the past four years, re-

Hotel Savery. Chapter consuls in each bank are taking enrollments.

Prof. Herbert W. Bohlman of Drake University teaches money and banking. James M. Stewart, Des Moines attorney, has the class in negotiable instruments. Fred Atkins of the Bankers Trust Company teaches bank organization and operation, and Prof. John R. Stockton of Drake University teaches analysis of financial statements.

Resigns

John Rainbow, who has been assistant cashier of the Farmers National Bank of

signed last month. He will continue to reside in Henderson, where he purchased from V. H. Rutledge the truck and oil business. Mr. Rainbow will handle the products of the Phillips Petroleum Company.

County Meeting

A meeting of the Kossuth County Bankers Association was held at Burt, Iowa, October 6th, which was attended by fourteen bankers of the county.

Officers elected are: William Boyken, vice president Titonka Savings Bank, president; W. T. Peters, president Burt Savings Bank, vice president; H. L. Gilmore, cashier Iowa State Bank, Algona, secretary, and F. E. Rubey, vice president Burt Savings Bank, treasurer.

Butter for Your Bread

The railroads are in the worst condition of any major American industry.

The natural question is, "Why?" Ever since they were returned to private hands at the end of the war, the rails have raised their standards of efficiency, cut costs and made tremendous strides in improving their service to the public. Yet in not a single year since then have they been able to earn the "fair return" of 5¾ per cent stipulated by the Transportation Act. During the very height of the boom, in 1928-29, their net return on investment was between four and five per cent.

Now a number of important lines have passed dividends. Others are planning to pass them when next they fall due. Many have been forced to borrow money from the Reconstruction Finance Corporation in order to pay fixed charges, such as taxes and bond interest. The average American road is earning less than one per cent on its invested capital. Five hundred thousand railroad men are out of work—the jobs of thousands of others are in a precarious position.

The major cause of all this has been our transportation policy. We have raised railroad taxes to the highest point in history and passed law after law regulating one phase or another of operation. At the same time, we have permitted competing agencies to operate without corresponding regulation and, in the case of the waterways, have actually financed them from the public treasury. Here is a real public problem in a nutshell—and it is a problem that, directly or indirectly, affects the jobs, pocketbooks and savings of us all.

You Don't Mean It!

Sign in bathroom in a local boarding house:

"Please Clean Tub After Bathing
Landlady."

—Lehigh Burr.

T

HE MEASURE OF VALUE
of a CITY CORRESPONDENT
is its ability and desire to serve.
The facilities of this bank are complete for the prompt handling of any business.

We would like to prove both
our ability and desire to serve
you in Sioux City.



FIRST NATIONAL BANK
IN SIOUX CITY

A. S. Hanford, President

Frederick R. Jones, Vice Pres.

Fritz Fritzon, Cashier

News from Here and There

By J. A. SARAZEN

Staff Reporter

JAMES T. VAN DYKE, assistant cashier of the First Trust & Savings Bank, Anthon, Iowa, for the past three years, was transferred to the Toy National Bank, Sioux City, Iowa, October 1st. James F. Toy is his grandfather and the First Trust & Savings Bank is affiliated with the Toy bank.

Mr. Van Dyke will still be a stockholder and director of the First Trust & Savings Bank.

JOHN BARTON, cashier of the Security National Bank & Trust Company, Sioux Falls, is a better than average golfer. I saw some of his score cards of games played the last few months and there were many birdies and an occasional eagle. His average is well down in the seventies.

THE Luverne National Bank, Luverne, Minn., which was organized April 22, 1931, shows an increase of \$54,000 in deposits in their statement of September 30, 1932, over their statement of September 29, 1931. The latest statement lists deposits of \$261,243.61.

THE Corn Exchange Savings Bank, Sioux Falls, which opened for business February 2, 1926, lists in its statement of September 30, 1932, deposits of \$749,333.89, capital \$100,000 and surplus and undivided profits of \$43,005.64.

