

Northwestern BANKER

DES MOINES

January, 1933

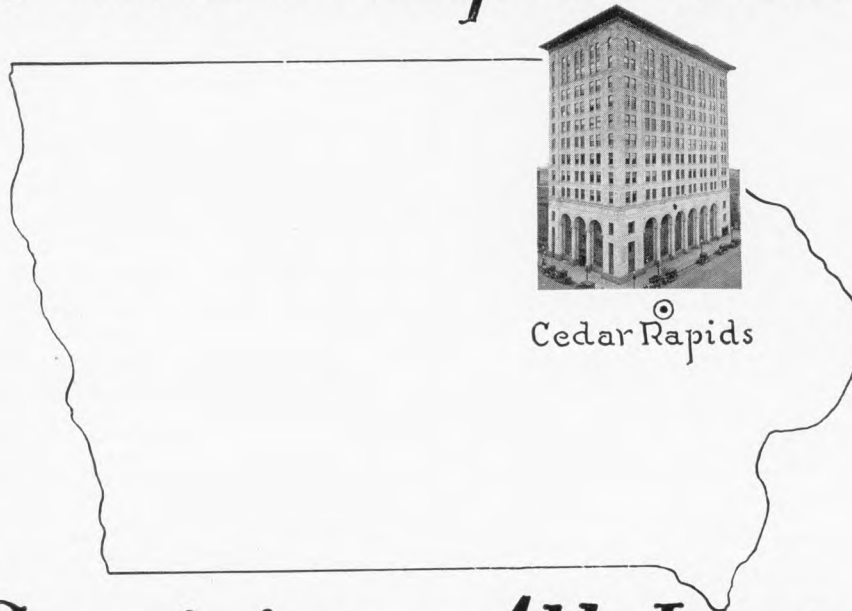
THE FINANCIAL BUILDING
AT THE WORLD'S FAIR

(See page 22)



When you go to the Century of Progress
this year in Chicago, the Banking and
Finance Building will look like this.

A Cedar Rapids Bank



Servicing All Iowa

From 1881 to 1933

During more than half a century of changing economic conditions including expansions, contractions, declines and recoveries, this bank has constantly kept its finger on the pulse of the correspondent banking business in this territory.

Our correspondents have at their command our experience and knowledge gained through these many years of service to them.

MERCHANTS NATIONAL BANK

OFFICERS

President, James E. Hamilton; Vice Presidents, H. N. Boyson, S. E. Coquillette, Van Vechten Shaffer, Roy C. Folsom, Marvin R. Selden; Vice President and Cashier, Mark J. Myers; Vice President and Trust Officer, George F. Miller; Assistant Cashiers, Fred W. Smith, R. W. Manatt, L. W. Broulik, Peter Bailey, R. D. Brown, and O. A. Kearney.

Cedar Rapids

Iowa

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 546

JANUARY, 1933

38th Year

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INVESTMENT FACTS FOUND IN A CROWD

Concerning this crowd—as a crowd—insurance actuaries can make predictions. About 11 out of 100,000 people will commit suicide each year, for example. Which ones? No one knows. Out of every 100,000 business firms, approximately 1,000 will fail each year. Investment experts of insurance companies know this. To both problems one simple safeguard is applied—diversification under trained supervision. This, in its simplest terms is the method of the composite security.

North American TRUST SHARES

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

MAXIMUM CUMULATION TYPE
(As of August 15, 1932)

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
National Biscuit Company	200
General Foods Corporation	100
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
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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	215
Pacific Gas & Electric Company	200
Public Service Corporation of New Jersey	100
The United Gas Improvement Company	300

The deposited stocks in each unit of NORTH AMERICAN TRUST SHARES, 1956 (Maximum Distribution Type) consisted on August 15, 1932, of 1/25th of the number of shares of the common stocks listed above excepting in the case of The North American Company. Stock dividends are not retained in the distribution type trust.

THE COMPOSITE SECURITY IDEA

An Actuarial Approach to Security

THE composite security is a recent phenomenon. Yet already, according to latest estimates, approximately one million investors own composite securities of the so-called "fixed" trust type.

It is to be wondered whether the significance of the composite security idea has been overlooked amid discussion of specific composite securities.

Distributors Group, Incorporated, owned by a nationwide group of investment houses and banks, is the largest creator and distributor of composite securities in the world today. It offers the following as the sound principles of such securities:

- 1 No single security is as strong or as safe as a broadly diversified group of equally sound securities.
- 2 Diversification sufficiently broad to provide fully adequate protection is not merely a matter of numbers but of judicious selection as well.
- 3 Once selection has been completed some provision must be made for meeting the broader changes in our economic life—but such provisions should not be so flexible as to encourage a temptation to abandon sound policies in the face of temporary crisis.
- 4 The investor should have actual ownership in the securities which comprise the composite security and full privilege of liquidating his interest in them at any time for any reason.

These are the principles underlying NORTH AMERICAN TRUST SHARES 1955 and 1956, largest of all unit type trusts. The investor who purchases these shares obtains actual equitable ownership in common stocks of 34 great corporations. The market value of all the outstanding common shares of these 34 companies equals approximately half the market value of all the common stocks listed on the New York Stock Exchange. Eliminations from the portfolio may be made at any time but only for long-term investment reasons and solely for the purpose of maintaining the quality of the investment. No substitutions are permitted. The investor knows at all times in which stocks his money is invested. Full details concerning the structure and provisions of NORTH AMERICAN TRUST SHARES 1955 and 1956 are available. Of special interest to bankers is a booklet called "Building a Portfolio." Copies will be sent free on request.

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

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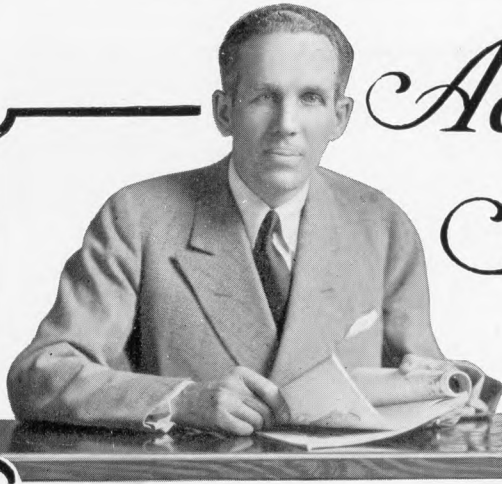
BOSTON

PITTSBURGH

PHILADELPHIA

LOS ANGELES

NEW ORLEANS



Across the Desk From the Publisher

By Clifford DePuy

Let's Stand by Our Monetary Standard

I am convinced that with all the arguments for and against the gold standard, and for and against inflation, that most every American citizen is very glad that the United States is still on the gold standard.

While everyone is desirous of having commodity prices increased it is doubtful if lasting and beneficial results would accrue if we attempted to accomplish this purpose through an inflation of our currency.

The printing presses of Germany couldn't print marks fast enough to save that nation, and neither can the printing presses of this, or any other country bring about an economic rejuvenation of business unless there is a real value back of the currency issued.

In the last bulletin issued by the Midland Bank of London, it points out that "The value of the pound in terms of gold is far less important than its value in terms of goods." This may be quite true, but it applies especially to the exchange of goods within their own country, because when contracts are made with other countries by England some definite term of measurement must be applied, and when the gold standard is the basis for measuring, then a definite plan can be relied upon. If we are going to measure the pound or the dollar in terms of value of goods, we then come to the proposition of how are we to measure the value of those goods.

It is for this reason that I believe the United States will gain tremendously in the long run if it continues to stay on the gold standard. One economist has expressed it this way: "Undoubtedly this is a method by which the government could greatly alter economic relationships, but not

with the result of bringing them into balance. On the contrary, changes in the monetary standard would introduce a new element of disorder and throw all relationships into greater chaos, a fact illustrated in the flight of capital out of productive uses which has taken place in countries whose money has depreciated, or where the depreciation of the money has even been suggested. It may be considered that this is the end which is reached when people evade or deny their problems, refuse to cooperate and readjust their relationships, and mistakenly throw all the burdens on the government and eventually on the monetary system."

When we consider, as this writer has pointed out, that changes in the monetary standard would simply cause greater chaos, I am convinced that we should continue to stand by our present monetary standard.

Shortening the Gap

I believe one of the main reasons which is motivating against improved economic conditions is the widespread gap between the cost of production and the ultimate price of finished goods.

In spite of the low prices of farm products and raw materials the cost of living, as reported by the United States Bureau of Labor, is still more than 35% above the 1913 level. As one authority points out, "Apparently the high costs are in fabrication, construction and transportation. A lessening of the gap between primary products and finished goods, which is the main cause of present economic conditions, will be of great benefit."

The quicker this gap between raw materials and the cost of finished products is brought closer together, just that much quicker will we have a substantial improvement in our economic scheme of things.

Armament Versus Debt Payment to U.S.

Whenever the question of whether any European Government should pay the United States the money due on a recognized obligation, I am always interested in learning just what percentage of their income they are spending for armament.

Frankly, I have little patience with a country which wishes to evade its payments to the United States and is at the same time spending a vast amount of its annual budget for its army and navy.

At the present time, the figures for Great Britain, France and Italy, comparing their debt payments to the United States with their budget for armaments are as follows:

	Debt Payments to U. S.	Budget for Armament
Great Britain.....	4.1% of budget	13.6% of budget
France	2 % of budget	27.4% of budget
Italy	1.4% of budget	33.1% of budget

I do not become very sympathetic with France when they want to avoid paying us, only 2 per cent of their budget, being an amount already agreed to by covenant, while at the same time 27.4 per cent of the budget of France is going for armament.

Any reduction on our part of the amount due us should at the same time be made contingent upon their reducing their appropriation for warfare purposes.

Opposition to Allotment Plan

As more and more consideration is being given to the farm allotment plan, increased disapproval of this program is also gaining ground, based on the fact that American consumers would have to pay the costs which would amount to \$750,000,000 a year, or almost twice as much as the 2¼% manufacturer's sales tax advocated by President Hoover, which tax, it was anticipated, would yield \$355,000,000 a year, but which would exempt food and clothing.

Opponents to the allotment plan claim that it would simply transfer buying power from the city to the country.

As the Jones Bill now stands, which is pending in the House of Representatives, it provides for levies as follows: Wheat, 42c a bushel; cotton, 5c a pound; tobacco, 4c a pound and hogs, 2c a pound. These excises would be collected from millers, textile manufacturers, tobacco manufacturers and packers.

Each levy is equal to the tariff on the commodity. Some of the other objections to the allotment

plan are that the tax is of gigantic size and furthermore that it embraces a tax on food and clothing, and third, that if the allotment principle is adopted for two or three commodities, as an emergency measure, it is likely to be extended to other commodities or even to industries which are non-agricultural.

Granting that all of these arguments are more or less true, I am of the personal opinion that it is about time for the farmers to enjoy whatever benefit may be derived from increased purchasing power on their part as a result of the allotment plan.

Of one thing we are sure, and that is that all other plans so far have seemed to fail, and if this one will help to brighten up the farm picture, I am convinced that aside from the financial benefit to agriculture, that the psychological benefit to the entire country will be more than worth while and offset whatever tax may have to be paid by the consuming public.

However, the bill has not become a law and it may not be placed on our statute books during this present session of congress.

63% Believe Business Has Reached Its Low

In a recent survey made by an organization of industrial counsellors, they found that 63 per cent of the executives of corporations throughout the country believed that a normal prosperity is on the way and that business has reached its low or its definitely on the upturn.

To know that we have definitely touched bottom is at least an encouragement of the constructive kind and let us hope that each month during 1933 will bring increased signs of better times and improved conditions.

Postal Savings Hoardings

At a recent meeting of the executive council of the South Dakota Bankers Association they went on record as opposing the type of hoarding which is now going on with depositors who use the postal savings department.

The council voted unanimously to recommend that Congress reduce the amount of deposits available to any one individual to \$1,500, and that the government pay no interest on such deposits, and that postal savings funds be deposited in banks, interest not to exceed one per cent.

It is the belief of the council that the postal savings departments are working both to the detriment of banks and the public.



MAID OF THE MIST

MAID OF THE MIST

Reproduced from the original pastel painting by Haskell Coffin. Mr. Coffin is recognized as one of the leading painters of this type of picture, and is often called upon to serve as one of the judges at Beauty Contests at Atlantic City and Galveston.

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inquiries have come from all parts of the country, including Canada, and delegations from many towns and cities have journeyed to Hawarden to obtain information on

How the "Scrip" Plan Works in Iowa

WITH its sponsors having seen their pictures on the front page of one of Iowa's leading newspapers, and with a Yale professor making a special trip of investigation to Iowa, the "scrip" plan, inaugurated a short time ago in Hawarden, Iowa, has aroused country-wide interest. While the professor from Yale was high in his praise of the idea, the business men of Hawarden are coming to look at the plan as just another way to try to lift themselves by their boot-straps. Their opinions concerning the merits of the plan are far from unanimous.

The "promoter" of the plan called on the merchants in their places of business and obtained the signatures of a majority of them to an agreement in which they agreed to accept the "scrip" in payment of merchandise. The plan was then presented to the city council and the city decided to issue the "scrip" and agreed that it would be accepted in payment of light or water bills at the city-owned light and water plants.

One Dollar Each

The "scrip" or certificates are issued in denominations of one dollar and in size resemble the old form of currency. The face of the certificate provides that it will be redeemed on presentation to the city of Hawarden for one dollar when 36 three-cent stamps have been attached. The reverse side is marked off into 36 squares for the attaching of the stamps. The city prints the stamps and sells them to the merchants, who, when the certificates are presented to them in payment of merchandise, attach a three-cent stamp to each certificate so tendered, and give 97 cents in merchandise to the purchaser for each certificate. When the merchant or any succeeding holder uses the certificate he must attach a stamp also.

The redemption of the certificates is assured for the reason that the funds received from the sale of the stamps are deposited in a special account by the city, and when the entire issue has been presented for redemption the city will have collected \$1.08 for each certificate issued. The extra 8 cents has been more than sufficient to pay the cost of printing the certificates and the stamps.

The "scrip" was originally issued in payment of labor on the city streets, unemployed heads of families being hired

and being paid 20 cents per hour for eight hours, \$1.00 in "scrip" and 60 cents in cash being paid. The city planned to issue \$300, and this amount has now been issued.

The "scrip" passes about as follows in actual practice: It is first handed to the laborer by the city and he passes it to one of the local merchants and receives 97 cents' worth of merchandise, the merchant attaching a 3-cent stamp. The store owner cannot use it to replace the goods which he has sold and cannot pass it to the farmer whose produce he purchases, and as a consequence the grocer passes it to the meat market. From there it passes to the clothing merchant, then to the coal dealer and back to the grocer who starts it out on the same round again. The result is, for all practical purposes, that the city issues a certificate which is worth 8 cents less than nothing and the merchants among themselves purchase 35 of the 36 stamps at 3 cents each, in order to make it worth \$1.00. The burden on the merchants probably will be lessened to some slight extent for the reason that once each month the certificate likely will be handed to the city in payment of light and water bills and in turn passed on to city employes and laborers. But the great part of the burden will fall on the merchants who had hoped that the scheme might be of benefit to them.

Has Missed the Mark

If the "scrip" was issued as a relief measure, it appears that the burden has been placed upon the merchant instead of the taxpayer. It is true that the "scrip" when originally issued did create \$300 in relief work and helped the general situation to that extent, but its further use has done practically nothing to create more work and it must be borne in mind that it will require sales to \$10,800 to retire the issue.

If the "scrip" was issued in the hopes that it would stimulate business it seems to have missed its mark inasmuch as there is no incentive to get rid of the "scrip." The holder pays no tax until he spends it and as consequence is inclined to hold it for the payment of some bill such as his light and water bill at the end of the month. There doesn't seem to be any wide enthusiasm among the merchants for the plan. The chain stores do not accept it. Some of the independent merchants in competing lines feel that it has furnished them some sales which they would not have received otherwise. This item is of little importance for the reason that the independent merchants, as is the case in most small towns, do not patronize the chain stores except to a small extent and after the "scrip" has passed from the laborer it is chiefly used by the merchants to swap among themselves. It is also true that the bulk of the "scrip" finds its way to the cash registers of the merchants who deal in the necessities of life. A recent checkup was made, and \$210 of the \$300 issue was located in the hands of 10 merchants. Its sponsors state that at least 25 per cent of the issue has been disposed of to delegations from outside towns who have visited Hawarden and to others who have purchased it by mail, so that it is likely that 90 per cent of the amount still in circulation was in the hands of these 10 merchants when the checkup was made.

A Limit

There is also a definite limit to the amount of a merchant's sales for which "scrip" can be accepted. In the case of the grocer whose gross profit probably does not exceed 25 per cent he cannot use it to replace goods on his shelves. As a consequence if more than 25 per cent of his sales were paid for in "scrip" he would either have to refuse to accept any fur-

A RESIDENT of Hawarden says: — "Few of our citizens are outspoken against the plan, although we know that some of the merchants who accept "scrip" at their stores are not in favor of it. They feel that it is virtually a sales tax, paid by the merchants, but they accept it because they do not want to be singled out as "pikers". The banks do not accept the scrip."

ther amounts or would have to hold it for a later date, and draw on his real money balance to replace the goods. But in practice he cannot accept 25 per cent or half this percentage of his sales in "scrip." The owners of the business buildings do not accept it in payment of rent. He cannot use it to pay taxes or his telephone bill. He cannot use it to pay the rent on his home and for the same reason his clerks cannot accept more than a small portion of their wages in it.

It looks now like many of the merchants accepted the plan without giving

much thought as to who would foot the bill and without much thought of the difficulties they would have in disposing of it. As it is generally used the merchants themselves are buying most of the stamps.

Neither of the two banks in Hawarden accept the "scrip" in any transactions. It would be practically impossible for them to do so, as their customers would not accept it in change and the whole issue would probably be deposited each day. In consequence of the banks' refusal to accept the "scrip" it has had no effect on the banking business.

NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

HAPPY NEW YEAR AND I DON'T MEAN MAYBE!

There are still more things to make us happy than unhappy if we will only think about them.

The trouble is, we allow the twin demons, fear and worry, to take all of our time and thought and consequently, we never seem to have any time to be happy—or at least as much time as we should for a cheerful smile and a kindly word.

GEORGE A. STARRING, Executive Manager of the South Dakota Bankers Association, announces that at the annual winter meeting of the executive council, they voted to discontinue the publication of the "SUNSHINE BANKER" and that the association is to be kept informed through mimeographed bulletins and special printed material when a case may require it.

State Bankers Associations have just as much business in the publishing business as they have in the manufacturing of adding machines or typewriters and they have no business in either.

IHAVE been receiving a series of anonymous letters postmarked Chicago, which have been saying things and implying things about the A. B. A. Headquarters in New York.

It seems to me that the author should make himself known and present his story to the Executive Council where his statements could either be proven or disproven, and the whole matter settled once and for all.

THE Chicago Financial Advertisers Association celebrated MILWAUKEE DAY at their meeting last month, and invited the prominent bankers from the big Beer City to enjoy the festivities.

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At the evening program, which was held at the Medinah Athletic Club, a burlesque radio program was part of the entertainment, and WILLIAM H. MAAS, vice president of the DE PUY PUBLICATIONS, impersonated the Family Banker, which is the NORTHERN TRUST COMPANY'S Friday night radio speaker.

After giving a recitation of the bank's accomplishments in more or less a burlesque style, Mr. Maas referred to the bank's heavy fan mail and said, "It is so heavy we have had to place three high-powered vice-presidents in charge of answering it. Let me give you just a few samples:

Great Lakes Training Station.

"Dear Family Banker:

If you were an officer in the navy, as I am, and had cut your hand badly in opening a bottle of wine, how would you report it to your superior officer?

(Signed) Lieutenant All Cut Up.

"We replied:

Dear Lieutenant All Cut Up: Your problem is simple. Merely report to your superior officer: Serious accident to man-of-war in attempting to get into port. Hyde Park.

"Dear Family Banker:

Recently I had a very bad attack of kleptomania, which was followed by no end of trouble. What would you advise.

(Signed) Betty Larceny.

"Dear Betty Larceny: The next time you have an attack of kleptomania I would advise you to take things quietly and you won't have so much trouble.

Rogers Park.

"Dear Family Banker:

I suffer from pink tooth brush. What should I do?

(Signed) Fal-Set-O.

"Dear Fal-Set-O: If you suffer from pink tooth brush, why don't you get a green one?

Evanston, Ill.

"Dear Family Banker:

My feet burn every day. Do you think a mustard bath would help?

(Signed) Sorefooties.

"Dear Sorefooties: By all means take a mustard bath. There is nothing better than mustard for hot dogs.

Gary, Ind.

"Dear Family Banker:

I read today that a young man threw his cousin out of the window. What do you make of that?

(Signed) Worried Parent.

"Dear Worried Parent: I would say that's a case where youth has had its fling."

A. S. LUND, who is helping with the liquidating of the First National Bank of Adams, Minnesota, sends me the following story about a bull—perhaps it is the same one that we have seen in the tobacco advertisements, I do not know. Anyway, here is the story:

"A newly appointed rural manager of a Loan Agency was instructed by the head office to report on a past due note secured by a chattel mortgage on a pure bred bull and to ascertain whether the animal was in good condition and if any additional security should be taken. The promisor turned out to be very cantankerous and the manager was chased off the place by the angry bull. He wired his report to the head office as follows:

"Loan slow but bull fast. Counted two dogs and a shotgun not included in our mortgage."