THE First National Bank & Trust Company, Sioux Falls, of which W. L. Baker is president, lists in its statement of September 30, 1932, deposits of \$3,741,360. Loans and discounts, \$1,015,931.42; cash and due from banks, \$461,000. The capital is \$200,000. Surplus, undivided profits and reserves, \$144,890.

THE Citizens National Bank & Trust Company, Sioux Falls, which is affiliated with the First Bank Stock Corporation, lists deposits as of September 30, 1932, as \$1,388,830.

M. E. KALTON, cashier Security State Bank, Wells, Minn.—“We feel especially fortunate here at Wells and believe business in southern Minnesota is better than throughout the country as a whole. Business has not been bad for us.”

C. J. OBRECHT, cashier Holstein State Bank, Holstein, Iowa, is a died-in-the-wool baseball fan. He and a few other townspeople took the train to Chicago to attend the World Series.

JULIUS LARSON, director of the State Bank of Clarks Grove, Minn., died last month. He had been ailing since last spring.

FOUND A. McKINNEY, president Cleg-horn State Bank, is at his home helping his wife give the house the once over before cold weather sets in.

CHAS. W. LOGAN, president First Trust & Savings Bank, Movilla, Iowa, feels confidence has been greatly restored in his territory. It is evident people feel his bank has stood the test for during the month of September, deposits increased \$30,000.

CARL J. ODEGARD, for the past thirteen years assistant vice president of the First National Bank & Trust Company, Watertown, S. Dak., has accepted a position with the Northwestern Bank at Madison, S. Dak., as cashier. He succeeds George Schumacher, who has returned to the examining force of the

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

Northwestern Banker November 1932

Northwest Bancorporation. Both banks are affiliated with the Bancorporation.

R. HINMAN, president First National Bank, Primghar, Iowa, says, "We can't complain about our corn crop this

year, as it will average about forty bushels to the acre, but what we need is price."

THE Central Trust & Savings Bank, Cherokee, Iowa, of which A. W. Jones is president, has just finished remodeling

the exterior of its bank building. The old brick has been replaced with white stone on the lower part of the building and mat brick on the upper part.

J. L. LAFOON, cashier Commercial State Savings Bank, Sioux City, Iowa, believes it is not any political organization that has put the farmer in the position he is in today, but really as much the farmer's own fault as anything else. He says the basic reason for the farmers' ills is the price to which they helped push farm lands themselves. As an illustration of this the president of his bank recently examined an abstract where a 400 acre farm changed hands as follows:

In 1912 the farm sold for \$26,400

In 1914 the farm sold for 44,000

In 1918 the farm sold for 58,000

In 1920 the farm sold for 70,000

In 1932 the farm sold for 20,000

The farmer should have known there wasn't any logical reason for these increases and it has helped to put him in the position he is in today.

K. O. THAYER, cashier of the Fifth Northwestern Bank, Minneapolis, Minn., is quite busy these days. He is serving as manager of District 35 for the Community Fund.

FOR YOUR BULLETIN BOARD

Both men and money are at their best when busy

Oppose Banking Unification

Unification of commercial banking operations by extending further the scope of the Federal Reserve System among state banks, rather than by doing away with the state banking systems and forcing all commercial banks under Federal charter as proposed at Washington, is advocated by the Economic Policy Commission of the American Bankers Association in a recent report. It points out that the ratio of commercial banking activities conducted by members of the system comprising both state and national banks, has risen in recent years to nearly 80 per cent of the total volume, while the percentage of non-members has decreased.

Improvement in banking conditions, it declares, can be attained without sacrificing "the dual banking system of optional state and national charters which, in the banking field, stands as just as great a defense against undue central government control over the financial liberties of our people as the dual system of state and federal government jurisdictions represents in respect to their political liberties." The report says in part:

"It is the theory of proposals for unification that a single, unified system for



"Only \$3 for all this?"

You'll be surprised, too, when you see how much luxury and convenience you can enjoy at the Hotel Lexington for as little as \$3 a day.