FREDERICK R. JONES, Vice President of the First National Bank of Sioux City, and President of the Ida County State Bank at Ida Grove, and the Holstein State Bank at Holstein, reports a very good record for these institutions for the past year.

HARRY B. CARSON, secretary of the Mill Owners Mutual Fire Insurance Company of Iowa, returned recently from a business trip to Canada, and brought back to me an editorial in "The Mail and Empire", a daily paper of Toronto, on the subject of "U. S. Cannot Collect Debts Without Ruining Itself."

In this editorial it said, "The debts cannot be paid in gold because, with interest, they will amount to twenty billion dollars and there is only eight billion dollars of gold in the world outside of the United States treasury. The debts cannot be paid in the domestic currencies of the various debtor countries because the United States does not want French francs or any other continental coinages.

(Turn to page 18, please)



This window display of tailor made clothes tells its own story of how the First National Bank of Council Bluffs cooperates with the business firms of that city.

Windows that Win Customers

How two banks in Council Bluffs, Iowa, use their windows to obtain and retain Good-will

WINDOW space that was formerly wasted has been put to work by two Council Bluffs, Iowa, banks, and as practically costless advertising is bringing in dividends today.

Making much of little, the Council Bluffs Savings bank has found its tiny 6½' x 3' x 3½' window which is level with the sidewalk and on the corner of Broadway and Pearl, the two main streets of the city, an unusually valuable advertising medium.

"A bank cannot show some silver and bills and say, 'We deal in money' like a dry-goods store," points out Edwin Spetman, assistant cashier of the bank, who was the first to see the possibilities of the little low window. "It must show some service that it gives or gain attention by showing some service of its customers."

Mr. Spetman has found that displays in motion, or figures which suggest action are the best advertisements and for this reason the window display is usually like a scene from a play. The yard-wide sill of the window forms the stage for dolls, toy automobiles or street cars. One time the tellers of the bank were busy making an encampment of paper tents for an army of tin soldiers.

Easter Display

As an Easter display, a live rabbit and her two babies entertained crowds in front of the bank window all day and evening where a poster gave the bank's advertising message. The toy figures in each display are saved and often used in another scene.

"A strong bank since 1856" is the chief advertising slogan of the Council Bluffs Savings bank and this was particularly stressed last year when the bank cele-

brated its seventy-fifth anniversary. Every month calendars were mailed to the citizens of Council Bluffs which carried pictures of some important event in the history of the city as well as an advertising message of the bank. Newspaper advertising reiterated the message and some related scene was shown in the bank's window. This three-fold advertising was especially effective.

Reasonable Cost

Around the corner from the front window of this bank is a similar one that is used to display thrift or savings messages in various ornamental frames.

An attractive vacation scene, a comfortable looking little house and garden

all in miniature, have been used in the window to demonstrate the value of a savings account. Parts of the display are made by Mr. Spetman or bought at the 10-cent store. The cost of such advertising is practically negligible.

Educational

Emphasizing educational advertising, the First National bank endeavors to change the display in its front window every 10 days or two weeks. Attractive points about the institution itself as well as general thrift or safe savings messages are spread before the public in the eye-level window.

This window, facing on Broadway, is seen repeatedly by thousands of persons. It measures 11 feet long, about three feet



The Council Bluffs Savings Bank has made good use of a small corner window, level with the sidewalk.

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deep, and the background of the display is usually two feet high.

Besides advertising the bank itself, this window is often at the service of customers or prospective customers of the bank and their displays indirectly advertise the bank through the good will acquired and the attention focused on the building. The customers, of course, provide the display and the advertising is then free to the bank.

"We feel that it is particularly valuable to advertise to the high school students who will carry our message into their homes," Karl Kalde, auditor of the First National bank and in charge of the win-

dow, states. "Our windows are always ready to display advertisements of their debate tournaments or plays or trophies they have won and hope to win."

An expensive display of dolls dressed in tailor-made suits was prepared by a national tailoring firm and loaned to a local store. The owner used it for one week and then it was moved to the bank's window where it carried the store's name as local agent for the suits displayed. This particular advertisement was commented on by many of the bank's customers and the quality appeal of the suits was useful to the bank as well as to its good customer, the store owner.

Special holiday displays are always prepared and put in the window at least a week before the date. Last year Mr. Kalde has emphasized the Washington bicentennial celebration in several of his patriotic holiday displays.

A wide window sill, a little time and ingenuity, some bright paint for the posters, and possibly an electric light for use at night are the essentials for profitable window advertising in any bank. The men in charge of the Council Bluffs bank window displays have found the work of making them almost as interesting as the public that sees them.

A New "Bond" Investment Trust

A NEW type of bond investment to be known as North American Bond Trust Certificates will soon be offered to investors throughout the country by leading investment houses and banks in all the principal financial centers of the United States. Created for the purpose of making available diversification in bonds comparable to that obtained by the largest institutional bond buyers, such as insurance companies, this security provides at its inception an ownership in bonds of 200 selected issues. No previous bond trust has attempted to provide so large a portfolio.

Distributors Group, Incorporated, one of the largest distributors of group holdings in the country, is sponsor of the new security. City Bank Farmers Trust Company is trustee.

In announcing North American Bond Trust Certificates, Hugh W. Long, president of Distributors Group, said: "We have had one aim in view—to obtain for investors a high degree of safety of principal and income. Institutional investors have demonstrated that there is only one sound approach to this objective and that is through careful selection, broad diversification, and continuous supervision.

A Year of Research

"North American Bond Trust is the result of more than twelve months of research and investigation during which more than 2,400 separate bond issues were analyzed and several hundred investigated in minute detail.

"Approximately 80 per cent of the issues are secured by mortgage. Corporate issues are for the most part secured by obligations of operating companies. All the issues initially deposited, except equipment trust certificates, are listed or commonly dealt in on the New York Stock Exchange or the New York Curb Ex-

change. As a group the corporations whose bonds are held do business in every state of the United States. Utility bonds include obligations of operating companies doing business in 41 of the 48 states. All the corporations earned their fixed charges during the fiscal or calendar year covered in the latest available published reports."

To be eligible for the portfolio bonds must conform to restrictions fully set forth in the trust indenture and be approved by a research department. In general, bonds must be: (1) Obligations of the United States, Canada and certain provinces of Canada; (2) Bonds guaranteed by these governments; (3) Bonds of corporations organized under the laws of the United States and Canada whose principal business is done in these countries; bonds, unless otherwise provided, must be outstanding in the amount of at least \$5,000,000; corporate bonds are required to show a ratio of earnings to fixed charges over specified periods, computed on the "over-all" basis, which conform to prescribed standards set forth in the trust indenture.

Bonds may be eliminated from the portfolio at any time for any sound long term investment reason, but the decision to eliminate must be concurred in by independent investment counsel selected by the trustee or, in case of disagreement, by the trustee itself.

A Different Type

"North American Bond Trust certificates are a departure from the pattern of the common stock 'fixed' or unit type trust," Mr. Long pointed out. "The principle of the unit type trust is identity of units. In this trust a principle of identity of values has been followed. It is a commingled fund type trust. Bonds need not be selected from any given list

of obligations. It is only necessary that they measure up to standards established in the trust agreement. The depositor may continue to deposit bonds of the 200 issues initially deposited (except that no more than 2 per cent of the principal amount of the deposited bonds may be in issues of any one corporation), or any other bonds which meet the requirements. Sums received from the purchaser of certificates, excepting an initial charge for creation and cost of distribution are invested in additional bonds which become part of the deposited property. Each certificate is therefore at all times equal in value to every other certificate of the same denomination. Where the cost of a bond is not exactly equal to the sum to be invested the cash remainder is also deposited with the trustee and held by it until sufficient for the purchase of additional bonds."

In addition to an initial charge of five points per interest to cover the cost of creation and distribution, which is included in the offering price, provision is made for continuous investment supervision and trustee's fees for the life of the trust through a semi-annual charge at the rate of $\frac{1}{4}$ per cent per annum computed on the daily value of the deposited property.

Change Interest Rate

The member banks of the Cedar Rapids, Iowa, Clearing House Association announce that "Effective January 1, 1933, the rate of interest to be paid on time and savings deposits shall be $2\frac{1}{2}$ per cent per annum on such deposits evidenced by pass books, and 3 per cent per annum on such deposits evidenced by certificates of deposit issued for a period of not less than six months."

What South Dakota Bankers Think of the Check Tax

Results of a survey made by George Starring, Executive Manager of the South Dakota Bankers Association, which offers some interesting facts and figures on how the tax operates in that state

EARLY last September the South Dakota Bankers association mailed a questionnaire to member banks to get their slant on the practical application of the tax on checks. In November the association sent another questionnaire in order to obtain a comparison for the tax collected for the months of July, August and September.

One hundred and eighty-two banks, or 75 per cent of all the banks in the state, sent in their questionnaire blanks to the second survey, and the information supplied by them should give us an excellent cross-section for this state.

Tax Collected

(a) July, \$13,518.31—an average of \$74.22 per bank.

(b) August, \$12,532.95—an average of \$68.86 per bank.

(c) September, \$12,260.25—an average of \$67.47 per bank.

Collection Costs

This question was answered by 153 banks, the total being \$6,295.27, or an average of \$41.14 per bank.

One hundred and thirty-eight banks observed that they had noticed an appreciable closing of accounts, while 32 answered "no" to this question. The number of profitable accounts lost was reported as 2,009, totalling \$401,091.22, an average of \$5,078.37 per bank for the 79 banks which reported on this point. This is an average of \$199.64 per account. Sixty-seven banks reported 2,663 unprofitable accounts closed out, totalling \$126,401, an average of \$1,886 per bank, or \$47 per account.

Check Activity

As to whether banks have noticed a decrease in checking activity, whether by check or non-taxable receipts, 139 banks said "yes" and 24 said "no."

Relation of Items

One hundred and sixty-five banks estimated the average of taxable checks and non-taxable items paid during these three months. The total average of taxable items is 88 per cent and for non-taxable items 12 per cent.

No banks reported the adoption of any special charge to cover the cost of this

work. (In the September survey, we asked the banks to indicate what charges they levied for handling "self-orders." We found that a number of banks were making a charge for this service, but that there was no uniformity.)

Reaction

This question sought the reaction of the banks and their customers relative to the tax on checks as follows:

(a) Is present method satisfactory to customer? 47 yes, 101 no. Is it satisfactory to the bank? 42 yes, 97 no.

(b) Is a stamp tax preferred by the customer? 41 yes, 92 no. Is it preferred by the bank? 58 yes, 79 no.

(c) Is the customer opposed to both the present method and the stamp tax? 24 yes, 4 no. Is the bank opposed to both the present method and the stamp tax? 122 yes, 12 no.

(d) As to the sub-question, "What is suggested as a substitute, bearing in mind

effect, it is our observation that a greater amount went back into hiding than had been there before. We hear more complaint about the 2 cent tax than we ever heard from our service charge."

"THE PRESENT method of tax is possibly satisfactory from customers' standpoint as any but is resented by majority of them. From our viewpoint it would be much better on a stamp tax basis as that relieves the bank of responsibility."

"I BELIEVE it best to leave this check tax alone. The public is getting used to it and it certainly is better than if everyone had to carry a bunch of tax stamps with him."

"THE CHECK tax was directly responsible for a reduction of one employee. Therefore increased unemployment. This reduction covers only half our loss in activity charges. Everybody is reducing use of bank checks to lowest possible number."

"OUR LOSS due to this tax is more than double the amount the government collects."

"THERE IS not much money in the country and if smaller accounts are to be lost because of the tax, it is going to be hard for banks to do any loaning at times when money is needed."

"THE PRESENT method of collecting this tax is an outrage. Tonight, the last day of the month, we will be here until midnight. Then it takes about two more full days to check through all accounts to arrive at balance due the government. At threshing time this fall we witnessed a number who would demand cash, saying they were not going to pay 2 cents for every check. These people used to have good checking accounts. This attitude is cumulative because he will pay his neighbor in cash and then others do the same."

"THERE ARE quite a number of customers not depositing and practically everybody using more cash in making payment of bills, so practically all salary checks in town here are cashed over the counter and if it was not for revenue charge, most of this money would be left on checking account. All grain tickets have been paid in cash."

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"OUR LOSS due to this tax is more than double the amount the government collects", says one South Dakota Banker. Another reports: "Our deposits have declined about \$50,000 since the check tax went into effect".

that some revenue is necessary to balance the budget," we obtained the following: The replies did not differentiate between the customers' reaction and the opinion of the bankers; therefore, we do not know which is which, but we found 54 suggestions for a sales tax, 10 suggestions for a liquor tax, 17 suggestions for reduced governmental costs, 6 suggestions for income tax.

What Some of the Bankers Say

"YOU REMEMBER the drive last winter to get hoarded money into circulation. When the check tax went into

"In comparing the banking systems of Canada and the United States one is immediately struck by some outstanding differences. In Canada all banks operate under federal charter; there are no provincial or state banks (provincial savings offices, operated by some of the provinces, are not banks, and should not be confused with them). The Bank Act of Canada is the charter under which all banks operate, and as this Act is subject to periodical revision by parliament, it is apparent that the people, through parliament, have the power to revise their bank charters from time to time as experience may dictate."

DURING 1931 no fewer than 2,298 banks in the United States suspended payment. Their liabilities to depositors exceeded 1,691 millions of dollars. In the same period 276 banks reopened, with liabilities to depositors amounting to 158 millions. The net suspension was 2,022 banks with liabilities to depositors amounting to 1,533 millions.

In the same period no Canadian bank went into suspension. Indeed, one has to follow Canadian bank history back to 1923 to find the latest instance of a bank failure in that country. Then he will find another gap of nine years—to 1914—a gap which includes the period of the war, without a bank failure.

The contrast provokes inquiry. Have the banks of Canada, particularly during the period of the well-known depression, escaped a financial strain similar to that which has been felt in the United States? Have the Canadian banks enjoyed immunity from failure because of fortunate conditions for which they can take no special credit? Or is the difference in record due mainly to bank structure and banking practice?

An explanation might readily be offered in the suggestion that Canada has suffered less acutely during the world trade and financial crises than has her neighbor. To measure the comparative impact of the depression upon the two countries is perhaps impossible, and at any rate is outside the scope of this article; but the natural resources of Canada and the United States are, in general, so alike, and the methods of production and distribution so nearly identical, that whatever affects one may be assumed to affect the other to a somewhat similar extent.

There are grounds upon which it may be argued that, theoretically, the depression should have fallen more heavily upon Canada than upon the United States.

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ADVANTAGES of the CANADIAN BANKING SYSTEM

By ROBERT J. C. STEAD
*Director of Publicity, Colonization
Department of Canada*

Canada is much more dependent upon external markets for the sale of her products. In 1929 she exported goods and commodities to other countries to the value of \$141 per capita of her population, while exports from the United States amounted to about \$45 per capita.

Canada's greater proportionate dependence upon outside markets and world conditions generally is therefore apparent. Moreover, Canada's exports consist largely of primary products in which the collapse of prices was most complete—wheat, raw minerals, forest products, paper.

It hardly can be contended that the winds of depression were 'specially tempered to the Canadian lamb—lambs neatly and closely shorn, just as in the United States—but rather that the banking structure of Canada stood up under a pressure quite as great as that which existed south of the border, and, by standing up, protected its depositors and the country from any serious collapse.

In comparing the banking systems of Canada and the United States one is immediately struck by some outstanding differences.

In Canada *all* banks operate under

"It is not to be suggested that bank failures are unknown in Canada. Between 1867 and 1923, Canada had twenty-six bank failures. In twenty-four instances the note-holders were paid in full and in thirteen instances the depositors also were paid in full. There has been no default of a Canadian bank note since 1881. The fact that, through the 'note redemption fund,' each bank is indirectly responsible for the notes of all other banks, no doubt discourages destructive tendencies and contributes to the strength of all. No dividend may exceed 8% unless a bank has a reserve equal to at least 30% of its paid-up capital, and rigid inspection by government officers insures strict compliance with the law."

—December "Rotarian"

federal charter; there are no provincial or state banks (provincial savings offices, operated by some of the provinces, are not banks, and should not be confused with them). The Bank Act of Canada is the charter under which all banks operate, and as this act is subject to periodical revision by parliament, it is apparent that the people, through parliament, have the power to revise their bank charters from time to time as experience may dictate.

The Bank Act provides that the capital stock of a bank shall be not less than \$500,000 divided into shares of \$100 each. This amount of stock must be subscribed, at least half of it must be paid up, and the sum of \$250,000 must be deposited with the government before a bank can receive its charter. There are, therefore, no small banks in Canada.

It is also provided that each bank must have at least five directors, that each director must be the owner of stock in his own right on which at least \$3,000 has been paid, that the majority of directors must be British subjects domiciled in Canada, that all officers, clerks, and servants must be bonded, and that all stock carries with it double liability in case the assets of a bank should be insufficient to meet its obligations.

Banks are permitted to issue notes (bills) of the value of five dollars and multiples thereof to an extent not exceeding the amount of unimpaired capital and the amount of gold coin and Dominion notes held for the bank by the Central Gold Reserves. There is provision for a limited expansion of the issue during the period in which the wheat crop is moving to market: All banks are required to contribute a sum, based on their note circulation, to a fund which is available for the redemption of notes of *any* bank which may fail. In 50 years no Canadian bank note has failed to be redeemed at its face value—a fact which does not seem to be known in many parts of the United States, where Canadian bank notes are regarded with an uncertainty bordering upon suspicion.

It has already been said that there are no small banks in Canada, the minimum capital for any bank being at least half a million dollars. The smaller communities, which could not of themselves

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DISADVANTAGES of the CANADIAN BANKING SYSTEM

By CHARLES F. ZIMMERMAN
*President, First National Bank,
Huntington, Pa.*

FOR reasons best known to themselves, some of the leading men in finance and in Congress have been running ahead and beckoning people of the United States towards the most revolutionary change ever made in their system of banking. But if one will note the sources from which this agitation is being fed, perhaps he will better understand why certain men are wishing to overthrow the historic position of the unit bank along with the constitutional right of each separate state to govern branch banking within its own borders.

These men realize that under United States governance, state laws upholding the integrity of unit banking afford an impregnable defense against the aggression of branch-bank promotion. They realize also that every reasonable privilege for which they are contending in the name of branch banking as a process, may be bestowed by state law wherever branch banking is or has been determined to be in the public interest within any state.

Hence it is evident that branch banking independently imposed by any sort of federal law—as in Section 19 of the Glass Bill now before Congress—is mere camouflage for setting up a nationwide system of branch banks and for bringing commercial banking more and more under quasi close-corporation control such as that which now prevails in Canada. The ruling motive is to dominate bank credit of every description in the United States and, incidentally, to have it minister to the purpose of big banking and big business. Despite the fact that the Federal Reserve Act was designed to forestall centralization of banking power in this country, the campaign for centralization has now been taken up in part within the Federal Reserve System itself.

The people of the respective states are, of course, best able to decide about state-wide branch banking according to their peculiar business needs. Equally, they have not asked the federal government to step in and make the extension of state-wide branch banking (absentee banking) the first order of business in every non-metropolitan city and in every town and rural district in the states. On the contrary, the people in nearly all of the states have long recorded

their decisive purposes in opposition to any such specious and dangerous program. It is clear, therefore, that Section 19 is merely a way-station.

It would be invidious to refer to those comparatively few men in private life who thus far have endorsed this extremely radical federal proposal. If the lay reader will be but mildly observant, he will find that, for the greater part, they are men who have a stake in holding-company (group) banking, together with bankers and business men whose interests or bank connections center around the distribution of securities. Be it known that these folks are rather gunshy when they come to the point of asserting that states' rights should be dealt the death blow now prescribed by the Glass Bill. They keep on trying, nevertheless, to bolster their faulty logic by evading this stubborn barrier to Section 19, and by talking about branch banking in purely general terms.

One of the ace-high analogies most frequently cited is the stability of Canadian (branch) banking as compared with that of the United States. The consideration is by no means far fetched. An editorial in a recent issue of the *Saturday Evening Post*, "Lessons Must

"Once the Canadian business man becomes a bank borrower under the banking laws of his country, a heavy hand is laid upon him. He may not deal with another bank or seek to raise funds from any other source, unless he first gets the consent of his creditor bank. Should he do so and be found out by his bank, he is placed on the 'black list'. He has, of course, no opportunity to deal personally with the actual loaning officers of his bank, except when merely nominal amounts are involved. His bank loans can only be of the self-liquidating sort and are not available even in part for real estate or equipment used in the conduct of business."

—January "Rotarian"

"This Canadian banking law, designed primarily to make the banks safe, turns all merchandise into collateral security for bank loans. The real owner of the merchandise or business is little more than a partner whose interests and authority are subordinated to those of his bank. Figuratively, the bank has the right, if it cares to use it, to say 'Hands up!' to all other common creditors in the ordinary course of business, and the bank may walk off with their property in the hands of the bank's debtor, should it so decide. Very naturally, the bank credit system of Canada gives rise to deep-seated animosities and dissatisfaction. It inevitably results in credits being rigidly restricted or loans being called in one section of the country where credit is needed, while at the same time credit is being expanded in another. The particular community thus becomes a mere incident in the minds of the men directing the banks' loaning policies."

Be Learned," has given an impetus to the Canadian idea. There have been many bank failures in the states; Canada has had none during the prevailing unpleasantness. How much better it would be to have a system of banking patterned after the Canadian system? The man on the street car asks: Why not? And those who have been running ahead are too hurried to give him the right answer. The *Post* editorial presents a number of salient facts about the Canadian system, but the writer missed just about every fact on which to base the inevitable conclusion that it is wholly unsuited to the free spirit of the United States commerce and form of government.

One could not wish for a more conclusive method of estimating the relative merits of free banking and controlled banking than by comparing the banking systems of the United States and Canada. We realize Canada's system of banking is based upon flats issued with precision and finality from a head office. The Canadian business man, who secures credit at his bank, soon discovers that he is serving a strict master. These credits, the conditions of which are fixed by absentee bankers, have a direct bear-

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A Plan for Stabilizing Bank Deposits

EVERY bank depositor in these times probably wishes that greater safety of his deposit could be assured in some way. No very satisfactory plan for guaranty or insurance of *all* deposits at *all* times seems to have yet been discovered in any of our states.

Plans have been tried that might in ordinary times give some protection against the occasional failure that results from trouble concerning only an individual bank. Such plans have not met with general favor among the best bankers because of the burden imposed upon good bankers to pay for the mistakes of poor bankers over whom such good bankers have no satisfactory control. No plan adopted by any state appears to have protected the people from "bank troubles" during the last few years. There is a general demand for new laws to safeguard bank deposits.

Worry About Each Other

Probably the greatest peril to banks and the greatest cause of worry to depositors for three years or more has been the possibility in law of certain scared depositors under panic conditions, calling for payment of their funds and collecting same to the unnecessary embarrassment of the bank and its borrowers, and to the eventual detriment of depositors who did not withdraw their funds before a bank was closed.

My experience as a bank director and as an attorney in addressing mass meetings of bank depositors during the last year in about a dozen different towns of northeastern Iowa, has convinced me that depositors really worry more about each other than they do about their bank. Most depositors are willing to recognize the difficulties of the present banking situation and are willing to make some sacrifices, and to ever endure losses on deposits with fairly good spirit if they are only assured that other depositors in their banks who ought to suffer in the same way, are going to do so. The existence of that spirit of fairness has made bank "waiver campaigns" possible over a great part of this state, and in other states.

Few banks become insolvent in a short period of four months. Few bankers really know just when their own institution passes the insolvency line. It is a delicate matter to determine just when a particular bank should discontinue business.

An idea has come to me for an amend-

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The ideas presented here constitute neither a guaranty nor insurance, in the proper sense of those words. What is suggested is a law for the greater security of bank deposits

By OLIVER W. STEVENSON,

Attorney, Fayette, Iowa

ment of banking laws that might discourage "runs" upon banks, or even "slow withdrawals," and that might insure a more equitable sharing of losses among depositors when a bank closes. Numerous assurances from bankers and others that there may be some merit in the idea leads me now to submit it to the public for consideration.

Expressed briefly the plan is that *our banking laws be amended so as to provide that upon the liquidation of a closed bank all net withdrawals of funds by depositors within some period (say four months) prior to the closing of the bank should be deemed unwarranted prefer-*

IN ADDITION to his legal practice, Mr. Stevenson is a director of the State Bank of Fayette, trustee of Upper Iowa University, ex-secretary of the Fayette County Farm Bureau, ex-mayor of Fayette, and owns and operates several farms. The plan which he suggests has been submitted to the officers of the Iowa Bankers Association for the consideration of that organization.

ences given to creditors of the bank, upon which withdrawals the Court could levy an assessment for the benefit of the receivership?

My thought is that the customer who deposited funds within four months and withdrew them before the bank closed should not pay any assessment. The bank ought never to have taken his funds; it received same in trust if all circumstances are considered.

But the depositor who had funds in the bank four months before its closing and withdrew them, or reduced his account,

received an unjustifiable preference which should be righted so far as possible. The adjustment could be calculated as an advancement to an heir would be calculated in the final distribution of an estate.

For the purpose of determining the total amount of the estate (or bank assets) to be distributed the money advanced to heir (or the fund unequitably paid by the bank) is considered as a part of the corpus of the estate (or of the cash assets of the receivership) and the just share of each heir (or depositor) calculated for such actual and advanced estate. Then the amount advanced on each share (or unequitably paid any depositor) is deducted from his just share. The heir receives the balance due him, if any. The bank depositor would receive any dividend equitably due him or would be called upon to return to the receivership any amount he had withdrawn in excess of what he was justly entitled to.

Not 100 Per Cent Perfect

This plan, like nearly every law would fail to work out 100 per cent justice. Sometimes the withdrawing depositor's circumstances might change so that an assessment on his withdrawal could not be fully collected. In case of heavy withdrawals, such change would not be likely to happen within a few months, however.

The time limit set for assessable withdrawals must be some arbitrary period and would not operate to give perfect justice. Neither does the four month provision in national bankruptcy law relating to setting aside preferences to creditors operate to give perfect justice.

It may be urged that the introduction of such a measure into the legislature would start "runs" on banks which would do damage that would more than offset any good the law could ever do. If the public mind was prepared for some such legislation, would "runs" be liable to result? On the contrary, would not the prospect for such a measure be a quieting influence upon the minds of those cour-

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When Bankers Play Bridge

THE bankers in this town attended a bridge party the other eve. One fellow-banker's wife was out of town, so he invited us all down for a stag bridge party. There were 11 bankers and one stranger at the gate. The stranger said he thought he was a lamb among wolves, but we found out he was the wolf in lamb's clothing.

I find that bankers at bridge, and bankers at work, are very similar. For instance, the partner has to have dog-gone good collateral to make a three no trump bid. If he makes it he knows his bridge, if he doesn't, he knows his banking. One officer remarked that bridge was like making a loan: "You didn't know how you were going to come out." I knew how I'd come out, but why make a charge-off before playing a hand?

Overdrawn

We got off to an early start with the president of one bank going down 200. He chuckled, "Boys, I'm overdrawn already." His opponent came back with, "We don't allow that in this institution."

I was having my usual run of luck, getting hump-backed trying to take the bid away from two stubborn opponents that held all the aces, kings, queens and jacks. I managed to snag the bid and ended up by going down 250. I found out right then I was supposed to have at least three honors and two other trumps before making a crack bid like that. Well, anyway, I acted nonchalant, "I was merely indicating!" Going set is just one kind of fun with me, the trouble is getting a partner in the proper spirit of a good setting.

A Tenderfoot

Of course we had one player present that had never played a game of bridge in his mis-spent life. I didn't know there was so much luck in bridge. But there must be, because he managed to move from his table each and every time. While I and two of my cohorts remained at the same tables the whole blessed evening. Of course the chair I sat in was unusually comfortable, so that is the main reason why I didn't move on. (That's my statement to the press, anyway.) The new untried player opened the bid at our table with a bid of: "One of those clover leaf things." After a short time we decided he meant clubs. A word by word play followed. The new player gave me a little setting on one of my famous closed-eye bids. On the next hand he would have laid me low again, but he played a king wrong. The rest of the evening you could hear him remarking from various tables,

By C. W. FISHBAUGH,
Shenandoah, Iowa

"Boy, boy, I wish I had played that king different."

After I had set a new record in going set without getting low score a prize was given. And the stranger at the gate carried it off. Were our faces red? (No, but our score was.) It just goes to show that bankers should stick to banking and leave cards to the lodges. But as I've always heard, unlucky at cards—lucky in loans.

The lunch was the good old stag line affair, three kinds of cheese, dill pickles, crackers, pretzels and Country Club. I tried all the cheese, but stuck to the dill pickles as being more dignified for a banker. Of course, with the lunch in full swing it was time for reminiscences and smoking. Several of the boys tried to blow smoke rings, some of them succeeded.

The motion was made that bankers learn to blow a smoke ring that would spell "NO" for using when being asked for loans. The motion was ruled down, as we were afraid too many customers would claim they couldn't read. Anyway, no one offered to furnish free tobacco.

The talk drifted from Ivar Kreuger to college sociology and then down to Hindu fakirs and magic. The radio was going full blast, so orchestra music was discussed. It was found by a rough vote that the favorite orchestra of this banking group was Wayne King, with Vincent Lopez coming in second.

The conversation drifted back to banking, and then I knew it was time to go home. So we buttoned up our overcoats and stepped out to crank the car. A pleasant evening, bad bridge, troubles shelved and ready for a good sleep. So, boys, relax a little. Take an evening off and try bridge. If not that, flinch or checkers. Remember: "All work and no play makes Jack a 'dole' boy."

New Investors Service Announced

MEETING a vital need of the new day for banks and insurance companies with an informatory service, independent in character and fact-finding ability, unbiased and unfettered by underwritings, McFayden's Investors Service, Board of Trade Building, Chicago, has made announcement of an intensive sales program throughout the middle west. The sponsors of the service, headed by Temple McFayden, are men with a wide experience in investment banking and have a large following among bankers throughout the Chicago trade territory.

Local interest in Iowa is attached to the plans of the organization through the added announcement that Emil Webbles, a former president of the Iowa Bankers Association, will take personal charge of the business in the state of Iowa. He has already started plans for a statewide organization in the distribution of this service. He points out that the service is especially designed to fit the needs of the country banker.

In an interesting prospectus, attention is called to the threefold problems of the bank today: namely, investment of surplus and bond account; investment of customers' money; and collateral. Each one of these problems is discussed in detail and weaknesses are pointed out in the present methods of operation and improvements which should result from changes suggested.

In addressing himself to the bankers, Mr. McFayden says:

"We believe your investments require serious considerations—but, up to the present time, there has been no independent composite service to which you could bring your case. We believe that a majority of investment mistakes may be at-



EMIL WEBBLES

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tibuted to a lack of knowledge of the investment and economic conditions as a whole. Most individuals and companies agree that their errors have resulted from lack of facts. We further contend that a close check of successful investments will show them to have been made by a purchaser who knew what he was buying.

"It is unnecessary to state that a security can be good today and bad tomorrow. That is common knowledge. It is also true that an analysis of a bond list may be of value now—and worthless next week. Constant checking of lists in the portfolio, against all information available pertaining thereto, is necessary. In other words, presentation of facts, accur-

ate and complete, is much better than using the "Blindfold Test" as many have done in the past."

In commenting on this service, Mr. Webbles said:

"During the many years in which I was connected with Iowa banks, I realized the necessity of the independent banker's having some source of information upon which to rely, for obtaining unbiased facts pertaining to his investments.

"When McFayden's Investors Service came to my attention, and I discovered how it operated as a bank clearing house for information, I felt that a real opportunity had come to me to be of further service to my community.

NEWS and VIEWS

(Continued from page 10)

"The only remaining way of paying the debts is in terms of goods. That is to say, the United States must open its doors to foreign manufactures, foodstuffs and raw materials. It must buy annually from the rest of the world hundreds of millions of dollars more than it sells to the rest of the world.

"It will thus be seen that our friends to the south of the international border are up against a stone wall of inevitability. They cannot collect the debts without injuring their own industries and starving their own people. We do not know how long it will take for this truth to sink into the minds of the Washington Government and Congress, but there is no escape from the conclusion above outlined."

Personally, it is my opinion that we may find it necessary to greatly reduce European debts due us, and possibly eventually cancel them, but that is rather a hard pill for the American public to swallow, especially so when our soldiers, and our money turned the tide in a conflict which otherwise would have been disastrous to the allies.

I am sure that the United States should never reduce or cancel a single European debt unless it is agreed by the debtor nations that they will not take the money thus saved and turn around and increase their own armaments.

MR. AND MRS. HARRY BERT CRADDICK, 2729 Irving Avenue, South, Minneapolis, Minn., announce the marriage of their daughter, Elizabeth Craddick, to Willis W. Tompkins in New York City. Mr. and Mrs. Tompkins will make their home in that city.

CHAUNCEY S. S. MILLER, Publicity Director of the North British & Mercantile Insurance Company, sent out a very interesting folder recently, entitled, "The Forgotten Advertiser," in which he asks the question, "WHERE are Sapolio, Sweet Caporal Cigarettes, Sozodont, Rubifoam, Omega Oil, Pear's Soap, Pearline, Force, Cottolene, Egg-O-See, Ripans Tabules, Peruna, Hood's Sarsaparilla, Alco, Stevens and E. M. F. automobiles; and forty other products familiar to everyone fifteen years ago or more?"

Mr. Miller points out that it doesn't pay to be a non-advertising, forgotten agent and that advertising like insurance, is a long term and not a short term investment.

THE advocates of branch banking have pointed so long to England as having the ideal system that I was interested in reading what SIR ARTHUR SALTER, noted British economist, said recently when he observed that, "The chief ob-



1868
1932

64 years . . .

. . . financing live stock feeding operations.

. . . effecting quick payment of checks covering live stock sales through direct connections with commission firms and packers.

. . . collecting the daily transit letters of hundreds of Midwest Banks.

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

Northwestern Banker January 1933

stacle to the English banking system consists in their large overhead expenses due primarily to the excessive multiplication of branch offices."

OF THE many hundreds of Christmas cards and greetings which I received from friends far and near, all of which I thoroughly appreciated, one of the most unique and novel ones came from I. L. DE VOE, Assistant Manager of Agencies of the Bankers Life Insurance Company of Nebraska, at Lincoln, and is in the form of a railroad ticket to the "CITY OF SUCCESS."

Instructions on the ticket were, of course, the Christmas greeting, and read as follows:

"All passengers on this train are first class, whose tickets are to be validated at Point Achievement. The destination of our journey is the City of Success where we find Health, Wealth and Happiness.

"The journey of 1932 has been a little rough in places, but we all agree that we have gone through some interesting country.

"There has been enhanced joy in the progress made under adverse circumstances.

"Let everybody dust off the cares of a hard journey with Christmas Cheer. There is peace on earth and increasing good will toward men. The good tidings have an added significance.

"When the Christmas season ends, steam will be up in the multiple cylinder unlimited capacity engine of the 1933 special."

ACCORDING TO THE RAILWAY EXPRESS AGENCY millions of dollars are expected to be saved annually by shipping checks by air express.

This money will be saved by cutting down interest charges on funds tied up in checks in process of collection between the larger banking centers.

Even at the prevailing low interest rates the agency believes a saving of \$4,098 annually for each \$1,000,000 transmitted promises soon to be realized by one bank in Chicago which now dispatches its deposit checks to New York by air.

George M. Reynolds Retires

George M. Reynolds has announced his resignation as chairman of the Continental-Illinois National Bank and Trust Company, effective Jan. 7.

In a formal statement, Mr. Reynolds said he was retiring as head of the billion dollar institution, in whose growth he was a leading factor, "to spend the remaining years of my life free from business worries." He will be 68 Jan. 15.

No successor will be named until the regular stockholders meeting Jan. 13.

Hold Meeting of Stockholders

Stockholders of Northwest Bancorporation at a recent meeting approved a plan by which good will was eliminated and the corporation's investments in capital stock of banks and investment companies now are carried on a net tangible asset basis.

The number of shares of stock authorized was reduced from six million to two million and \$50 par value changed to stock without par value.

The net tangible asset value of the 1,614,531 shares of stock outstanding not

including good will and after setting apart a reserve for contingencies of \$14,000,000 as of October 31, 1932, is represented by capital and surplus of \$29,265,055.40, equivalent to \$18.12 a share. With 1,614,531 shares outstanding, there is a margin of 320,499 unissued shares for future requirements.

Net operating earnings for 1932 are estimated at \$4,500,000 before charge-offs, which compares with \$5,700,000 for the year 1931.

Northwest Bancorporation declared the regular quarterly dividend of fifteen cents a share, payable January 1st to stockholders of record December 20th.



SALMON P. CHASE, Secretary of the Treasury under LINCOLN

THE CHASE NATIONAL BANK

of the City of New York

ALBERT H. WIGGIN
*Chairman
Governing Board*

CHARLES S. MCCAIN
*Chairman
Board of Directors*

WINTHROP W. ALDRICH
*Vice Chairman Governing Board
and President*

JOHN MCHUGH
*Chairman
Executive Committee*

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



These Conservative Days

It is a comfortable feeling to have a substantial reserve put away in good Iowa county and municipal bonds.

Ask for our latest list of conservative Iowa issues for bank investment purposes. Many offerings at very attractive prices. Write or phone.

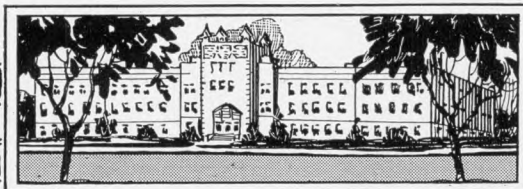
CARLETON D. BEH CO.

INVESTMENT SECURITIES

Twelfth Floor, Des Moines Building

Des Moines

Phone 4-8156



Albert H. Wiggin Leaves Chase National

Albert H. Wiggin has resigned as active head of the Chase National Bank, after 21 years of guiding that institution through its development to the largest bank in the world.

Mr. Wiggin will continue to be active in the affairs of the bank, but asked that the heavy responsibilities of directing its affairs be placed on a younger man.

He was chairman of the governing board of the bank, and will remain a member of the Chase board of directors and also of its executive committee.

Mr. Wiggin, who will be 65 February 21st, is a director also of many leading corporations and of the Federal Reserve Bank of New York.

Building and Loan Conference

Practical effects of the Federal Home Loan Bank System upon the operations of borrowing institutions will be the chief topic at the tenth annual mid-winter conference of the American Savings, Building and Loan Institute in Washington, D. C., February 20th and 21st. Clarence T. Rice, Kansas City, Kansas, president of the institute, predicts an attendance of some 250 or 300 building and loan executives from all over the country at this gathering sponsored by the educational unit of the business.

The conferees will also include hundreds of students in the night classes conducted by the institute, most of whom are closest to the everyday workings of their associations, and vitally concerned with any changes necessitated by Home Loan Bank operations. An open forum discussion on the new home credit system will be conducted by a leader in Home Loan Bank circles. Members of the Federal Board, whose headquarters are in Washington, are expected to address the group, bringing latest developments to the attention of the financiers most closely connected with the operations of the system.

Demonstration classes, which are the institute's term for "round table discussions" will also be conducted on accounting practices and public relations. One of the important questions to come before the accounting forum is the matter of analyzing the balance sheet for the better understanding of the investors.

Speakers who are now listed for the conference include Ward B. Whitlock, Springfield, Illinois, president of the United States Building and Loan League, with which the institute is affiliated, and Philip Lieber, Shreveport, Louisiana, first vice president of the league, who was president of the institute a year ago.

Bonds and Investments

We Have Finally
Discovered That There Are

TWO WAYS OF BALANCING THE BUDGET

By RALEIGH S. RIFE

Economist The Guaranty Trust Co., New York

IN MAKING an appraisal of our financial and economic outlook, we are cognizant of the fact that there are certain major problems facing the country. The problem of meeting the financial needs of government today is a most pressing one in our municipal, state and Federal governments. For too long a period of time our governmental entities have balanced their budgets from one side of the equation, namely, the effort to find additional sources of revenue. Today, we are confronted with the definite thought that there are two ways of balancing the budget; one is by increased taxation, and the other is by reduction of government expenditures. Those charged with government have already pushed the question of new taxes to a point where it appears as if diminishing returns were setting in and, in some cases, it is almost approaching the point of confiscating what appears to be property rights. It is evident that the economic situation of the country and of the world as a whole is in such a position that those who are in a position of authority in governmental affairs must no longer try to balance the budget by increased taxation. They must turn to the other alternative, namely, reduction of expenditures.

Responsibility

"In justice to those who have been directing governmental affairs, it should be pointed out that the responsibility for our present state of affairs is a joint one between the public itself and those who are responsible for government. It has been a phenomenon of the last quarter of a century to see the field of governmental activity widening. New functions of government were to be performed and new bureaus were created to provide for this additional service. The last quarter of a century has seen the development of the automobile which, through the demands of the public, has placed upon governments

the responsibility to provide better highways, better paved streets and, due to the increased traffic, better police protection. In order to obtain these better paved streets and highways, it became the fashion to go into debt for the same, municipalities, counties and states issuing their own obligations in order to provide for these additional facilities.

"The ease with which it was possible to pile up debt in periods of prosperity, when it became an easy matter to discount the future and at the same time formulate a public works program for which future generations were to pay, almost drives one to the conclusion that the big problem in government finance is to make the creation of debt a difficult problem. Certainly the issuance of obligations that are assessable on the property owner should be tightened so as to make it more difficult for the municipality to become involved in financing an improvement that should have been financed by the property owner.

Assessment Construction

"One of the errors that crept into our municipal governments was the method of making improvements that were assessable upon the property owner. He was enabled to obtain an improvement which was based upon an installment purchase program without making any initial deposit. As a matter of fact, he was not facing realities until some years later when the work had been finished and the governing body went through the machinery of figuring up the apportionment of the cost between the municipality and the individual property owner. During this period of time, the tax rate was held down by the municipality having to meet only interest charges and no repayment of principal. Sometimes the delay in assessing the property owner was carried to such extremes that it almost became impossible to assess the property owner without a special act of the legislature. If the property owner was required to



RALEIGH S. RIFE

deposit his first payment when he made a request for the improvement and was to continue to make these payments regularly as a reserve before assessment was made, he would understand more definitely the direct cost of assessment construction. Then, of course, after the property owner became delinquent in his assessments and the municipality, in order to help him out, postponed annual tax sales for a number of years, it was possible as far as he was concerned practically to have passed the period of the ten annual installments before he was brought face to face with the reality of meeting his payments. Obviously, this phase of creating municipal debt should be very carefully safeguarded.