And here's another fact that'll make your expense account beam with gratitude—it costs only \$1 a day more for two persons at the Lexington. A room which is \$3 for one, for instance, is only \$4 for two persons.

HOTEL LEXINGTON

In Grand Central Zone, Lexington Ave. at 48th Street

NEW YORK CITY

CHARLES E. ROCHESTER, General Manager

COMING TO CHICAGO?

Chicago's most interesting hotel offers you unequalled luxury at low rates. In the heart of Chicago's Rialto with its brilliant night life. Close to stores, offices and railroad stations.

UNEQUALLED CONVENIENT
LOCATION

and

YOU CAN DRIVE YOUR CAR RIGHT
INTO HOTEL SHERMAN GARAGE

HOME of the COLLEGE INN

Chicago's Brightest Spot



HOTEL SHERMAN

Northwestern Banker November 1932

the country as a whole under federal government supervision would make for better supervision, a more compact and better coordinated banking structure, a nationally higher standard of management for all banks and a credit mechanism that would be subject to greater control in the national interest. While we are wholly in sympathy with the basic purposes of this argument, we believe they can be attained under the present dual system of state and national charters, that this dual system has additional virtues in itself, and particularly along the lines of maintaining local financial independence and credit sympathies free from the domination of over-centralized federal government, and that the dual system should be strengthened rather than destroyed.

“Material enlargement of the sphere of the Federal Reserve System is particularly favored by the reduction of the banking picture to its present dimensions and character. In 1921, 65 per cent of all banks in the commercial field were not Federal Reserve members. The great bulk, however, of the activities in that field were within the system since members represented 71 per cent of the deposits and loans and investments. This extensive unification existing even then has been carried further by subsequent developments. In June, 1931, the ratio of outside banks had fallen to 62 per cent, while 75 per cent of the commercial banking capital funds were in the system, 79 per cent of the deposits and 78 per cent of the loans and investments. This is a distinct move in the right direction. The changes this has involved have promoted unity in the operating aspects of our commercial banking system embracing both state and national banks, without abrogating their respective charter rights or nullifying the advantages of our dual system.

“With these developments pointing the way, the end to be sought is not destruction of the dual banking system, but promotion to the utmost of further developments along the lines indicated. As a condition developed in which the greater portion of banks were of a size and character to qualify them for membership in the Federal Reserve System, and as the system by its demonstrated advantages of membership extended its scope, we would approach in the dual system itself, without sacrificing its own peculiar virtues, all the virtues claimed for a unified system.

“It is true the Federal Reserve System's record has in no sense shown it to be a panacea for banking difficulties or an impregnable defense against depression. Many banks have failed within the system as well as outside. However, the record for the banks in the system was materially better than for those outside. Moreover, although the facts in-

dicating that greater strength is to be desired for banks both inside and outside, it is our conviction that the system constitutes the most promising instrumentality for building up the kind of banking structure that is to be desired. We are in favor, therefore, of a broadening unity in the functioning of our commercial banks both state and national, along sound, coordinated lines under the leadership of an ever-improving Federal Reserve System.”

Merchandising

Wholesale trade in the seventh district expanded in September considerably

more than seasonally in all reporting groups except drugs where the gain of 4 per cent over August was the same as in the 1923-31 average for the period. The increase in grocery sales of 9 per cent this September compared with only 4 per cent in the average, that of 15 per cent in hardware with 9 per cent, the 37 per cent gain in dry goods with 17 per cent, 16½ per cent in shoes with 5 per cent, and 9 per cent in electrical supplies with 3 per cent in the average. Further reductions in the size of the declines from a year ago were recorded in all lines but drugs. Sales in the first three-quarters of 1932 totaled 21 per cent