Refunding Agreements

"When one turns to the study of what can be done to reduce the cost of government, one is impressed first with the magnitude of the debt charges. The interest charges on this debt and the maturing obligations are difficult to adjust, if at all. In times of low money rates, like the present, it is possible for the national governments to carry out refunding operations whereby the holders of government bonds agree to exchange them for a

Northwestern Banker January 1933

government bond with a lower rate of interest. The most striking instance of this are the two British refunding agreements. It is, of course, not so easy for state, county and municipal governments to be able to effect any such arrangement. Particularly does this apply to those situations in which bonds have been issued on a serial basis and for which there are annual maturities in the budget. Obviously, it is not possible to reduce this item in our governmental budgets; about all that can be done is to adopt a policy tending to prevent the increase of these items.

Create a Surplus

"In connection with the thought that governments should today take every step possible to keep from getting into debt, with unbalanced budgets in our municipal, state and national governments, this seems an impossible end to be reached. With unemployment relief demands increasing, it seems almost an impossibility, but every effort should be made to prevent the increase of debt at this time. We should attempt to balance the budget by curtailing other expenses of the government. We should attempt to create a surplus to take up the problem of unemployment relief. The necessities of the financial situation have perhaps had some blessings in disguise; the local governing bodies of our municipalities are no longer deluged by committees of citizens asking for public improvements. It has been relatively easy to stop the program of public works. This thought may be definitely formulated—that a persistence in the policy of 'pay as you go' for public works and continue to meet maturing obligations is one of the surest ways in the

long run to effect economies in the cost of government. It is an adage that one should get into debt in periods of prosperity and get out of debt in periods of depression.

"It is obvious that the policy of rigid economy of government means that we must decide to get along with less police protection, that owners of automobiles should learn to drive in our streets without having somebody to tell them to stop at corners and street intersections. We must get long with less expenditure for education. All of these moves may be those things that hurt the pride of local government, but in the face of necessity we have to attempt to live within our income, irrespective of our pride.

Creation of Values

"While we are struggling today with our immense problems, we must not, as a people, lose our courage and center our attention too much upon the destruction of values. Let us think as well of the creation of values. Certainly the way out is the creation of the pioneer spirit by means of which people push out into the settlement of new areas in which it is possible for them to practically grow their subsistence and in the course of time carve out a new civilization. The old prairie schooner is once more on the road in northwestern Canada, leading migration into the Peace River Valley. Perhaps we are at the threshold of another period of world expansion. It is an extraordinary fact that the history of recent years points to the fact that in periods of depression a basis is laid for a further period of growth.

"Another factor in our financial and

economic outlook is that dealing with the price level. We find the price level of commodities has tended down to the pre-war level in most world indices, but that level was relatively high because there had been an ascending scale of prices since 1897. In the case of some of our basic raw materials, particularly an index of prices like that of Bradstreet, which stresses more nearly the price of basic materials, we find that the level is down to the lows of the latter '90's, and in a few cases we find new low prices for all recorded periods of time being recorded, as in the case of rubber, sugar, coffee and copper. We are learning in the face of large surpluses that when the forces of supply and demand are freely operating, the cost of production does not determine the market value. We get out of it what we can get for the time being. The cost of production will only enter the picture in preventing future production. It is natural, in the presence of such a gigantic fall in the price of certain commodities and the downward trend of commodity prices, to arrive at the conclusion that there can be no recovery in business until the price level is adjusted upward, and because of that philosophy of reasoning gigantic efforts have been formulated for pouring government credit into these situations to try to change the trend of economic forces. Such efforts are futile in their power to change the course of events and are damaging in so far as that through a bullish effort or through its psychological factor trend to circumvent the working out of economic laws. As a matter of fact, the industrial revolution in England a century and a half ago made possible the production of certain commodities at a much lower cost and it was an important factor in the next century, in the expansion of British overseas trade and British overseas investment of capital. All of this technological improvement in industry will be of little value to our world economy unless it does result in lower prices for certain products. The important thing is that up to the present moment of time, the great technological advance has not been passed on to the consumer; except in rare instances, the real drop in prices has been in the basic raw materials."

THE FINANCIAL BUILDING at the WORLD'S FAIR

(See cover photo)

A BUILDING shaped like a dollar sign, 225 feet long and 200 feet wide, is the novel suggestion by architects for a suitable structure to house exhibits of money and banking at Chicago's 1933 World's Fair — A Century of Progress Exposition.

In one of the curves of the building it is proposed to have a broker's office, a typical stock exchange and other exhibits showing how such transactions are made.

For the opposite wing of the building, a model bank is being considered, which will not only show how modern banking operations are conducted, but may also handle actual deposits. Foreign and domestic exchange and the story of the progress of banking are among other exhibits under contemplation

Consolidation of Stock Yards Banks

The directors of The Stock Yards National Bank of Chicago and of the Stock Yards Trust and Savings Bank have developed a plan for the consolidation of these two banks and have authorized the calling of meetings of the respective stockholders on January 10, 1933, for the purpose of authorizing the union.

These banks, which are located at the stock yards, have long been affiliated in

ownership and operation and constitute one of the city's oldest and strongest banking institutions with a record of service since 1868. Through all the changing phases of American business life since the close of the Civil War, these banks have been closely identified with stock yards interests and have contributed largely to the growth and prosperity of the great live stock industry of the country. Hundreds of banks through the central west are depositors of the Stock Yards National Bank and both banks have rendered a broad and useful service to the thousands of people and business institutions of the south and west sides of Chicago.

The consolidated institution will be known as the Stock Yards Consolidated Bank & Trust Company, with total capital, surplus and reserves of \$2,000,000, with resources of \$18,000,000 and deposits



C. N. STANTON,
President, Stock Yards Banks

approximately \$16,000,000. Slow and depreciated assets will be written off and bonds will be written down to their approximate market value before the union. As a consolidated institution the extensive trust business which these banks have developed in recent years can be more advantageously handled, operations can be simplified and many economies can be effected. The strong financial position of the new bank will enable it to take full advantage of the greater opportunities for increased business upon the return of normal conditions to which the officers and directors look forward with full confidence.

Just As Well Charge It Off

Without doubt the many and varied excuses bankers are compelled to listen to in these times would make a wonderful

Knowledge of Facts Is Important to Bankers

We give all the available investment facts and, in addition, our Service includes:

1. Analysis of your bond account.
2. Daily checking of your holdings against all the available information in the country.
3. The automatic calling of your attention to situations which affect your holdings.
4. Making special reports on your collateral.
5. Making special reports on issues you wish to purchase.
6. Issuance of weekly bulletins containing business barometers, composite daily closing stock and bond averages.
7. Issuance of weekly bond manual containing list of 3,000 bonds tabulated according to price and industry, past earnings, amount outstanding, together with composite ratings.
8. Maintaining a trading department with private wire facilities to principal financial centers.

Our service is a composite of the leading statistical services and financial periodicals. It is independent as we have "nothing to sell but service."

The cost is only a fraction of what you have been accustomed to paying.

McFayden's Investors Service

Board of Trade Building
Chicago

book of fairy tales. Perhaps you think you have heard them all, but we question whether you ever heard so many at one time as appear in the following letter. The communication is submitted by H. O. Boe, cashier of the Soldier Valley Savings Bank, Soldier, Iowa, as received from a customer of that institution. The letter reads as follows:

"Your letter in regard to a \$4.00 overdraft received. I would like to come to Soldier and fix this up, but I have no car to drive up there. It is hard for me to get away because I am fixing up my water tanks for winter. If I have any spare time my wife makes me work in the house.

"I can't drive the team to Soldier because they are not shod. Since I have a cold I feel that it is too far to walk while the roads are bad. I would ask the neighbors to drive me up, but they are all picking corn.

"It is hard for me to get away because my brother-in-law is visiting me from Nebraska. The main reason why I don't come is because I haven't got the \$4.00."

Security Prices Indicate Upturn

The extra seasonal rise of security prices during the presidential campaign months marks the first real break in the downward depression trend, according to researches just completed by Lawrence W. Schmidt, research director of Administrative and Research Corporation, New York, investment trust sponsors.

Taking the average July price of 47.74 for 30 leading industrial stocks as 100 per cent, Mr. Schmidt's figures show that the October average price was 65.28, an increase of 36.7 per cent and substantially above the general downward trend that has persisted since 1929.

"If the securities markets can be considered as indicators of underlying better-

ment of conditions," Mr. Schmidt says, "we may look forward with confidence toward a gradual upward trend. Indeed there are already other evidences of this upturn. Car loadings, for instance, during the campaign months increased 49.2 per cent and unfilled steel orders mounted 1.6 per cent. While the date of business recovery, back to what may be considered normal, is still unpredictable, I believe that the long down trend has been definitely checked."

Vice-President City National, Chicago

Members of the banking profession throughout the country, north, south, east and west, and principally the middle west, have learned with interest the news coming out of Chicago that William H. Miller has been elected vice president of the City



WILLIAM H. MILLER

National Bank and Trust Company. His duties, as of old, come under the division of banks and bankers.

For the past twenty years, Mr. Miller has been decidedly more than a mere fixture in Chicago's loop banking. His strong forte originally was as a transit man, which work has stood him and his employers in good stead. He is equally at home on either side of the counter in country banks and for many years seldom missed a group meeting or state convention in Iowa.

His early career was with the old National City Bank of Chicago and later was on the official staff of the Central Republic Bank & Trust Company. He has asked THE NORTHWESTERN BANKER to convey the season's greetings to his many friends in the territory and we in turn join in wishing him continued success in his new duties.

With Respect to the Tax on Checks

Three important rulings have recently been announced by the tax department with respect to the tax on checks. The following is a digest of them prepared by J. S. Seidman, tax expert of Seidman & Seidman, certified public accountants.

1. Checks issued by church treasurers or other church officers in settlement of church obligations are taxable.

2. A transfer of funds by a depositor from one bank to another is subject to the tax if the transfer is evidenced by an instrument in the nature of a check, draft, or order for the payment of money. However, a mere bookkeeping entry transferring funds from one account to another, in the same bank, effected without such instrument, is not taxable.

3. A stock broker acquires the status of a bank where the broker maintains facilities for marginal trading for clients, permits them to draw drafts against their accounts or on credit balances on deposit with the broker, and such drafts are paid at the cashier's window on presentation. The drafts are therefore subject to the tax.

"Another current ruling that will be of interest to banks," Mr. Seidman said, "has to do with the 3 per cent tax on electricity. It is held that insolvent banks are not required to pay this tax where the payment would diminish the funds necessary for the full payment of depositors. This is by reason of the general tax exemption granted in the act of March 1, 1879.

"There are two income tax decisions from the Board of Tax Appeals that will likewise be of interest to banks," Mr. Seidman added. "One has to do with the treatment, for income tax purposes, of rights to subscribe to convertible bonds of the issuing company. It will be recalled that in 1929 American Telephone & Telegraph Company and Missouri Pacific

Iowa Bond Corporation

*Conservative Investments and
Investment Counsel for Banks*

BONDS . NOTES . COMMERCIAL PAPER

Insurance Exchange Building
DES MOINES

Railroad Company, among several others, issued such rights. The Income Tax Department uniformly held the value of those rights to be income. The board, however, has (in the case of T. D. Powel), just declared that they are not income, but instead are to be treated in the same way as stock rights. As a result, many taxpayers will probably become entitled to income tax refunds for 1929.

"The other decision, too, departs from the previous holdings of the Treasury Department. It has to do with the basis for determining gain or loss on the sale of property by a remainderman under a testamentary trust. The department has held that the remainderman figures the property as costing him whatever it was worth at the time it was turned over to the trustee by the executors. The board, however, has recently ruled that the correct date for valuation is when the trustee turns the property over to the remainderman, and not when the trustee acquired it from the executors."

Aviation Looks up

Airplane travel and the transportation of mail and express matter by plane, are among the few business activities that showed increases last year as compared with 1931, according to information gathered by the Continental Insurance Company.

It is estimated that passenger travel for 1932 on all established air lines reached a total of 525,000 passengers as against 469,000 in 1931. The aggregate of miles flown in the transportation of passengers, mail and express, it is estimated on the basis of complete figures for the first nine months, will reach the record number of 48,000,000, as compared with 42,750,000 during 1931.

A remarkable increase, this company finds, has been registered in the amount of express matter carried by air and it is believed that the 1932 total will be better than 1,360,000 pounds, in contrast with 788,000 pounds last year.

The importance of aviation to the petroleum world is evidenced by the heavy consumption of gasoline that was used by planes during 1932, more than 5,000,000 gallons, while for lubricating purposes, some 600,000 gallons of oil were required.

The marked gains in air travel are attributed by the Continental to a greater realization by the public of the enhanced safety and reliability of airplane operation on established lines, as well as to the somewhat lower schedule of fares.

There has been a decrease in the quantity of mail matter shipped by air, due, no doubt, to the higher cost to the public. First-class mail, for example, formerly cost 5 cents for the first ounce and 10 cents for each additional ounce, whereas the fees are now 8 cents and 13 cents, respec-

tively. Express rates, on the other hand, are somewhat lower.

Although there were a number of fires and accidents last year involving insured planes, the underwriting experience of the group of companies associated in this field with the Continental has been relatively favorable. It is thought, too, that after the customary falling off in airplane operation in northerly territory, this winter, the spring season will be marked by favorable developments and greatly increased activity in virtually all branches of aviation.

Elected President

Frederic J. Fuller, formerly vice president of Central Hanover Bank and Trust Company, has been elected president of the New York Title & Mortgage Company, succeeding George T. Mortimer who has resigned but remains as a director and member of the executive committee. Mr. Fuller assumed his new duties last month.

In accordance with a plan recently adopted, the Manhattan Company is distributing to its shareholders its ownership of 98½ per cent of the stock of New York Title and Mortgage, and the latter company will again function as an independent organization, as it did up to three years ago.

Mr. Fuller has been a prominent figure in the trust field for many years. As a

senior vice president of Central Hanover Bank and Trust Company, he has been in charge of the personal and corporate trust department of the company. He has devoted particular attention to the real estate and mortgage investment field.

Try This on Your Comptometer

Each "X" in the following problem represents an unknown figure. As you will note, there is one known figure given. Can you supply the remaining figures?

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 XXX \\
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 XXXX \\
 XXXX \\
 \hline

 \end{array}$$

The answer to this problem will be published in the February issue of THE NORTHWESTERN BANKER.

"Darling," she said, "will you love me when I grow old and ugly?"

"Dearest," he replied tenderly, "you may grow older, but you will never grow uglier."

OUR OFFERING LIST WILL BE MAILED REGULARLY UPON REQUEST

GMAC NOTES

are a standard medium for short term investment. Based on highly liquid assets, they provide a sound instrument for the temporary employment of surplus funds. GMAC obligations are in country-wide demand for the security portfolios of individuals, institutions and thousands of banks.

available in convenient maturities and denominations at current discount rates

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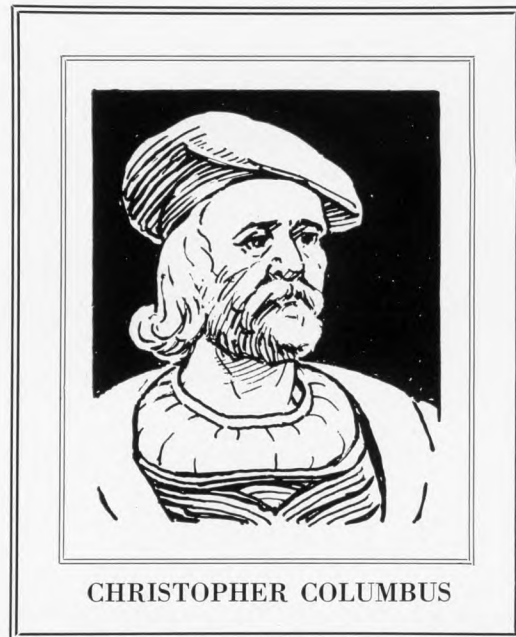
Executive Office • BROADWAY at 57TH STREET • New York City

CAPITAL AND SURPLUS • • • SEVENTY MILLION DOLLARS

Northwestern Banker January 1933



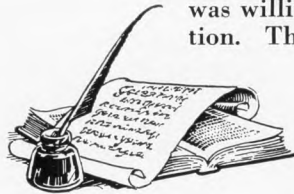
Great Salesmen of History



CHRISTOPHER COLUMBUS

Christopher Columbus gave to the world one of its finest examples of salesmanship. He first sold himself on the idea that the world was round—an idea that everyone else in those times thought preposterous. Men laughed at him; they ridiculed him; they scorned him. But Columbus was not to be denied.

From maps and charts left him by his father-in-law, he decided that a route to the West Indies could be found by traveling west. One day his big chance came. Through the intercession of a monk, Queen Isabella's confessor, Columbus secured an audience with the King and Queen and he sold his idea so well that Queen Isabella was willing to part with her jewels in order to finance his expedition. The rest is history.



Vision, persistence, determination and high courage made up the character of Christopher Columbus. He was a master mariner, a master navigator, but greater than these, he was a master salesman.

ROYAL UNION LIFE INSURANCE COMPANY

Des Moines
Iowa

J. J. SHAMBAUGH, President

Insurance

"The wide distribution of life insurance in this country is an invaluable factor in our daily life and is, I believe, one of the finest results of our national development."—Herbert Hoover.

LIFE INSURANCE AND RECOVERY

THE long hoped for recovery stage of the depression seems at last to be at hand, if our statistical friends are to be believed. We must now call upon our sadly tried recuperative abilities to begin that final climb out of the abyss. Can we make it, or are we going to plod along on the same dead level of mediocrity, with only bitter memories of our once glorified standard of better living? The answer to that gravest of questions can only depend upon the still untouched reserves of our latent resources, both physical and spiritual. It seems to me most timely, therefore, that we take count of these elements of our economic strength which must now be called upon for this crucial effort. And among the most valuable of them is one which is all the more indispensable because it is still largely unimpaired, and because it constitutes in sheer volume one of our mightiest reservoirs of economic power. I refer to life insurance.

A Bewildering Figure

Of course we cannot quite claim it is an American invention. The first reported life insurance transaction is generally credited to Joseph, economic adviser to the Egyptians . . . With foresight comparable to that of the biblical seer, 68,000,000 Americans—more than half our entire population—have accumulated a reserve fund in excess of \$20,000,000,000 now held by our life insurance companies that gives us protection totalling no less than \$109,000,000,000. Just to show you what that last bewildering figure means, it is equal to more than one-fourth of all our national wealth, a good deal more than the whole of our national income each year. And here is striking evidence of the amazing growth of insurance for that prodigious sum has, in the last 30 years, risen from eight and one-half billions in 1900, to one hundred nine billions now; a thirteen-fold increase, as against a four-fold expansion in the same time of our national wealth and a population growth of less than one-fold—62 per cent to be exact. There you have the measure of our increasing national confidence in this great institution, a measure of its gigantic significance in our whole national economy.

By DR. JULIUS KLEIN

Assistant Secretary of Commerce

American insurance is an impressive monument to the initiative and capacity of our citizenry to look after and provide for their own—our way of fulfilling that hallowed obligation which is as old as the venerated page of Holy Writ. It is, therefore, a veritable bulwark of our democracy, a bulwark that is built up from the broad base of the whole population, not downward from the detached heights of officialdom.

And so we have this nationally accepted institution of life insurance as a mighty surety against the uncertainties of life and a substantial solace in the certainty of death. Naturally, 68,000,000 Americans can't be wrong. Why? The answer is threefold: first, the fundamental appeal

"THE LONG record of faithful performance by life insurance fully merits our moral and financial confidence in it as a solid rock upon which we can build with assurance. It has indeed proven itself a depression-proof institution."

of insurance to our instincts and emotions, again, the scientific conduct of the business itself, and finally the legal safeguards enforced by vigilant state authorities.

Reserve Strength

One of the great factors in the potency of life insurance as a haven of reserve strength for us right now is the fact that it permeates every class, every group, every calling in the land, from the humblest to the highest. "The wide distribution of insurance in this country," says President Hoover, "is an invaluable factor in our daily life and is, I believe, one

of the finest results of our national development."

Now you and every other insured American helped to build that vast \$20,000,000,000 reserve behind your policy and, of course, you are interested in its safe investment. Besides, the insurance agent stated your contract would create for you an immediate estate which would be liquidated at full face value when the policy matured by death or after a stated period. Naturally, you want to be sure that the company is strong enough to deliver on that commitment.

Here is a striking fact, as to the security of the insurance business in general. The efficiency and honesty of the companies themselves, plus this cooperative vigilance of state officials, account for the fact that in the last half century, with all of the ups and downs of business in that time, including the appalling crises of the 90's and of the 1930's, there has not been a single major failure in the insurance business.

Investment Diversity

One reason for the solid strength of these companies has been the truly all-pervasive diversity of their investments. They have gone into every state and county of the Union; into commerce, industry and agriculture; into government, public utility and private undertakings; into homes, hospitals and schools—in short they have been the fighting red corpuscles in our national bloodstream, flowing through every part of our economic body. They have a diversity that gives abundant warrant for former President Coolidge's statement that "the stability of life insurance rests upon America itself."

But, you may say, all of that is well enough so far as the companies are concerned. How about the policyholders or their beneficiaries? What specific benefits did they derive?

During 1931 legal reserve life insurance companies, under more than one million policies, paid to beneficiaries of deceased policyholders approximately \$950,000,000. But life insurance is far from being simply a solace to the bereaved family; it is no longer solely to be associated with death. Here is a striking figure indicat-

Northwestern Banker January 1933

ing the values of insurance to the living policyholders: in 1931 they received from their companies no less than \$1,627,000,000 in various forms: endowment policies, disability claims, on lapsed or surrendered policies, on health and accident claims, and in dividends that resulted, as I previously noted, from careful underwriting, prudent investments, and efficient administration.

You do not have to be a learned economist—or even one not so learned—to gauge the tremendous benefit derived by our country in a year of gravest trials, such as marked 1931, from payments to our citizens of sums totaling two and one-half billion dollars. Most certainly our burdens were made lighter, our difficulties less severe because of that invaluable aid to our buying power and therefore to employment.

A Helping Hand

In addition to all these national benefits through insurance investments and personal benefits through insurance payments we should also consider the helping hand extended through loans secured on insurance policies. Such loans now total approximately \$3,000,000,000. But these loans unfortunately diminish the amount actually payable under the policy and to that extent they impair or even destroy the original object of the whole process of

insurance. It would seem prudent, in fact absolutely essential, if we are to maintain the basic principle and purpose of insurance, that the borrowing privilege be not abused simply because it happens to be so readily available. It should not be resorted to except as a very last emergency expedient. Regard your policy as a solemn promise to its beneficiaries—either your family or yourself; regard it also as a symbol of your credit, your good

standing in the community—which it certainly is. And if you view it in that light you will, I am sure, be reluctant to impair it, except as a final, desperate recourse.

The long record of faithful performance by life insurance fully merits our moral and financial confidence in it as a bulwark, a solid rock upon which we can build with assurance, for it has indeed proven itself a depression-proof institution.

Buys Control of Royal Union Life

CONTROLLING interest in the Royal Union Life Insurance company of Des Moines was sold last week to T. J. McComb and Associates of Oklahoma City, according to an announcement by J. J. Shambaugh, president of the company. The change of control, however, will effect no changes either in the territory of the company, or its plan of operation, and the home office will remain in Des Moines. Mr. McComb will move to Des Moines at once, to assume management of the company as chairman of the board of directors, succeeding A. C. Tucker, who has resigned following the disposal of his controlling interest.

S. A. Apple of Oklahoma City be-

comes treasurer, succeeding C. E. Dailey, who becomes auditor. C. Guy Anderson of Oklahoma City will also move to Des Moines at once to become investment manager of the company.

J. J. Shambaugh remains as president of the Royal Union, the position he has occupied since the Des Moines Life and



T. J. McCOMB

Annuity company, of which he was president, merged with the Royal Union in 1931. B. M. Kirke, field supervisor for several years, remains as secretary and field manager.

Mr. McComb, who has been connected with the insurance business for the past 30 years as an attorney, consulting actuary and executive, is also president of the Great Republic Life Insurance company of Los Angeles. Mr. Apple is treasurer and Mr. Anderson is a director of the latter company. Mr. McComb was at one time commissioner of insurance in Oklahoma.

The capital stock of the Royal Union Life has been reduced from \$2,000,000 to \$500,000, adding \$1,500,000 to the company's working surplus.

The Royal Union Life Insurance company, which was formed by a series of consolidations, purchases and reinsur-

Effective Equipment

1. Sound, liquid financial condition based on years of conservative financial policy
2. Complete line of policy contracts
 - a. Participating
 - b. Non-participating
 - c. Guaranteed Premium Reduction with dividends after tenth year
3. Organized sales presentations on many policies
4. Particularly strong equipment on life insurance as an investment
5. Excellent correspondence course
6. Schools of instruction in the field conducted by Home Office men
7. Low ratio of rejection
8. Non-medical
9. Substandard service
10. Low net cost
11. Age limits—birth to 65
12. Mail advertising—"To Pave the Way"

Effective equipment counts for a lot in these days of keen competition for sales.

Consider the above outstanding advantages to which—in keeping with NWNL's reputation as a sound, progressive company that has the needs and interests of its fieldmen paramount—every NWNL fieldman can lay claim as a part of his "effective equipment." They *do* help make sales.

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

ances of 23 firms since 1917, had on January 1, 1932, a total of \$177,518,007 worth of insurance in force.

It wrote \$57,068,905 worth of risks in 1931, including the business taken over through the Des Moines Life and Annuity



S. A. APPLE

merger, and had a total income for the year of \$12,795,359. January 1 last year it had admitted assets totaling \$39,050,435.

The Soundness and Growth of Life Insurance

As the year 1932 is reviewed life insurance is justified in pointing with pride to its performance during the past months. Life insurance companies have been outstanding in the soundness of their financial structure and in their ability to meet all obligations. In addition to large sums paid to beneficiaries, hundreds of millions of dollars have been paid to living policyholders as annuities, endowments, dividends and on surrendered policies. Millions of dollars have been available to policyholders as loans on their insurance. For many men their life insurance has been the one investment which has not depreciated in value during the past months. In contrast to most investments a life insurance policy purchased in 1928 is worth much more today.

A glance at the growth of life insurance is proof of the increasing recognition of its importance. Fifty years ago annual sales totaled about \$200,000,000. More than twice this amount was sold in every month of 1932. By 1890 sales had reached an annual total of \$1,000,000,000, during the next twenty years sales increased more gradually but steadily until in 1910 annual sales reached the \$2,000,000,000 mark. The next decade from 1910 to 1920 was one of unprecedented growth. In ten years the annual volume increased \$6,000,000,000 and in 1920 the country purchased

about \$8,000,000,000 of new life insurance. The year 1921 showed a decrease in volume but beginning with 1922 the volume again increased until the peak was reached in 1929.

Decreased incomes during 1930, 1931 and 1932 have retarded the growth of sales. The economic situation in 1932 has been one of the most severe in history—the incomes of all classes have been cut and in some cases completely wiped out. Despite decreased incomes, an increasing proportion is being spent in life insurance. Using a conservative estimate for December, sales during 1932 have averaged about \$25,000,000 for every working day.

Milligan Named President

Three promotions were recently announced by the Western Grain Dealers Mutual Fire Insurance Company of Des Moines, following the death of the late Jay A. King, president, who founded the company a quarter of a century ago.

D. O. Milligan, secretary and general manager of the company for the past three years, has been named president, and G. S. Blount, assistant secretary for the past year, was named secretary. F. E. Yoast, assistant secretary, was made assistant to the president and P. J. Harvey was continued as vice president.

An organization
of thirty-seven
years experience
... sound ...
... progressive
... congenial

Central Life
Assurance Society

(MUTUAL) DES MOINES, IOWA

Bankers' Wants

This department of The Northwestern Banker is free to subscribers. To non-subscribers, a charge of five cents per word. In answering key numbers, please enclose postage for forwarding purposes. And remember, this service is free to subscribers.

FOR SALE: Bargain in a vault door and lining.

Door: York Safe and Lock construction. Circular left hand swing. 8" solid thickness, 72" diameter, clear opening. Crane hinge. Geared bolt work, pressure system.

Locks: Two combination locks. Sargent & Greenleaf triple time locks.

Steel: 1/4" open hearth steel.

Vault: 14' 8" wide.

Lining: 10' 6" deep. 8' high inside.

A fine vault job at a ridiculously low price. Immediate delivery. Address H. R. JOINER, Maquoketa, Iowa.

For Sale—Two nests Invincible Deposit boxes of 30 boxes each. Size 4 3/4 x 2 1/2 x 14. Nickel steel front. Will deliver F.O.B. any Iowa town at \$1.50 per box. Security State Bank, Radcliffe, Iowa. 1-2-3.

For Sale—Short Method Rules for measuring hay, corn, grain, coal and other items. Prepared in Mimeograph form. Will mail copy upon request and receipt of 25 cents. Address J. P. Denger, Cashier, Bank of Galt, Galt, Iowa. 3201. 12-1-2.

LOUIS J. MUEHLE & COMPANY

Certified Public Accountants

601-602 Securities Building
DES MOINES, IOWA

FRANCIS DRAKE HOTEL

200 ROOMS \$2.00 200 BATHS
Guest rooms and kitchenette apartments
Special weekly and monthly rates
10th Street at 5th Avenue

MINNEAPOLIS

"What do you mean by flagging the limited?" growled the conductor to the wayside motorist.

"I wanted to borrow a wrench," said the driver. "I've got to change a tire."

Northwestern Banker January 1933

At the board meeting where these promotions were made, President Milligan announced that the company now has seventy-five millions of insurance contracts in force and assets of \$206,563. Three years ago insurance in force was forty-four millions and assets were \$159,160.

The Western Grain Dealers operates in Iowa, Nebraska, Kansas and South Dakota.

The Western Grain Dealers Mutual Fire Insurance Company has added a complete line of automobile and workmen's compensation insurance.

Through an arrangement with the Builders and Manufacturers Mutual Casualty Company of Chicago, a joint automobile policy will be issued under which automobile liability, property damage and collision will be underwritten by the Chicago company, while the fire, theft and tornado features will be underwritten by the Western Grain Dealers.

Syndicate Assets Pass \$50,000,000

Resources of Investors Syndicate totaled \$50,137,144.23 as of November 30th, according to a statement recently released by E. M. Richardson, treasurer of the company. This was an increase of \$4,352,193.37 for the 12 months' period; resources as of November 30, 1931, were \$45,784,950.86.

Cash on hand and in banks was \$2,259,611.02, according to the latest statement, while bonds and other securities, consisting chiefly of investments legal for life insurance companies under New York laws, totaled \$5,057,465.88.

These items represented a substantial improvement in liquid position of the company in the past twelve months, Mr. Richardson pointed out, as cash and securities totaled \$4,894,610.08 as of November 30, 1931, compared with the total for the two items of \$7,317,076.90 in the latest statement.

Loss Claims Decrease

The National Surety Company losses for the first ten months of 1932 experienced a decrease of 29.3 per cent in the number of claims received as compared with the first ten months of 1931. There were 14,875 less claims filed during this period.

The only line of insurance to show an increase in loss frequency over last year is burglary. The company claims this is due to the prevailing frequency of daytime robbery of banks and stores. A nationwide campaign among banks urging daytime use of time lock protection on reserve cash and bearer bonds is being

conducted and is expected to greatly reduce the profit of robbery to bandits who prey upon banks.

Unusual loss frequency continues in court bond claims. Never in history has there been so many embezzlements as during the last ten months—executors, administrators and others in positions of trust are non-observant of their duties and many are being found guilty of criminal negligence and actual stealing. The company is pursuing a vigorous campaign for prosecution in such cases.

Some of the important lines written by the National Surety Company showing a decrease in number of reported loss claims are—Depository bonds down 66.6 per cent; contract bonds, 29.6 per cent; fidelity bonds, 21.6 per cent; bankers blanket bonds, 24.4 per cent; forgery bonds, 30.6 per cent.

Commodity Prices

One of the chief reasons for our present economic distress lies in the sharp inequalities in purchasing power among various classes of consumers. In our system of complex exchange economy, every product is in itself a demand for other goods. Money is merely a medium of exchange and price represents the ratio at which goods can be traded in the market. When, therefore, there occurs a violent price decline, with some groups falling much more sharply than others, a disturbance takes place in the system of exchange in which the producers of certain classes of commodities suffer a serious shrinkage in purchasing power. This is especially true of agricultural producers, the ratio of the price of whose products in relation to the goods they must buy is but 55 per cent of the pre-war level. As a result of this situation, the farmers, who represent 50 per cent of the world's population, must sharply curtail the purchases of manufactured goods. The cumulative effect is a slackening all along the line, and the clogging of the world's markets with surplus goods selling at unusually low prices. When one considers that many of the countries of the world, including all of Latin America, Australia, Africa, Asia, Canada, and several countries in Europe are engaged principally in the production of raw materials and agricultural commodities, and that the export of these products is the chief source of balancing international payments of these countries, the seriousness of the striking inequality in price declines becomes apparent.

The following are among the factors which are retarding the necessary commodity price readjustment process by either restricting the flow of trade or by impairing the purchasing power of important consumers:

1. Tariff walls and restrictions upon exchange.

2. Heavy accumulation of raw material supplies. According to the combined index of nine different raw materials and foodstuffs compiled by the United States Department of Agriculture, world stocks are about 185 per cent above the average for 1924.

3. Continuation of agricultural production near the peak. It is difficult to correct this situation inasmuch as the farmers have heavy fixed charges, especially interest and taxes, so they feel compelled to maintain their production at as high rate as possible in order to meet these payments. On the other hand, crop reduction is going on in various parts of the country because of the inability of the farmers to obtain the necessary credit. In the long run, undoubtedly low prices will bring about curtailment, except when offset, of course, by abnormal crop yields.

4. Until war debts and other international obligations are settled in a satisfactory manner it is likely that the amount of foreign lending will continue on a small scale, and without this means of finance, raw material countries, especially, will be unable to make important purchases in the world markets.

5. A large part of international loans, especially those covering war debts, were for non-revenue producing purposes, with the result that there is no adequate return on the investment to make interest payments or to amortize the principal, so in consequence the extra strain of debt service is placed upon other productive enterprises as well as upon the standards of living.

6. While the liquidation of outstanding debt out of current income continues, the debtor class will be compelled to cut down its expenditures for consumption with the result that the commodity price structure will lack an important sustaining influence.

7. The depreciation of foreign currencies, while theoretically lifting prices in the domestic markets for the particular country, (or during a period such as we are in at present tends to resist the deflationary influences), in the long run has a tendency to depress world commodity prices, in terms of gold, because of the keen competition engendered between countries off the gold standard basis.

The effect of deflation tends to be cumulative and to perpetuate itself until depression has run its course or the vicious circle is broken by some outstanding event such as war, crop failures, and the like. It is encouraging to note that after drastic adjustments had been made to the low level of commodity prices in the major depressions of the past, there followed a prolonged period of good times.

General Conditions

Another year of depression has passed into history, and we face 1933 with a realization that it will be one of readjustment progress. Nothing can be gained at this stage by shutting our eyes to realities or by wasting precious time on panaceas which in the long run merely aggravate conditions. We should rather, with renewed courage, clear away the obstructions to recovery in order that we may build again on a more sound foundation. The most difficult task is to make the necessary harsh mental adjustments to existing conditions.

In times like the present it is refreshing

to turn back to the past and find there the basis for confidence and courage to carry on. History is repeating itself to a rather surprising degree. The fundamental problems of today do not differ essentially from other critical periods. After all it would seem self-evident that from a given set of conditions—sharp downward trend of commodity prices, striking inequalities in the purchasing power of various groups, demoralized exchange, intolerable debt and tax structure, prohibitive trade barriers and other restrictions—there would inevitably spring such issues as requests for debt adjustments, urgency of reduction in government costs, demand for cheap currency, and a host of other problems now pressing for solution.



AN UNUSUALLY large number of conservative, well managed banks this past year have become customers of The Northern Trust Company. Two factors brought them here. The first, the simple and direct methods of the bank. The second, the sound and enduring principles to which this bank has held through more than 43 years.

THE NORTHERN TRUST COMPANY

Northwest Corner LaSalle and Monroe Streets
CHICAGO

In the throes of arduous and perplexing adjustments during other trying periods, predictions were then quite generally made that the country had entered a chronic state of stagnation from which it could not recover. So likewise at the present time there are those who, upon the basis of the direction and velocity of the deflationary forces, presage an irreparable breakdown of our economic system. But this view of despair overlooks the fact that these very forces generate their own recuperative powers that work in the midst of deflation and serve as a counter influence to the downward movement. This was clearly demonstrated during the past summer when raw

material prices advanced sharply, and it was evidenced again in the fall by the first real business upturn for that season of the year since the depression began.

Bancorporation Review Says:

Business activity in the United States as reflected by some of the major industries has been receding in December, but, making allowance for seasonal variation, it is above the August lows. Steel mills have reduced operations slightly, the usual decline at this period of the year being eased to some extent by orders for

automotive requirements; plants are operating at about 14 per cent of capacity, with output less than one-fourth for 1923-1925 average. Seasonal shrinkage allowed for, the level of steel production is better than it was a few months ago; November showed less than the seasonal drop, and the trade has retained some of its previous advance. Production of automobiles in October declined to the lowest point in a decade; there was a slight gain in November, according to incomplete data, but production is expected to be about 13 per cent less than in 1931. A current trade report, considered authoritative, states that "The automobile industry presents a contrast to the hesitation prevalent in other lines; motor car manufacture has been expanded in the past week and is now more active than at any time since July; a few plants that have been idle for months have resumed production." The textile industry has lost some of its gain but is one of the few lines in which output matches that of last year. Definite statistics of a comprehensive nature relating to industrial employment are slow in making an appearance; in October the improvement of the three preceding months was well maintained. The annual report of the Department of Labor voices the conviction that employment will improve, the statement being based on the fact that "Our country is more completely self-sustaining than any of the other large nations, and the home market for our products is the greatest that any country can boast."

A nervous like Scotsman who was riding on an accommodation train, the kind that stops at every station, jumped off at every stop. No sooner would the train slow up than out he would dash and in a few minutes come scoting back again. A fellow traveler asked him whether he couldn't help in some way.

"Weel, it's like this: I went to consult a specialist about my health and he found I had heart trouble. I was afeared I hadna sae verry lang to live, so I thoct it only richt to buy my ticket frae station to station."

A friend dropped in to see a finished picture by the great animal painter. The animal painter took some raw meat and rubbed it over a painted rabbit in the foreground.

"Why do you do that?" asked his friend.

"Why, you see," explained the artist, "a rich woman is coming to look at this picture today. When she sees her pet poodle rush up to the canvas and smell the rabbit, she'll get excited and buy it right away."



Resolutions

*"Strong resolves bring about strong results
—the proof of ability is action."*

Our resolution for 1933 is a definite resolve to put into action our knowledge, our experience, our efficiency, and our service to the hundreds of correspondent banks which have found this institution ready and willing at all times to give them the results they desired in the handling of livestock proceeds.

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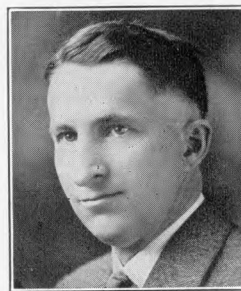


T. M. BRISBINE
President

South Dakota Bank News

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Treasurer.....Russell Bard
Miller
Executive Manager.....Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

The Check Tax in South Dakota

(Continued from page 13)

"LAST YEAR everyone of the school teachers in town and all of the country teachers in our territory carried accounts with us. This year most of them take cash and are frank in saying they are doing it to save the tax."

"OUR DEPOSITS have declined about \$50,000 since check tax went into effect. We attribute one-third of this loss directly to this tax."

"CHECK TAX is drawing many check accounts out of banks and depositors hold larger amounts of cash with non-taxable checks and carry around money, thus aggravating the bank situation. The government should raise tax money in some way other than by resorting to methods that drive money out of banks at a time when they are trying to hold it."

"IF POSTAL money orders were taxable the same rate, there would be at least fair distribution, as we lose considerable by reason of these money orders."

"THERE IS no question but that the tax on checks hurts the smaller banks more in proportion than larger banks. The class of customers is different. We feel the tax is unjust."

"MANY DEPOSITORS have advised they are not using checking accounts because of the federal tax. They say they do not mind paying our service charge because we have been an aid to the community, but they object to the government taxing their checking accounts."

"WE FIND that the check tax has cut down our service charges 50 per cent on checking accounts."

Announces Schedule

G. G. Koenig, field inspector for the government feed and seed loans, has announced where he would officiate during the coming weeks. This announcement is made for the convenience of farmers who wish to make payments on loans to obtain information concerning them.

He will be at his office at room 9, post-office addition, Sioux Falls, on Saturdays and Mondays; First National Bank, at

Canton, Thursdays; First National Bank, at Dell Rapids, on Wednesday afternoons; Farmers State Bank, at Flandreau, on Thursdays, and Bank of Humboldt, at that place on Friday afternoons.

This schedule will be followed for the next few weeks, according to Mr. Koenig.

On Bank Board

J. R. Mitchell, chairman of the board of directors of the Federal Reserve Bank, of Minneapolis, recently announced that as a result of the regular election of directors by member banks in the Ninth Federal Reserve District, H. R. Kibbee, of Mitchell, South Dakota, was elected for a three-year term beginning January 1st, by banks of Group Two, consisting of those having a combined capital and surplus not exceeding \$399,000 and not less than \$60,000. Mr. Kibbee represents the banking interests of the district.

To Set Sale Aside

Claiming that prices paid were grossly inadequate because of a conspiracy to "stifle and chill" competitive bidding, the Corn Exchange Bank, of Sioux Falls, seeks to set aside the sale of certain personal property of Richard Haeder sold at a foreclosure sale last October.

The bank contends that Mr. and Mrs. Haeder, who live on a farm near Yale and who are joint defendants in the action, conspired to stifle competitive bidding.

Most of the property was purchased by Mrs. Haeder at prices which the plaintiff claims were grossly inadequate. Pending a decision by the court, the Haeders have been restrained from disposing of the property in question.

Grain Board Ready

The Lake County Grain Storage Board has received its certificates and record books from Pierre and is now ready to operate, according to Carl Glatz, president of the board.

The grain storage act passed by the last session of the South Dakota Legislature provides that any farmer upon application to the officially designated county farm storage board, may obtain grain storage certificates on his grain stored on the farm providing the grain is officially inspected and sealed. These certificates are issued in amounts equalling 60 per cent of the market price of the grain and it is understood they will be redeemable by the Intermediate Credit Bank, of Omaha.

Re-opened Banks

After declaring a week's holiday, the Parker State Bank and the First National Bank, of Parker, are making preparations to reopen. About 75 per cent of the depositors have signed waivers and as soon as arrangements can be completed, both institutions will be open for regular business activities.

The Case and Lathrop State Bank of Plankinton resumed business after a six weeks' suspension. A reorganization of the bank was effected.