60 YEARS SUCCESSFUL OPERATION

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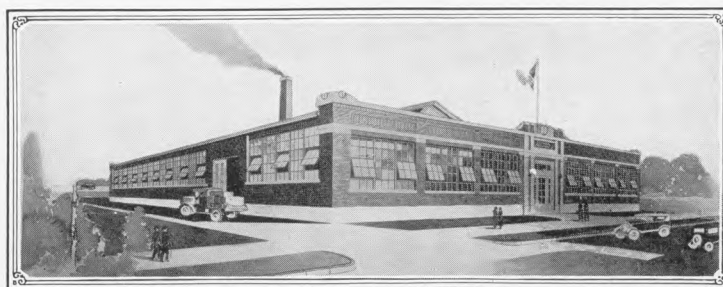
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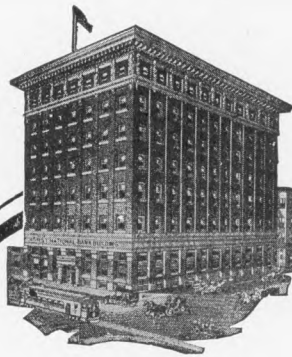
Des Moines



Founded by

GEORGE H. RAGSDALE

EDWIN G. RAGSDALE
SECRETARY



Leadership

Whatever may be your needs, the friendly cooperative service of the First National may be depended upon to provide complete satisfaction.

It is because of this complete service that the First National Bank has been able to maintain its leadership in this territory.

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Assistant Cashier
R. E. Wiley
Assistant Cashier



FIRST NATIONAL BANK

MASON CITY, IOWA



Affiliated With Northwest Bancorporation

smaller for groceries than in the same period of 1931; hardware sales were 27 per cent less, dry goods 32 per cent, drugs 22 per cent, shoes 40 per cent, and electrical supplies 43 per cent smaller. Prices for the most part remained steady or showed a further tendency to strengthen.

A Step Toward Prosperity

In a recent address, John Hays Hammond urged the rehabilitation of silver as a step toward the restoration of prosperity.

He pointed out that one of the major causes of world depression has been the appreciation of gold in gold-standard countries, and the depreciation of silver in silver-standard countries. The drop of silver from 60 to 30 cents an ounce has reduced by half the wealth and purchasing power of millions of people. Silver has long been the poor man's gold—and in what Mr. Hammond calls the "backward" countries, silver alone is accepted as a medium of exchange.

There is not gold enough to keep the commerce of the world in motion. In addition, the supply of gold from the Rand, which has supplied half the world's needs for three decades, is expected to decline materially. No potentially important gold fields are known to exist. A practical solution is rehabilitation of silver so that it may take its old place in the machinery of finance and commerce.

School Savings Demonstrates Power

A nation-wide demonstration of the power of school savings to aid families of small means in distress from the depression is presented in the annual report on school savings systems issued by the savings division, American Bankers Association, denoting that during the year ending June 30, 1932, almost \$3,000,000 accumulated in previous years was withdrawn from this type of "rainy day" deposits to meet pressing needs.

"Sarah must draw her money from the bank,—not one of the family can get work, and Sarah needs shoes," wrote the mother of a school savings depositor to the school principal, the report quotes as typical of the reason generally assigned by many parents for withdrawals by their children.

The report also brings out the attitude of bankers toward school savings by quoting the officer of a bank with \$300,000 in 31,000 children's accounts as saying: "The vast good school savings banking has done to impress on our children habits of thrift is too obvious for comment. School saving must go on. During the last three years—certainly the most trying in our history—school savings have met the test and they will con-

tinue to do so. They have helped to pay rent, buy food, clothing and medicine; and I learned of a case where savings of this kind kept the schools open through the purchase of tax anticipation warrants. Our major business enterprises have learned that a financial reserve is necessary for uninterrupted progress. When our average citizen does the same, business in America will be on a much sounder footing. Our only hope for changing conditions is through financial education and this must be provided by the public school system. The 31,000 contacts our bank had with juvenile depositors cost about \$1,500 per year beyond the amount earned on these deposits—yet this bank would not abandon school savings under any circumstances to save the relatively small loss in operating it."