After being closed for about two weeks, the Citizens State Bank, of Lebanon, reopened for business. The bank was closed voluntarily by those in charge.

It is understood that while holders of certificates of deposit have waived payment for a period of years, checking accounts will be paid as usual. The new arrangement was put through by I. J. McGinity, president of the bank, and others interested.

Following a temporary suspension of operations the Security State Bank, at Delmont, reopened. The bank was able to resume operations through the signing of waivers on their right to withdraw deposits by all depositors of the bank. The institution is capitalized at \$12,000 with a surplus of \$10,000.

The Bank of Ipswich ended a several days' "holiday" by reopening its doors, President M. Plin Beebe announced, after all depositors had signed waivers to a required percentage of their deposits. The "holiday" had been declared November 23rd.

More Nebraska News

100th Dividend

Directors of the Omaha Loan and Building Association have declared the one-hundredth semiannual dividend payable to its stockholders January 1, 1933.

The total amount to be distributed to the shareholders will be upwards of \$265,000.

This one-hundredth semiannual dividend marks 50 years of uninterrupted semiannual dividends paid by this institution.

Northwestern Banker January 1933

Declares Dividend

Directors of the Live Stock National Bank, of South Omaha, have declared the regular quarterly dividend of 1½ per cent, payable January 2nd, to stockholders of record December 27th. The stock is on an annual basis of 6 per cent.

Meet in Wahoo

The annual meeting of the Saunders County Bankers Association was held in Wahoo recently. There were 26 present and 11 banks were represented.

Stanley Maly, vice president of the First National Bank of Lincoln, was the speaker of the evening. He delivered a

fine address, taking for his subject "The Relation of the Foreign Debt and Reparations in Connection with Economic Conditions in the U. S. A."

The following officers were elected for the ensuing year: Ernest Wiggenhorn, of Ashland, president; Ernest Hanson, vice president, Evald Brodd, Wahoo, secretary. Executive Committee: E. E. Placek, R. M. Erway and J. M. Hall.

Bank Is Liberal

Replying to a query, D. P. Hogan, president of the Federal Land Bank, of Omaha, recently asserted "extensions made and delinquencies carried by the

bank now exceed the government capital allotted outright to this bank.

Hogan had been asked what the bank was doing to make it easier for delinquent borrowers to avoid foreclosures. That, he said, was the best answer he could make.

"Since the bank is controlled by the borrowers, the good ones must be protected," he said. "Our collection policy is somewhat criticized, but on January 1st, we must make interest payments of \$2,400,000. Collections must be up at least to this mark or the bank would go into the hands of a receiver and all borrowers would then probably be penalized."

"We have not been unmindful that the money voted by congress is taxpayers' money," added Hogan, "and we have tried to administer the funds wisely and judiciously."

Opposes Rate Cut

C. C. Kuning, manager of the Omaha branch of the Regional Agricultural Credit Corporation, announced his opposition recently to a move for reduction of the interest rate on the corporation's loans to farmers and livestock producers.

A rate less than the 7 per cent charged borrowers would be a deliberate gift of government funds, he asserted.

"It should be realized," he said, "that the interest is the only charge to the borrower, with the exception of a nominal abstract fee. The overhead involved in handling the loans is so heavy that at the present rate of 7 per cent we are taking a slight loss on loans of \$2,000 and under. Since two-thirds of the 1,200 loans the Omaha branch has completed are in this class of \$2,000 or less, it is obvious that if the interest rate is cut the government would have to take a loss. The borrowers benefiting would be accepting government alms."

He said he believed farmers and stockmen dealing with the Omaha branch are satisfied and reported no complaints to his office regarding the interest rate.

An Irishman was seated in a train beside a pompous individual who was accompanied by a dog.

"Foine dog ye have," said the Irishman. "Pwat kind is it?"

"A cross between an Irishman and an ape," the man replied.

"Shure, an its related to both of us," the Irishman rejoined.

Two men were seated together in a crowded street car. One noticed that the other had his eyes closed and asked, "Bill, don't you feel good?"

"I'm all right," said Bill, "but I do hate to see ladies standing."

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 Fritson, Cashier



R. H. BARBER
President

Nebraska Bank News

Officers Nebraska Bankers Association

President.....R. H. Barber
Paxton
Chairman Executive Council.....
.....H. A. Schneider
Plattsmouth
Treasurer.....C. F. Brinkman
Omaha
Secretary.....Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

The Security of Federal Reserve

The security which federal reserve banks provide more than justify their existence, E. P. "Ned" Brown, a director of the Federal Reserve Bank, at Kansas City, Missouri, told members of the Lincoln Wholesale Credit Association at their recent regular meeting at the Lincoln Hotel.

"One erroneous idea I hear expressed frequently," Mr. Brown said "is that the farmers derive no aid from the Federal Reserve system. If the farmers are not getting loans from the Federal Reserve Bank at Kansas City, it is because they are not getting it from their member bank."

Mr. Brown explained that two-thirds of the total rediscounts from the Kansas City bank is at present on farm paper. The usual time for business loans made by the Federal Reserve Banks is 90 days, but the time has been extended to nine months on farm loans.

Maintaining that the Federal Reserve Banks are not "bankers' banks," Mr. Brown explained that the nine directors are elected in three classes. First, three directors are elected by the member banks and must be bankers. Second, three directors are elected by the member banks but must not be bankers. Third, three directors are appointed by the Federal Reserve Board, two of whom must not be bankers and all three of whom must not be holders of bank stock. The governor of the bank is elected by the directors and is the only "salaried" member of the board.

In concluding, Mr. Brown stated that it is a mistaken idea that more currency is needed to end the depression. "There is more money in circulation today than during the height of the boom," he said. "There is, however, a lack of bank credit. We need better prices, not more money."

New Bank Bill

State banks being without authority to post depository bonds or pledge their assets to secure the funds of school districts, the Nebraska Board of Education has au-

thorized its attorney, R. O. Williams, to draft a bill to be introduced at the coming session of the state legislature.

Information that the state banks cannot post the securities was contained in a letter from F. C. Radke, counsel for the bank receivership division. Two state banks in Lincoln have sought school deposits during the past year, and the proposed bill is intended to enable them to qualify for such deposits.

Birthday Dinner

Honoring M. Weil, president of the National Bank of Commerce, Lincoln, on his seventy-fourth birthday anniversary, 40 officers and employes of the bank met at a dinner at the Lincoln hotel.

Mr. Weil, who has been president of the bank since its organization in 1902, spoke briefly, as did other officers of the bank, including Carl Weil, Byron Dunn, Albert A. Held and Merlin Springer.

Marjorie and Dorothy Clark gave a tap dance and singing act. B. G. Clark presided as toastmaster.

Annual Meetings

The six national banks of Omaha have notified shareholders of their annual meetings, to be held Tuesday afternoon, January 10th. Directors will be elected and other business transacted. National banks of the United States are required by law to hold their annual meetings on the same date.

County Meeting

The Cass County Bankers Association met at the Rasmussen hall in Weeping Water recently.

Several matters of importance and interest to the bankers present were brought before the meeting and discussed. This is a regular affair and the bankers of the county meet at some vantage point discussing the problems of banking and other business matters, thus cooperating in the many questions that come up in the daily run of business.

Rates Too High

The Omaha live stock market has suffered while Denver has profited as the result of cancellation of Omaha's sale-in-transit privilege, H. L. Van Amburgh, assistant to the president of the Union Stock Yards Company, and C. E. Childe of the Chamber of Commerce testified before an I. C. C. examiner.

Fat lambs, Van Amburgh said, sold for 27 cents higher in Omaha than in Denver a year ago; now they are one-seventh cent lower.

Childe named shipping towns in Ne-



We Extend Our Hearty Wishes
for a
Prosperous New Year



LIVE STOCK NATIONAL BANK

Union Stock Yards
OMAHA

braska and western states which he said enjoyed a rate advantage of 17 to 31 cents a hundred pounds by sending through Denver instead of through Omaha.

Nebraska is now the only state in this district of the Federal Home Loan Bank of Topeka which cannot benefit from the bank's activities. The money of the bank is loaned only through other financial institutions and not to individuals.

The bank has just been advised by the Federal Home Loan Bank Board of Washington, D. C., that a new interpretation has been placed upon the Federal Home Loan Bank Act, which makes it

possible for the associations of Kansas and Oklahoma to participate in the bank system under the non-member-borrower status.

A State Bank

Representative A. G. Jensen, of Fremont, plans to introduce in the next legislature a bill to establish a state bank. The bank would be operated by state officials and handle funds of state and municipalities. He also plans to introduce a bill to reduce the number of supervisors in counties, and cut the salaries of county commissioners from \$1,350 to \$1,000 a year.

Motion Filed

Motion for rehearing of the Hubbell bank case in which the Supreme Court held that the state could not collect assessments under the bank guaranty or depositors final settlement acts, was filed in Lincoln recently. Briefs in support of the motion were filed by the state and also on behalf of depositors of the Rosalie Bank.

Omaha Office Busy

The Omaha office of the Federal Agricultural Credit Corporation is handling about one-fourth of the total volume taken care of by all 33 offices throughout the country, a recent report from Washington headquarters to Charles C. Kuning, local manager, shows.

The report, as of the close of business December 15th, shows:

That the Omaha office disbursed \$2,500,000 of the \$13,000,000 already distributed by all offices.

The Omaha office made loans to 1,000 of the 3,500 borrowers from all offices.

Of \$31,000,000 in loans approved, the Omaha office approved loans of \$6,200,000.

Seven thousand of the 29,000 loan applications in all offices were at the Omaha office.

Total amount of applications on file throughout the country was \$65,000,000, of which the local office was represented by \$16,000,000 in applications.

Manager Kuning said he has written Secretary Luikart of the Nebraska Department of Trade and Commerce asking him to come and inspect the operation of the Omaha office, and to offer suggestions.

Luikart recently complained at Washington that the office was not making the smaller or "barnyard type" of loans fast enough.

Kuning also is inviting a number of additional bankers to sit on the loan committees of the local office.

Leaves Bank

James Sullivan, 23, son of Mr. and Mrs. J. A. Sullivan, has accepted a position at the Valley Stock Yards and will begin his new duties Thursday, according to an announcement from the stock yards management.

For the past four years, Sullivan has been an employe of the Valley State Bank, Enterprise, serving as assistant cashier since October, 1931. He is a graduate of the Valley High school.

Remodeled

The First State Bank, of Kenesaw, has completed internal changes, making it more convenient for customers and personnel. They have moved their confidential office to the front of the bank, giving more room and light in their office

Announcing

The Gerlach-Barklow Line for 1934 » » »

THANKS to the loyalty and patronage of our good friends, we are just entering upon our twenty-sixth year of success through service to business.

We are glad to take this means of acknowledging our grateful appreciation to these friends — and to you particularly — and to introduce the new line of Art Calendars and other good-will-building advertising mediums for 1934.

There never was a time in the history of business when the good will of the customer was of such vital importance as today; therefore we have spared no effort and no expense to give to our friends and clients the most comprehensive and beautiful line we have ever offered.

In the 1934 line you will find exclusive subjects reproduced from copyrighted original paintings by well-known artists of world-wide repute. Among these are Thomas Moran, William Bouguereau, Albert Lynch, C. C. Zwann, Bradshaw Crandell, Francis Day, Adelaide Hiebel, Jennie Brownscombe, Percival Rosseau, Jules Erbit and many others.

You will find more than this — for into the creation of this new line we have put the benefit of a quarter of a century of experience and we have put our most sincere thought. It is the masterpiece of our lives.

THE GERLACH-BARKLOW COMPANY JOLIET, ILLINOIS
Watch for the Gerlach-Barklow Man



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

Minneapolis Consolidation

THE First National Bank in Minneapolis and its affiliate, the First Minneapolis Trust Co., will be consolidated February 1st, as the First National Bank and Trust Co.

This was announced, following meetings of directors of the two institutions, by Lyman E. Wakefield, president of the bank and chairman of the board of the trust company, and Robert W. Webb, president of the trust company. The plan will be submitted to stockholders of the institutions at a special meeting about January 24th.

All officers and employes of the bank and trust company will be retained under the consolidation. Mr. Webb will be chairman of the trust department of the First National Bank and Trust Co. B. V. Moore and W. F. McLane, vice presidents, and A. B. Whitney and W. J. Stevenson, vice presidents and trust officers, will have the same offices in the merged organization.

Mr. Wakefield also announced the election of Harrison H. Whiting, president of the Pillsbury Flour Mills Co., as a director of the First National Bank, to fill the vacancy caused by the death December 11th, of Albert C. Loring. Mr. Loring was president of the milling company from 1908 until his death.

Under the consolidation plan, all banking business of the First Minneapolis Trust Co. will be taken over by the First National Bank and handled by the banking department of the new First National Bank and Trust Co. All checking accounts will be handled in the present banking room of the First National on the balcony floor of the building. All savings business will be conducted in the quarters of the First Minneapolis Trust Co., in the First National-Soo Line annex. The present savings and women's banking departments of the First National Bank will be moved from the room at the Marquette Avenue-Fifth Street corner into the present trust company offices.

The First Minneapolis Trust Co. will end a corporate existence of 44 years, most of that time as an affiliate of the

First National. Most directors of the institutions are on the boards of both. The bank and trust company compete for both checking and savings business and the consolidation will eliminate this competition.

"The announcement of our intention to consolidate the two institutions is the result of several years' consideration," said the statements of Mr. Wakefield, and Mr. Webb. "Our first consideration has been the desire to offer unexcelled trust facilities, with facilities to give such service and financial responsibility great enough to warrant public confidence.

With R. C. C.

Andrew Enger, for the last 10 years cashier of the Pipestone National Bank, has resigned to take a position as inspector for the Regional Credit Corporation.

Consolidated

Announcement of the consolidation of the Farmers and Merchants State Bank with the Lowry State Bank, at Lowry, was made following transfer of banking equipment to the offices of the latter institution.

Negotiations were recently completed, the new bank was greeting all old and new customers in the quarters of the Lowry State Bank.

Lowry is situated in one of the best farming communities of Pope county and both institutions had enjoyed the respect and confidence of the territory which they served so well.

Reduce Interest Rates

Banks in Minneapolis, in line with the action taken by Chicago and other large city banks recently, have decided to reduce the rate of interest they have been paying on savings deposits one-half of one per cent per annum.

"This will still leave the rate equal to that paid in other cities comparable to Minneapolis," according to a statement issued by the banks. "For several months

it has been growing increasingly difficult to invest savings deposits at reasonable rates of interest and at the same time see that they are invested in the safest and best securities, and there seems no immediate prospect of any change in that situation."

The bankers said that whenever conditions improve so they are able to pay a better rate on savings they will be glad to do so.

To Reorganize

A plan for reorganizing the First National Bank, of Ortonville, is now underway. A depositors' committee has the work in charge and a new capital stock of \$25,000 and a surplus fund of \$5,000 is being solicited.

At Chicago Meeting

Four Twin Cities bond men were among speakers at a forum on municipal finance held in Chicago under the auspices of the Investment Bankers Association.

They were E. S. Judd, of the First Securities Corporation, St. Paul; Herbert A. Abernethy, of Kalman Co., St. Paul; R. G. Andrews, of the Wells-Dickey Co., Minneapolis, and W. A. Simonton, of the BancNorthwest Co., Minneapolis.

The forum studied methods of effecting greater efficiency in municipal and state finances and in emergency relief programs.

Dies in Red Wing

Charles J. Sargent, 60, president and manager of the Goodhue County Bank, of Red Wing, died of a heart attack at his home recently. He was a nephew of E. W. Decker, of Minneapolis, president of the Northwestern National Bank.

Born in Mower county, December 13, 1872, he came in 1906 as cashier of the Goodhue bank. He has worked in the First National Bank, at Austin, following his graduation from the Austin high school. He was the son of Millard H., and Elizabeth Decker Sargent. He was prominent in civic affairs and was a member of the Presbyterian church, besides belonging to many fraternal organizations.

Merged

The First State Bank, of Cuyuna, an institution in operation continuously for over 22 years, was taken over by the newly organized First National Bank, at Crosby, a neighboring town.

Vote Dividends

Regular dividends for the last quarter of 1932 have been voted for thousands of stockholders in Minneapolis and over the northwest by the two large bank corpo-

Loss of Time means Loss of Interest

Profit often depends upon the speed with which out-of-town items are converted into cash.

The efficient, twenty-four hour service of our Transit and Collection Departments precludes avoidable delay.



...THE...
**PHILADELPHIA
NATIONAL BANK**

ORGANIZED 1803

PHILADELPHIA, PA.

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

rations which have their headquarters there.

The First Bank Stock Corporation voted its regular 12½ cent dividend and the Northwest Bancorporation its regular 15 cent dividend, both payable January 1st. It will mean a distribution of more than a half million dollars.

The dividend of the First Bank Stock Corporation will be paid on 2,125,654 outstanding shares of stock and will go to stockholders of record December 21st. It will make total dividend distributions for 1932 approximately \$1,562,000. It is estimated the operating earnings will be somewhat in excess of \$4,000,000.

Stockholders of the Northwest Bancorporation at a recent meeting approved a plan by which the corporation now carries its investments in capital stocks of banks and affiliated companies on a net tangible asset basis.

The net tangible asset value of the 1,614,531 shares of stock outstanding, not including good will and after setting apart a reserve for contingencies of \$14,000,000 as of October 31, 1932, is represented by capital and surplus of \$29,265,055.40, equivalent to \$18.12 a share. Changes voted on by the stockholders also provide that the corporation may issue 2,000,000 shares of stock, all of which shall be without par value. With 1,614,531 shares outstanding this provides a margin of 320,499 unissued shares for future requirements.

Net operating earnings for 1932 are estimated at \$4,600,000, which compares with \$5,900,000 for the year 1931.

Twenty Years

The Farmers State Bank, of Raymond, celebrated its twentieth anniversary, December 17th, by keeping open house to its friends and customers in the Raymond community. The bank has not foreclosed a real estate mortgage since it was founded and has only foreclosed three chattel mortgages in this time, is the record its officers point to with pride.

This bank was organized in the fall of 1912 by Wilmar men.

To Hold Spring Meeting

The annual meeting for 1933 of the executive council, American Bankers Association, will be held at the Bon Air-Vanderbilt Hotel, Augusta, Georgia, April 10th-12th, it is announced by F. N. Shepherd, executive manager of the association. The council consists of 114 members, representative of the geographical distribution of the membership in the general organization and of its major functional subdivisions. Detailed reports on all the activities of the association are received and passed on by the council and matters of policy determined.

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

Heads Association

J. E. Davis, president, Dakota National Bank and Trust Company, Bismarck, North Dakota, has been elected president of the Bismarck Association of Commerce.

Mr. Davis has long been prominent in development work in western North Dakota.

Resigns

V. D. Lord, connected with the First National Bank, of Cando, for the last 16 years, has resigned his position to accept an appointment as inspector in this vicinity of the Regional Agricultural Credit Corporation, of Minneapolis.

His new work will consist of inspecting livestock or "barnyard loans," grain on the farm and feeder loans made to farmers in this section. No successor will be named by the bank until the annual meeting but the post of the board of directors will be temporarily filled by T. S. Harkison.

Mr. Lord was first employed by the bank in 1916 as stenographer. He resigned to serve in the World War and on his return two years later was re-employed by the bank as first assistant cashier and in 1926 was made cashier and director to succeed Frank Shanley.

Elected to Board

The greater North Dakota Association recently elected J. P. Wagner, cashier, Dakota National Bank and Trust Company, Bismarck, to membership on the board. Mr. Wagner long has been identified with the development of his state. In his new position he will represent Burleigh, Logan, Emmons and Sioux counties. Mr. Wagner is a member of the committee on education of the North Dakota Bankers Association and formerly was president of the Missouri Slope District Bankers Club.

Mr. Wagner was Burleigh County chairman of the Greater North Dakota Association.

The Guaranty "Survey" Says---

READJUSTMENT has proceeded swiftly throughout the year, and the prospects are undoubtedly better than they were at the end of 1931, however, it has become increasingly clear that the likelihood of any reasonably prompt recovery from the world-wide depression depends largely on political action at home and abroad. War debts, trade barriers, monetary restoration, budget balancing, and political stability represent problems that have become more vital than ever to the world's economic welfare and that depend for their solution on the action of public officials.

Political Factors

"Any attempt to appraise the significance of the present situation must, therefore, be predicated on certain assumptions regarding the policies to be pursued by the governments of the principal nations. If the existing problems are handled with an adequate appreciation of the economic

principles involved, it is reasonable to expect that the coming year will witness a continuation of the progress that was begun in the latter half of 1932. However, there must inevitably be a period of uncertainty and hesitation until decisive steps are taken to remove the politico-economic obstacles that now stand in the way of recovery, and until enough time has elapsed to give some indication whether the decisions reached represent adequate solutions.

War-Debt Default

"The default by several nations on their war-debt payments to the United States due on December 15th, cannot be regarded otherwise than as a blow to confidence and, consequently, as a setback to trade revival throughout the world. It is to be feared, moreover, that the default will tend to retard, rather than promote, the final solution of the debt problem. How serious the adverse

effects may be will depend on the extent to which the American attitude in the face of this unfortunate development is tempered with a broad-minded appreciation of the debtors' point of view. The principal need of the moment is a settlement of the question that will end the present uncertainty, and the achievement of a satisfactory solution will require as much good will and mutual toleration as can be summoned to the aid of the negotiators.

Comparison

"Measured by almost any of the accepted standards of economic welfare, the year 1932, taken as a whole, was a period of deeper depression than 1931. The production and distribution of commodities were at lower levels; unemployment was greater; the earnings of business enterprises were smaller and losses larger, and commercial failures were more numerous. Prices in general continued to decline, although the downward trend was interrupted by a sharp advance during the third quarter of the year. Distress among the farming population was increased by the further drastic decline in prices of agricultural commodities.

A conspicuous and significant exception to the general trend must be noted in the case of bank failures, which, while very numerous, were less so than in the preceding year. This favorable comparison was made possible by the marked improvement in financial conditions that began in the summer. In four of the first seven months of 1932, bank suspensions outnumbered those in the corresponding months of 1931; and the total for the current year through July was 22 per cent above that a year earlier. In the following three months failures reached only 25 per cent of the 1931 figures, with the result that the total for the first ten months of the year was equivalent to only about two-thirds of that for the similar period of 1931. It is likely that the figures for the closing weeks of the year will make an even more favorable showing, inasmuch as the latter part of 1931 was a period of deep financial distress, whereas the financial system in the last two months appears to have retained a large measure of the improvement recorded in the third quarter of the year.

"Another important respect in which 1932 compares favorably with 1931 is that the earlier year was one of almost uninterrupted recession and closed with the general level of trade at a new low point, while 1932 may be divided, roughly, into two parts, with the first half characterized by a continuation of the recession and the second by numerous indications of revival. As far as future possibilities are concerned, this contrast is probably more significant than a comparison of actual levels of production and distribution. At the end of 1931, the downward

Northwestern Banker January 1933

movement was still definitely under way; at present, it appears to have been checked.

Remaining Difficulties

"The principal sources of unsettlement that remained were the American political campaign, the persistent parliamentary crisis in Germany, the strangulation of international trade by excessive tariffs and other barriers, monetary instability, the obvious fact that the one-year moratorium had been far from sufficient to bring about a solution of the war-debt problem, and the apparent necessity for further deflation in certain directions in this country in order to restore price

equilibrium and stability in public finance. The American election removed one of these sources of uncertainty and at the same time brought assurance of an overwhelming party majority in Congress, with an end to the divided responsibility that had been held partly accountable for the lack of coordination in the formulation and execution of governmental policies.

"Most of the other uncertainties remain, and it is universally agreed that concerted international action will be necessary to remove them. For the most part, they are mutually interrelated. The German political situation, for example, could be strengthened by international

agreement on armaments and reparations, which, in turn, both depend upon and must help to determine any decision reached with respect to the war debts. The debt question is intimately related to that of trade barriers, as is that of monetary stabilization.

"The urgency of these problems and the fact that each of them is dependent to a greater or less extent on the others explain the eagerness with which the world awaits the outcome of the international economic conference that is expected to meet early next year. Many international conferences have been held in recent years, but none with such a wealth of opportunities for direct benefit to the whole world. It is probably no exaggeration to say that the actions taken by the conference will become the chief influences hastening or retarding the recovery of the world from the economic collapse of the last three years."

Two Georgia darkies were discussing the financial condition of the country. They didn't agree.

"You's all wrong," one vociferated. "Dey ain't no money sho'tage. Ah asked mah bankuh is he out o' money and he tuk me in de vault and showed me piles an' piles o' money. An' I says could he let me have jes' a little. An' he says sho' he could. Has Ah any collat'rul? An' Ah hasn't. Now dat's what's de mattuh wif dis country. Dey's plenty o' money but we'se jes' runnin' sho't on collat'rul."

Gruff Father (to son): "Why don't you get out and find a job? When I was your age I was working for \$3 a week in a store, and at the end of five years I owned the store."

Son: "You can't do that nowadays. They have cash registers."

An Englishman entered a Scotch butcher shop and ordered "a sheep's head."

The butcher called down to his assistant in the cellar: "Aleck, bring up a sheep's head."

Then the Englishman chimed in: "I want an English sheep's head."

So the Scotch butcher shouted down the cellar again. "Aleck," he instructed, "take the brains out of it."

A camera man, working for the educational department of a film company, met an old farmer in town and said:

"I have just been taking some moving pictures of life out on your farm."

"Did you catch any of my men in motion?" asked the old man curiously.

"Sure, I did."

The farmer shook his head reflectively, then said: "Science is a wonderful thing."



In 1933

The Drovers Policy is unchanged. Always based upon Enduring Principles; it meets the sound needs of Drovers Customers this year as in pre-1929.

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TRUST & SAVINGS BANK
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1933-Century of Progress Exposition in Chicago

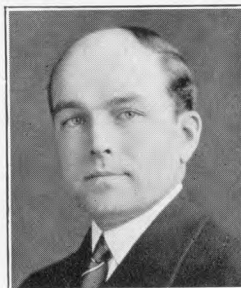


FRED J. FIGGE
President

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

Brief News from Iowa Banks

By J. A. SARAZEN
Field Reporter

EFFECTIVE January 1, 1933, the rate of interest to be paid by the Cedar Rapids banks, Cedar Rapids, Iowa, will be reduced from 3 per cent to 2½ per cent per annum on time and savings deposits as evidenced by pass books. Interest will be paid on accounts remaining three or more calendar months.

The rate of interest on certificates of deposit will be 3 per cent per annum. Certificates are issued for not less than six full months. If a certificate is issued for six months and is brought in after eight or nine months the depositor will be paid interest for a period of time issued only without he wishes to renew it. In that case it would be dated back the two or three months.

All six banks in Cedar Rapids belong to the Clearing House Association and all six have Christmas Clubs. It is understood that two of the banks will pay no interest on Christmas Club savings accounts and the others will pay 2½ per cent.

MANY BANKERS have asked about the charge other banks are making in cashing checks for noncustomers. The following charges were taken from a bulletin board in the Farmers Savings Bank, Walford, and to my way of thinking seems to hit a happy medium. The card-board, which is about 22 inches long and about 14 inches wide, and placed near the teller's cage, reads as follows:

TO NONCUSTOMERS FOR CASHING CHECKS

The following charges will be made on all checks on other banks where currency is desired:

5c per check up to \$ 25.99
10c per check from \$ 25.99 to \$ 50.99
15c per check from \$ 50.99 to \$ 75.99
20c per check from \$ 75.99 to \$100.99
25c per check from \$100.99 to \$150.99
30c per check from \$150.99 to \$200.99
Over \$200.99—Charge Accordingly

KENNETH W. RASH, cashier of the Farmers State Bank, Monona, was recently operated on and confined to his home for a considerable time.

FRANK STRUCHEN, director of the Early Savings Bank, recently passed away at the age of 64. It is expected he will be replaced on the board at the annual stockholders' meeting held in January.

I. J. BURK on the directorate of The First National Bank, Rippey, was recently elected vice president to fill the vacancy caused by the death of O. S. Gilliland.

THE STORY COUNTY State Bank of Roland, was transferred to Story City, December 13th. An office will be maintained at Roland. Story City has been without banking facilities since October 8, 1932.

Jacob Erickson is president, **G. B. Jensen** is executive vice president and **R. A. Sweet** is cashier. This bank also maintains an office at Zearing.

JOHN SIEH, vice president of the Farmers Trust and Savings Bank, Spencer, has been on the sick list the last two months and confined to his home. He has been feeling better and may be back at his desk after the first of the year.

CEDAR RAPIDS banks paid more than \$200,000 to Christmas Club members last year. This is about \$50,000 short of the year before. Most of the officers in charge of the Christmas Clubs say accounts are not being opened quite as fast this year as last year and look for a little less Christmas Club business in 1933.

THE FARMERS Savings Bank, Bayard, held their annual meeting December 7th. **N. E. Horine** was added to the

board and the following directors were re-elected: **John Moyland**, **C. R. Bryan**, **John Peckumn**, **Jens Jensen**, **Jacob Esslinger** and **C. P. McDonald**. It was decided to pay a 4 per cent dividend and \$500 was added to the surplus.

IF THERE is a grand old man of banking it certainly is **J. M. Dinwiddie**, president of the Cedar Rapids Savings Bank. He celebrated his 80th birthday November 15th, and still is very active in the bank. He keeps regular banking hours from 9 a. m. to 3 p. m. and has no thought of retiring.

On the occasion of his 80th birthday the Cedar Rapids Chamber of Commerce held a banquet in his honor which was attended by 150 Cedar Rapids business men. One of the local papers in commenting on the meeting referred to the business men as "his kids."

Mr. Dinwiddie is also president of the Cedar Rapids Clearing House Association. He was cashier of the Cedar Rapids Savings Bank for about 25 years and has been president for the last 25 years. The bank will celebrate its 50th anniversary next March.

O. E. MARTIN, cashier of the Solon State Bank, reports business has been as satisfactory as can be expected. The Solon State Bank was opened as a new institution last year, and deposits are now over \$100,000. There were formerly two banks in Solon.

R. A. C. C. Information

B. F. Kauffman, Des Moines, chairman of the "Committee on Banking and Agricultural Credit Facilities" as well as **Fred J. Figge** of Ossian, president, respectively of the Iowa Bankers Association, have upon behalf of the foregoing mentioned committee and officers of the association mailed to all of the Iowa banks a copy of a bulletin giving an outline of how applications for agricultural chattel loans should be completed by farmers for any loans that they may desire to obtain from either the Sioux City or Omaha offices of the Regional Agricultural Credit Corporation. It is anticipated that bankers more and more will be called upon by their farmer customers for assistance in filing applications with the Regional Agricultural Credit Corporation for agricultural loans.

Cashier at Creston

A. W. Nichols has been elected to the position of cashier of the Farmers and Merchants Savings bank of Creston.

The new cashier has had many years experience in the business of banking. For 14 years he was located at Ft. Dodge, Iowa, where he was connected with the First National bank of that city. Later

Northwestern Banker January 1933

he accepted a position with the state banking department of Missouri, and was domiciled at Purdin, Missouri.

Resigns

Resignation of Ralph T. Mason as president of the First Iowa State bank, Albia, was accepted at a meeting of the board of directors, and A. J. Roberts was elected to fill the vacancy.

Mr. Mason had served as president and Mr. Roberts as vice president and cashier since the bank was organized three years ago through the consolidation of three former Albia banks.

Roy Alford, assistant cashier, was elected cashier by the directors at the same meeting.

With Dike Savings

Ben H. Fletcher of Dike, who has been connected with the Omaha Land Bank for the last several months, was prevailed upon by his Dike business friends to return home and again become cashier of the Dike Savings Bank.

President Resigns

Cyrus K. Blake, president of the Union Bank & Trust Co., Ottumwa, since its organization, July 11, 1931, has resigned, effective December 31st.

Mr. Blake, who will retain his membership on the board of directors of the bank and who expects to maintain his residence in Ottumwa, plans to go south, probably

to Biloxi, Mississippi, to spend the remainder of the winter. After that he has tentative plans to travel abroad.

Wreck First Bank

Built when Sioux City was a small town, a building, said to have been constructed for Sioux City's first financial institution, is being torn down.

The building which is 70 to 80 years old was constructed to house the Sioux City bank, owned by the late Thomas J. Stone. It stood for many years at the northeast corner of Fourth and Pearl streets. With the advent of brick and stone buildings, it was moved to the Sioux street address.

Branch Bank at Slater

The Union Trust and Savings Bank of Ames, has opened a branch bank at Slater. The branch is located in the building which was formerly the home of the Farmers Savings Bank there. M. S. Heggen, formerly of the Farmers Bank, is in charge. The Ames institution announces that the branch was established at the request of Slater people and its duration will depend upon the response given by Slater people.

Annual Meeting

The entire list of nine directors of the Citizens Savings Bank of Hawkeye, were reelected at the fifth annual meeting of stockholders as follows: L. H. Hauth, A. L. Eitel, H. A. Sweigard, H. J. Schlatter, A. A. Gager, C. A. Mitchell, J. B. Palmer, W. W. Burkhardt, H. F. Fritz.

Re-opened

The Farmers State Bank in Malcom opened recently for the transaction of business. The bank was only closed for a short time and the necessary waivers were obtained very quickly. John Haberer is the cashier and Otto Schultz president.

Quarterly Dividend

The board of the Central National Bank and Trust Co., Des Moines, voted the regular quarterly dividend of \$1.25 a share. It was payable December 31st.

In Fort Dodge

Announcement was made recently that H. E. Laufer, former Illinois banker and for the last six and one-half years a national bank examiner for the federal government, has become affiliated with the Fort Dodge National Bank as a credit officer. Mr. Laufer has resigned as bank examiner and has already taken over his new work with the Fort Dodge bank.

The
Omaha
National
Bank

ALWAYS
AT YOUR SERVICE

Treynor Will Filed

The entire estate of the late Thomas P. Treynor, vice president of the Woodbury County Savings Bank, Sioux City, is left to the widow, Mrs. Bertha Eugenie Treynor, by Mr. Treynor's will.

Dated April 15, 1930, the will makes Mrs. Treynor executrix without bond. Witnesses to the instrument were A. R. Miller and Rose A. Larson.

Mr. Treynor died December 2nd. Attorneys and relatives said they are unable to estimate the value of the estate but it is believed \$75,000 is an approximate appraisal.

County Meeting

Thirteen bankers recently enjoyed a delightful dinner, and an interesting program and business session, sponsored by the Hamilton County Bankers Association. The event was held at the school house in Randall, with the Randall State Bank, of which Mr. J. H. Brekken is executive officer, acting as host to the gathering.

Re-opens

The depositors' committee of the Montezuma Savings Bank reopened the bank recently. The citizens of the county seat town worked night and day to accomplish this good work of re-establishing their bank on a good business foundation. It means that Montezuma has a bank that is the only one between Oskaloosa and Grinnell.

Paroled

John J. Brandt and A. E. Goetsch, former employes of the American Savings Bank and Trust Co., and the Peoples Trust and Savings Bank, respectively, of Davenport, were freed on parole from Fort Madison recently, and returned to their homes. Each had served approximately 19 months on embezzlement charges.

With Villisca Bank

J. M. Hockett, an experienced bank executive, became affiliated recently with the management of the Villisca National Bank. Mr. Hockett came to Villisca from Oskaloosa, where he has held a position for the last five months as business manager of Penn College.

Prior to his association with Penn College he was the cashier and managing director of the Home National Bank, at Elgin, Illinois, a position which he had held for 14 years. Before accepting the executive position with the Elgin bank he served as cashier and managing director of the Citizens State Bank, at Colfax, Iowa.

Grant Home Loans

Loans totaling \$575,000 to Iowa and Missouri member institutions were approved last month at a joint meeting of the executive committee and board of directors of the eighth district Federal Home Loan Bank in Des Moines.

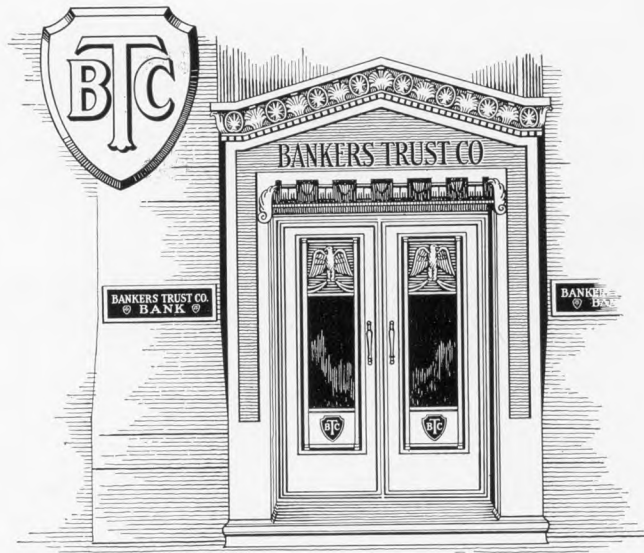
The block of loans was the first to be approved by officials of the Des Moines institution.

Money for the payment of these loans will be available as soon as the bank can draw on the United States treasury, according to Frank P. Stevens of Kansas City, Missouri, chairman of the board of directors.

Mr. Stevens also announced selection of Frederick M. Henry of Webster Groves, Missouri, as secretary-comptroller of the local institution. Mr. Henry is a former banker, having been connected with a New York banking institution for five years.

Applications for membership of 12 institutions, mostly building and loan firms, were approved, comprising two from Iowa, two from Minnesota, three from North Dakota and five from Missouri.

The district home loan bank now has a membership application list of 87 institutions with joint assets of over \$75,000,000, Mr. Stevens said.



WORTH REMEMBERING

DURING the year just past, this bank has repeatedly proved both its ability and its willingness to be helpful to Iowa bankers whose Des Moines business we handle.

When considering a Des Moines connection, you will find this fact worth remembering.

BANKERS TRUST CO. BANK



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PAUL BEER
President, The Flynn Dairy Co.
DR. O. J. FAY
Surgeon
HENRY FRANKEL
Treasurer, Younker Bros.
J. G. GAMBLE
Attorney

J. W. HOWELL
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J. W. HUBBELL
Vice President, F. M. Hubbell Son & Co.

B. F. KAUFFMAN
President
L. B. MAYTAG
Capitalist
S. L. SHEUERMAN
President, Sheuerman Brothers, Inc.
B. B. VORSE
Vice President

Cashier Resigns

Martin Hagensick, cashier of the Guttenberg State Bank during the past two years, leaves his position at the end of the year to become deputy in the office of the clerk of district court at Elkader.

His resignation as cashier of the local institution was accepted by the board of bank directors at their regular meeting.

Open Exchange

Officers of the Security State Bank of Sutherland have opened a window in Hartley, and are now giving that city and surrounding territory banking facilities.

At a meeting recently it was decided to invite the bank management of the Sutherland bank to come into the community and give a window service for a period of 30 days with an understanding that at the end of that time if matters were satisfactory they would be backed for a charter.

Check Clearings

Check transactions through Des Moines banks totaled \$636,569,000 for the first 11 months of 1932, clearing house records showed.

Three months—January, April and June, went above the 60 million dollar

mark, while four others, March, May, July and August, showed totals in excess of 55 million dollars.

Monthly totals follow: January, \$62,274,000; February, \$53,279,000; March, \$57,006,000; April, \$64,363,000; May, \$59,156,000; June, \$60,352,000; July, \$59,250,000; August, \$56,097,000; September, \$52,624,000; October, \$58,905,000; November, \$53,263,000.

New Vaults

Extensive remodeling of the former First National Bank building, to be occupied in the near future by the First Capital State Bank of Iowa City, is under way with the general aim to increase the size of the lobby of the banking room and providing many additional facilities for patrons.

Two additional new vaults are being constructed in the bank building, one to be the customers' vault in the basement, and the other to be one of the bank vaults to be located on the first floor directly above the customers' vault.

Home Burns

The home of M. C. Lanning, Dexter banker, was destroyed by fire recently. The only thing saved from the house was a small trunk on which Mrs. Lanning, who was alone, sat while attempting to summon help which came too late to be of material assistance. The loss was entirely covered by insurance.

Cashier at Cambridge

N. E. Kelley, of Altoona, was elected cashier of the Cambridge State Bank at a meeting of the board of directors. He takes the place of H. H. Lexvold who has acted as cashier since the bank was organized a little over five years ago. Mr. Lexvold having found it necessary to give up his duties on account of his physical condition.

Funeral Services

Funeral services for G. H. Austin, 67, president of the Garwin State Bank and of the Tama Commercial Savings Bank, who died at the home of his brother-in-law, were held in Tama recently.

Rob Oyens Bank

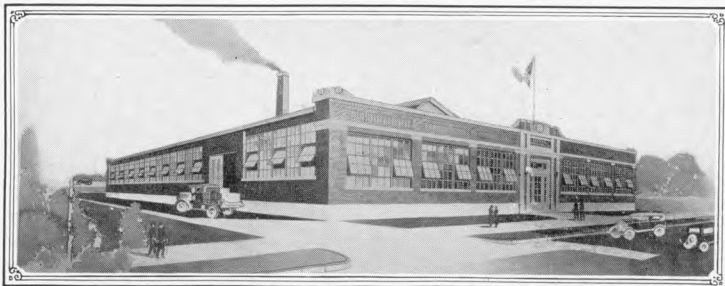
Threatening Peter Fisch, cashier, with a revolver, a bank bandit, either a negro or wearing a black mask, scooped up \$184 from the counter of the bank at Oyens, recently, and departed rapidly. Although all roads were guarded in a few minutes, the bandit got away safely.

The bandit threatened Mr. Fisch with the gun and commanded him to lie down on the floor. There were no customers in

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SECRETARY

the bank, which had just been opened for business. The bandit came back of the counter and helped himself to all the money he found loose.

Community Sale

Henry Harms, Brunsville and Merrill banker, was in LeMars recently making preliminary arrangements for a community sale of horses to be held in Brunsville January 19th. The sale is expected to redistribute available horses in Plymouth county and to provide cash for farmers who have more horses than they need.

"Horses and good used farm machinery are going to be the most desirable farm property in the next few years, in fact, for many years to come," Mr. Harms said, "The trend is very noticeable, even now."

Banker Dies

Wm. Mee, for many years a prominent banker at Gladbrook, and who left there 25 years ago to engage in the banking business in Oklahoma City, died suddenly from heart failure while walking about in his yard. He was 72 years old.

Mr. Mee when a young man was employed in the Grundy County National Bank in Grundy Center and he began his long and successful banking career there. Later he became affiliated with the First National Bank at Gladbrook and retaining an interest there up to the time of his death.

Meet in Mapleton

W. M. McDonald, cashier of the Rodney State Bank, at Rodney, was elected president of the Monona County Bankers Association at the annual meeting held in Mapleton. He succeeds Fred H. Welch, vice president of the First State Bank of Mapleton, who served last year.