A colored man injured in a motor accident died and the insurance adjuster went to investigate.

"Did Washington P. Johnson live here?" he asked the weeping woman who opened the door.

"Yassah," she replied between sobs.

"I want to see the remains."

With a new sense of importance the dusky widow drew herself erect and answered proudly, "I'm de remains."—*Catholic News*.

What a Blow!

WANTED.—Man who has had experience on Bread or Milk Route, or Selling Insurance. Box H. G. Care, Hour.—*Norwalk Hour*.

"Just," sobs Joe Smith, the insurance demon, "when we thought we had a profession!"

A Distinction

Passerby (running into house after hearing screams): "If you don't quit beating your child, I'll call the police."

Man's Voice from Within: "This ain't no child. It's my wife."

Passerby: "Oh, pardon me. I'm so sorry I intruded."—*S. C. Wampus*.

A Spring Pun

"How did he get so many children?"

"Offspring fever,"—*Penn. State Froth*.

PUBLISHER'S STATEMENT

Statement of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of the NORTHWESTERN BANKER, published monthly, at Des Moines, Iowa, for October 1, 1932.

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3. That the known bondholders, mortgagees and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

HENRY H. HAYNES, Editor.

Sworn to and subscribed before me this 30th day of September, 1932.

EARL S. LINN, Notary Public.

(SEAL)

(My commission expires July 4, 1933.)

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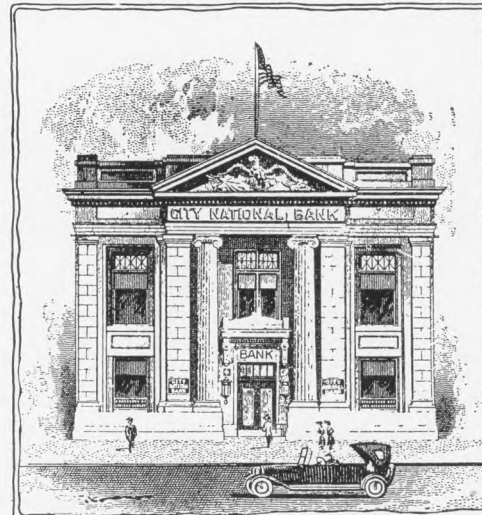
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Auditor

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Ability

The ability of the officers and directors of the City National Bank to satisfactorily care for the needs of their correspondent customers has been a major factor in keeping and holding these accounts over a long period of time.

Those who direct the policies of the City National represent experience in all lines of endeavor--men who have been successful in their own business.

May we be of service to you?

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CLINTON, IOWA

Assets Over \$9,000,000.00

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Index To Advertisers

A	G	N
Bankers Trust Co..... 47	General Motors Acceptance Corp.... 27	Northern Trust Company..... 38
Carleton D. Beh Co..... 24	The Gerlach-Barklow Co..... 35	Northwest Bancorporation 55
Black Hawk Hotels Corp..... 43	Guaranty Trust Company..... 29	Northwestern National Life Ins. Co. 33
C	H	O
Central National Bank & Trust Co... 49	Hotel Francis Drake..... 34	Omaha National Bank..... 46
Chase National Bank..... 23	Hotel Lexington 50	
City National Bank, Clinton..... 53	Hotel Sherman 50	
City National Bank & Trust Co..... 21		
Continental Ill. Bank & Trust Co... 6		
D	I	P
Davenport Bank & Trust Co..... 44	Iowa Bond Corp..... 28	Philadelphia National Bank..... 42
Distributors Group 45	Iowa-Des Moines Natl. Bank & Trust 56	Polk-Peterson Corp. 26
Drovers National Bank..... 40	Iowa Lithographing Co..... 51	Priester, Quail & Cundy Inc..... 28
E	L	R
Employers Mutual Casualty Co..... 32	Live Stock National Bank, Omaha... 39	Royal Union Life Insurance Co..... 30
	Live Stock National Bank, Sioux City 36	
F	M	S
First National Bank, Chicago..... 7	Merchants National Bank..... 2	Stock Yards National Bank..... 22
First National Bank, Mason City.... 52	Louis J. Muehle & Co..... 35	
First National Bank, Sioux City.... 48		
The Fisher Company..... 51		