William L. Temple, cashier of the Ute State Bank, was elected vice president and Orville Spahn, assistant cashier in the Ute bank, was named secretary and treasurer. Edmund Valentine of the First National Bank of Mapleton is the retiring secretary and treasurer.

Sends Back Money

Sheriff L. E. Hovey, Algona, received \$8 and the following self-explanatory letter from Arthur Rosenmeyer, serving a life sentence at Fort Madison on a charge of robbing the Bank of Lu Verne: "I am sending you \$8 that I am supposed to have gotten from those two fellows who robbed the Bank of Lu Verne, and I would be very pleased if you would return it to the rightful owners. As the bank is closed I do not know where to send it. I do not want any of that kind of money, for money obtained dishonestly must be returned sometime. I saved a

few dollars out of the few cents I get here every day, hoping and denying myself things to try and pay for things I got wrongfully." The money was turned over to G. S. Buchanan, receiver of the bank. Rosenmeyer, a former St. Benedict youth, has now served a little over two years. Sheriff Hovey recalls that at the time of his arrest he stated that he obtained only \$8 from the two men who did the robbing.

Mrs. Hall Dies

Mrs. P. W. Hall, 63, wife of a former state secretary of the Iowa Bankers Association, died in Los Angeles, California,

recently from heart attack after an illness of several months.

Her husband, who survives, is a former mayor of Sheldon, Iowa, where he was in the banking business. After coming to Des Moines he served as secretary of the Iowa Bankers Association from 1910 to 1916.

Scared Husband: "You say you found a letter in a woman's handwriting in my pocket this morning? I don't know how it got there!"

Irate Wife: "I do! I gave it to you to mail two weeks ago!"

Welcome
1933



WE confidently welcome the New Year because we have faith in the future—pride in the past.

To you—our correspondents, we renew this, our thirty-seventh, New Year pledge of safe, conservative operation and conscientious service.

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President

LELAND WINDSOR
Vice President

LYNN FULLER
Vice Pres. and Cashier

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Des Moines ————— Iowa

The Outlook for 1933

IMPROVEMENT in business psychology in 1933 despite continuation of severe difficulties was emphasized by A. C. Ernst, head of the accounting firm, Ernst & Ernst, in a year-end statement. Regulation of destructive cut-throat competition was cited as one of the principal needs in the coming year.

"The panic spirit of a year ago is past," said Mr. Ernst. "This has been replaced by an attitude of resignation to and acceptance of hard facts of the depression. The resignation is now being replaced by a new courage for the future and a fighting spirit in all walks of life. This should augur well for the future, for it indicates returning confidence. The year 1932 looks to me like the most critical year of the depression period and a certain amount of encouragement may be gathered from the fact that it is past."

Regarding business results for 1932, Mr. Ernst said: "Conditions will vary as to individual companies, but shrinkages in gross income of 20 per cent to 50 per cent will not be unusual."

Looking forward to 1933, Mr. Ernst said: "It is apparent that there are many cloudy situations, but there are also some

fundamental certainties. We must face the extraordinary adjustments resulting from the past three years of extreme deflation. Fixed charges, whether they be for debt service, taxes or the results of over-expansion must be dealt with on sound business principles. Debt instalments must be refunded upon a conservative basis if payments can not be met.

"The preparation of budgets for 1933 deserves the most serious thought of executives. Budgets represent the first order of business now more than ever before. No organization which hopes to be successful should adopt a program for 1933 which does not calculate definitely for vastly improved results in all departments of the business.

"For each corporation to set its own house in order is the prime requirement of the present time. This may involve further trimming, further contraction and further liquidation. This in itself is painful, but in the long run it is good. It is the normal course of events toward the tail end of every depression in our history. The first year or two always represent a period of hope and of resistance to the inevitable. Then comes a spirit of new

determination, and we are now entering upon this period. It is not merely the forerunner of the dawn; it is largely the cause of the dawn."

Better Cooperation

More cooperation to regulate destructive competition within every industry was characterized as a major required development for 1933.

"Individual struggle and effort on the part of each business executive is essential," said Mr. Ernst, "but it is not enough. Individualism means competition. Competition has its wholesome aspects, but when carried too far it is destructive of the whole business and social order. Competition has long passed the point at which its maximum benefits are achieved. It is now at the stage where it is eating up the institutions which are needed to produce the goods and services required for our population, to furnish the employment, to produce the profit which makes for incentive. It is the profit, also, which supplies the taxes which support the government.

"Competition, therefore, has become an evil with which we must deal rationally, though tardily, as we have dealt with all other evils. My greatest hope for 1933 is that this will be done by a cooperative effort as between the business world and the political world. If this is done, there is no reason why we can not come out of the depression stronger and better organized than ever before."

Stabilizing Bank Deposits

(Continued from page 16)

ageous and trustful or helpless people who still have much money in any bank?

If the law was passed so as to apply to deposits existing in banks at the time the law went into operation, it might be urged that it would be unconstitutional so far as it applied to such deposits. This would be upon the theory that there is an implied contract between the bank and its depositor to pay the deposit in full upon demand. The proposed measure would impair this implied contract, it might be urged, by requiring the withdrawing depositor from a closed bank to refund some assessed portion of his withdrawal for the benefit of the receivership.

No Contract

My answer to this objection would be that there is no implied contract between the bank and its depositor that the bank will pay the deposit *in full on demand* regardless of the solvency of the bank.



We say "Yes Ma'am" to our Cooks

Women cooks prepare the food for the Hotel Lexington restaurants. That's why it's so delicious and wholesome. And Lexington restaurant prices, like its room rates, are sensible—35c for breakfast, 65c for luncheon and \$1.00 for dinner in the main dining room.

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It is implied that in case the bank is insolvent, the depositor shall receive a just dividend on his deposit. Deposits paid in full by a bank which is in fact insolvent are payments made under mistake of fact and ought to be recoverable in law. Full payment of a deposit by an insolvent bank is a payment made in violation of, rather than in accordance with, the implied contract between the bank and its depositor. Any law relating to recovery of any just portion of such payment would not be a law impairing the obligation of contract, but rather a law for the reasonable and just enforcement of the contract, a law relating to the remedy for a violation of the implied contract.

Before the depositor can fairly ask anybody else to guarantee his funds in the bank should he not be required by law to submit to all reasonable regulations to protect the bank and his fellow depositors against his own hasty and unwarranted withdrawal of funds from the bank?

Help Ourselves

Would it not be well for us to give up trying to get somebody else to guarantee our own bank deposits and to figure out a way to do all we can ourselves as depositors to guarantee the safety of our own deposits in our bank? If we bank depositors take some such action as I have proposed to protect the bank officers and our co-depositors from our own mistakes in judgment, will we not have even greater justification for our demand that the bank managers originate and introduce into the law, or banking practice, reforms that will better protect us against their own mismanagement or errors in judgment?

Advantages of Canadian System

(Continued from page 14)

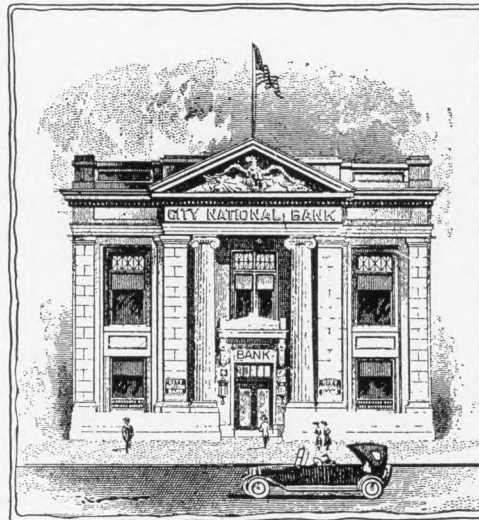
support banks of such dimensions, are served by branch banks. Indeed, *there are only 10 banks in Canada, but their branches are to be found in even the most remote places where there is demand for banking service.*

The trend may be seen in the fact that at confederation, 65 years ago, there were 28 banks with 123 branches; since then the population of Canada has trebled, foreign trade has increased more than a thousand per cent, and there are now 10 banks — with 3,970 branches in the Dominion!

The branch banks also reach out into other countries, and are an important factor in the rapid development of Canada's foreign trade. There are 24 Canadian branch banks in Newfoundland, seven in England, three in France, 13 in the United States, 5 in Mexico, 27 in the British West Indies, 47 in Cuba, 31 in Central and South America, 17 in

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Clinton County's Largest Bank

Our Resolution

AS we enter the year, 1933, the CITY NATIONAL BANK and its officers are resolved, more than ever, to continue to place emphasis on the friendly contacts and constant attention which should be given to every account entrusted to us, in order that the greatest satisfaction and the most efficient correspondent service may be secured.

THE CITY NATIONAL BANK CLINTON, IOWA

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Porto Rico, etc., 1 in St. Pierre and Miquelon, and 1 in Spain. There are now more Canadian banks *outside* of Canada than there were in the whole Dominion at confederation.

Volumes can be written for and against the branch bank system. It may be contended that it tends to centralization; that it removes banking control from the communities immediately concerned. The advocates of the system will produce that same argument in its defense. Something like this: Under a local system, half a dozen men may decide to promote an enterprise which means business and status for the town. Local enthusiasm

may be expected to temper the banking arrangements.

But if requests for credit are reduced to writing and submitted to bank executives perhaps a thousand miles away, the enterprise will have to show that it is sound. There may be disappointments and heart-burnings, but there will be no such thing as an ill-considered enterprise failing and dragging down with it the local bank.

The branch bank system has been blamed for the relatively slow development of Canada, at least until recent years, compared with that of the United States. It has been charged with being too careful, too conservative. Perhaps it must accept that blame. In rebuttal it can claim that during depressions it stands up; that its depositors can sleep o' nights.

When I was a lad I lived almost on the boundary between North Dakota and Manitoba. There was a town nearby on each side, and a bank in each town. The Dakota bank occupied the more pretentious building, but its capital was declared to be only \$20,000; the Manitoba bank, although occupying what was little more than a frame shack, emblazoned upon its windows: "Capital, \$4,000,000; Reserve, \$4,000,000." There was no doubt in the mind of anyone which gave greater security to depositors.

It is not to be suggested that bank failures are unknown in Canada. Between 1867 and 1923, Canada had 26 bank failures. In 24 instances the note-holders were paid in full and in 13 instances the depositors also were paid in full. There has been no default of a Canadian bank note since 1881. The fact that, through the "note redemption fund," each bank is indirectly responsible for the notes of all other banks, no doubt discourages destructive tendencies and contributes to the strength of all. No dividend may exceed 8 per cent unless a bank has a reserve equal to at least 30 per cent of its paid-up capital, and rigid inspection by government officers insures strict compliance with the law.

Another distinguishing feature of the Canadian banking system is the fact that under the Bank Act—which is its charter—no Canadian bank may make a loan on the security of real estate. That form of financing in Canada is left to mortgage companies and similar institutions. Banks may acquire real estate for their own purposes, or as security for loans already made, but they must not lend on it in the first place. This keeps capital liquid; a general slump in land prices, or absence of buyers, does not directly freeze their securities.

While many causes enter into explanation of the fact that in 1931 bank failures in the United States totalled 2,022, net, and there has not been a single bank

failure in Canada in nine years, these two are outstanding: A bank in the most remote or hardest hit district in Canada, though it have but one clerk and be housed in a frame shack, has at its command all the resources and experience of its powerful parent and its string of associates all across the Dominion which, linked together like mountain climbers on a rope, are able to save it from falling; and the Canadian banks, forbidden to make loans on real estate, are protected in considerable degree from the possibility of finding assets frozen at the very moment liquidity is essential.

Aside from direct material considerations, the showing made by the banks of Canada during the present depression has had a psychological value which it would be hard to measure. Banks are the foundations of the financial structure of a nation. Confidence in the foundations has a very steadying effect in times of emergency.

Disadvantages of Canadian System

(Continued from page 15)

ing on the economic attainments of the entire people of Canada.

Once the Canadian business man becomes a bank borrower under the banking laws of his country, a heavy hand is laid upon him. He may not deal with another bank or seek to raise funds from any other source, unless he first gets the consent of his creditor bank. Should he do so and be found out by his bank, he is placed on the "black list." He has, of course, no opportunity to deal personally with the actual loaning officer of his bank, except when merely nominal amounts are involved. His bank loans can only be made of the self-liquidating sort and are not available in part for real estate or equipment used in the conduct of business.

If he is a merchant, no matter how his stock may change in character, his creditor bank may take title to every bit of it, regardless of other merchandise creditors, in case he fails to meet the bank's demand for repayment. If he is a manufacturer, his stock of goods, raw materials, goods in process, and finished products alike, become the property of the bank in case he fails to pay his note. If he's a farmer, when his grain is delivered to the railroad, the bill of lading becomes the property of the bank; when it reaches its destination and is stored in an elevator, the bank receives the warehouse receipt; and when it is again consigned, the bank receives the draft on the consignee. In all these transactions the bank instead of the farmer has title to agricultural products until the bank loans are paid.

This Canadian banking law, designed

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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.

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\$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

Northwestern Banker January 1933

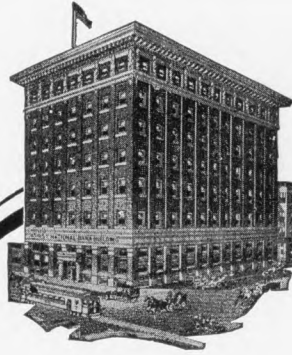
primarily to make the banks safe, turns all merchandise into collateral security for bank loans. The real owner of the merchandise or business is little more than a partner whose interests and authority are subordinated to those of his bank. Figuratively, the bank has the right, if it cares to use it, to say "Hands up!" to all other common creditors in the ordinary course of business, and the bank may walk off with their property in the hand of the bank's debtor, should it so decide.

Very naturally, the bank credit system of Canada gives rise to deep-seated animosities and dissatisfaction. It inevitably results in credits being rigidly restricted or loans being called in one section of the country where credit is needed, while at the same time credit is being expanded in another. The particular community thus becomes a mere incident in the minds of the men directing the bank's loaning policies.

Thus it may be seen that, as compared with the United States under its common law permitting free credits and granting no autocratic prerogatives and special privileges to banks, Canada is permanently sacrificing her otherwise normal business expansion and national progress upon the altar of unyielding conservatism in banking. Small wonder that the few remaining bankers find it desirable to deal at greater than arm's length with their clientele. They send banking clerks into the distant cities and towns of the country to do their bidding precisely as the local ticket agent serves the trunk-line railroad. Small wonder, too, that Canadian business activities remain more or less stagnated even in good times, and proclaim their own fully appreciated lack of progressiveness. All of this, I hasten to add, is not said in criticism but in the spirit of truth telling, as I see it, for the sake of the greater good.

In the United States, the local unit banker may perhaps be lacking in degree, but at least he has certain authority. He is a self-realizing business executive, associated in most cases with a level-headed board of directors. He is interested in his community and in the welfare of his patrons with whom he deals as between man and man. If a local merchant finds himself in difficulty, the banker and his board of directors use every reasonable means at their command to compose his affairs and to give him a new start.

Important community enterprises are largely guided by the local banker. He counsels with leading men on all questions of taxation and civic advancement. Like metropolitan bankers, the local unit banker also makes mistakes; but in proportion, perhaps, not more serious mistakes than are made by them. He accepts in good part the outspoken criti-



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cism directed at him and his bank by those in high places who would have a wiser discretion except for their own ambitions. He is at the very center of those forces which have occasioned the growth and prosperity of his community, and his place can never be filled under any branch-banking system.

Be it said to the credit of Canadian bankers that they know the dangerous elements in their birthright so far as the people of Canada are concerned. They endeavor at all time to be careful and conservative. They continue to be bankers who never take a business chance in support of any business enterprise, even in periods of prosperity. Their banks, larger and smaller alike, never fall in the hands of those who embark in promotion, speculation, or investment banking. They pay very low interest rates, charge very high interest rates, and confine their investments—aside from commercial paper—to government and municipal bonds. Who would be so rash as to deny that the Canadian system has the meritorious quality of stability? So, I submit, has the old farm wagon. But what proportion of American businessmen would choose to have their business needs stagnate under a remote-control banking system founded on the unromantic, single standard of stability?

In the United States, men do not look to The Crown but to the head and heart and hand of the banker with whom they deal personally. Better for us, they say, that we move faster, even though we sometimes stub toes, take a header, and, perhaps crack a bone or two. The United States has been getting along fairly well in a banking sense despite the mistakes of her bankers, big and little. And Canada's southern neighbor will, I prophesy, continue to go on, trust in and upholding and defending the integrity of the home-owned and home-managed unit bank.

Canada is potentially one of the richest regions on the face of the globe. Her national history antedates that of the United States. Her latent possibilities in agriculture and minerals are unsurpassed. Yet the United States has seemed to move ahead of her northern neighbor in many ways. The entire resources in Canada's ten commercial banks, with nearly four thousand branches, are exceeded by those of the two largest banks in New York City. Again, Canada's total bank resources are exceeded by those of the next four largest banks in New York City. Canada's total bank resources are again almost equalled by the next ten largest banks in New York City. The conclusion is almost forced upon one that the achievements and progress of the United States, in contrast with those of Canada, must be attributed to the inevitable effects of free credits and unit

banks as contrasted to the "stabilized" system of bank credits under a thoroughly coordinate centralized control.

May I suggest that the Canadian people might do well to study the American system of banking. Banking facilities in Canada are not only shrinking rapidly, but the whole banking system, in my opinion, has not made for business progress. Whereas there were forty or more branch banks in Canada a few years ago, there are now but ten. Thus it becomes apparent that once a system of branch banking imposed by the federal government were established in the United States, so that it could reach out broadly in designated sections of the nation, the Canadian process of artery-hardening would soon take hold and would not be headed off until a free spirit and the balanced judgment should arise and cast it out.

Men of position and power who persuasively extol the virtues of "branch banking," invariably refer to it in purely idealistic terms. This is but an idle dream and people of the United States are not

slow in recognizing it as such. Those who have knowledge of events in the large financial centers, need no warning that federally imposed branch banking would open an era of exploitation, of mismanagement, and of evil practices in finance such as the United States has never seen in all its previous history. Neither do they need to be reminded that the local banker is the most dependable human factor today in the stability and worth of United States commerce, industry, and finance. That is certain.

Yankee individual enterprise will continue its progress in the future as in the past only under free unit banking and the preservation of an unfettered bank-credit system. It is admitted that no such system could ever be made entirely airtight against the shocks of severe business depression, but in our zeal to correct defects in our conduct of banking, we must not be misled into doing that which would work irreparable injury to home-owned banks, thus making the future progress of local communities a virtual impossibility.

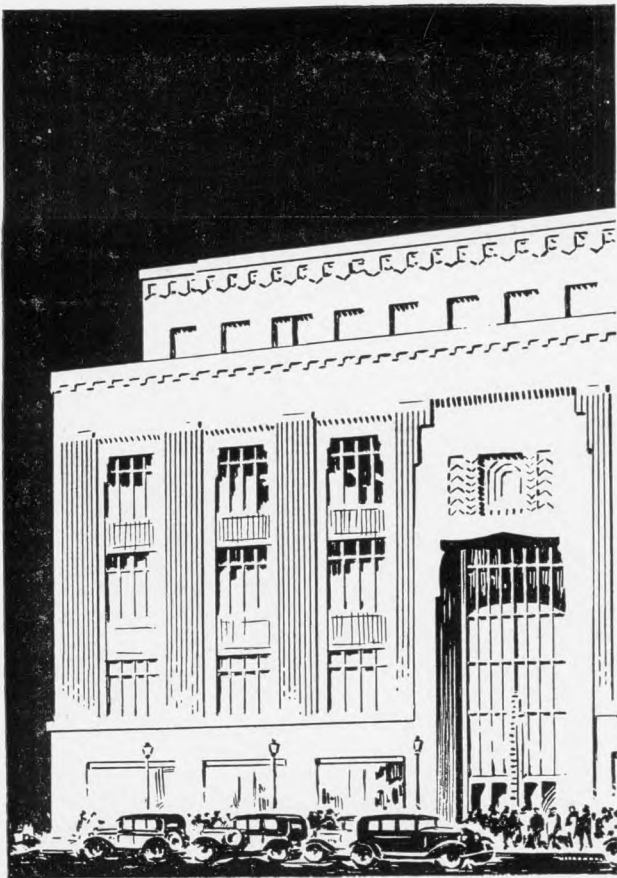
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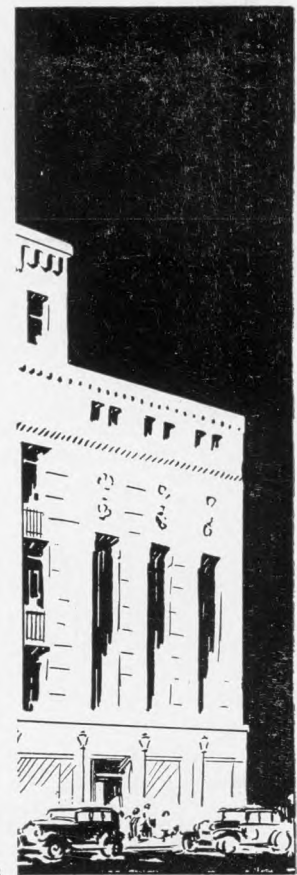
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As We Enter 1933



OFFICERS and directors of this bank look toward 1933 with hope that the New Year will bring general improvement in economic conditions, and with confidence tempered with judgment that the problems ahead can and will be properly met.

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