THE NORTHWESTERN BANKER AND THE TERRITORY IT COVERS

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Official Publication of
THE SOUTH DAKOTA BANKERS ASSOCIATION
THE IOWA FARM MORTGAGE ASSOCIATION
THE IOWA INVESTMENT BANKERS ASSOCIATION



What the public should know about the Loan Policies of well operated banks

*Text of recent advertisement of Northwest Bancorporation
Banks, designed to bring about a clearer understanding and
closer relationship between the banks and their customers*

SOUND and proved policies must be the guiding influence in the management of every successful business enterprise. This is especially true of banking institutions, which are charged with the responsibility of handling money belonging to their depositors.

In abnormal times such as have existed for several years, it becomes "fashionable" to criticize. Banks usually come in for their share of criticism, some of which may be deserved but a great deal of which is due to lack of public understanding as to the real function of a bank. Let us understand that the primary function of a bank is to receive deposits and pay them out upon the order of the depositors. With money left on deposit, loans are extended and investments made.

This bank is just as anxious to loan money as customers are to borrow it. In fact, that is our most important way of making money. But it is the business of the bank to see that these loans are wisely made.

A one-way loan, with only the extension of credit considered and no provision made for a system of repayments over a period of time, is just as bad for the business to which it is made as it is for the bank which makes it. Neither is it fair to the depositors of the bank, who have every right to be sure that their money is amply protected, and who also have the right to demand it without notice.

Bank credit is basically short-term financing with a definite plan of repayment in view. A bank cannot provide capital to permit the establishment of a business. It cannot take the risks with the money on deposit that a business takes with its invested capital. A bank must make only the kind of loans that can be paid promptly.

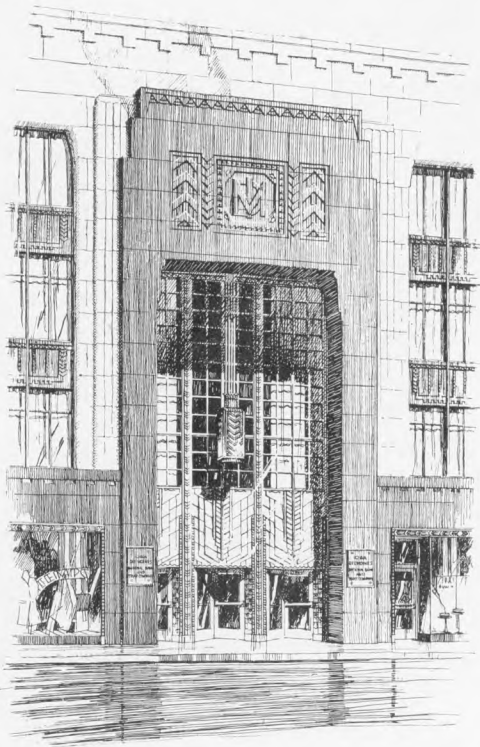
*An account with us, established and
maintained in proper volume, is a basis
for loan consideration at a later date.*

NORTHWEST BANCORPORATION

MINNEAPOLIS, MINNESOTA

BancNorthwest Company—Investment Securities





Department of Banks
and Bankers

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Vice President

CLARENCE A. DIEHL
Vice President

Growing ...through Service

FIFTY-SEVEN years of sound and conservative management.

- Strict and continued adherence to sound banking principles.
- Ability and willingness to lend money for constructive business purposes in periods of retrenchment, as well as prosperity.
- Substantially improved facilities in our transit and other departments serving correspondent banks.

These are but a few of the reasons why one out of every three Iowa banks keeps its account here . . . and for the continued growth which has made this — Iowa's Largest Bank.

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