

NORTHWESTERN BANKER

DES MOINES

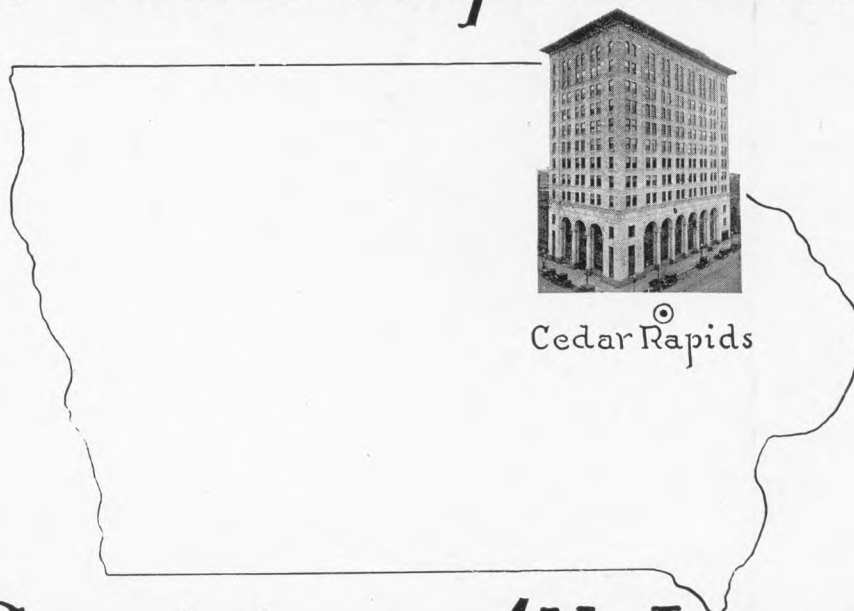
SEPTEMBER, 1934

Let's Restore Individual Liberty...

"THE time is ripe for a re-examination of the basic principles underlying our political and economic system," says the Guaranty Trust Company Review. "Under a regime of individual liberty, individual initiative, and strictly limited government powers, the United States has recorded a growth of population, wealth and welfare that has no parallel in the world's history. Little by little, in recent years, the powers of government have expanded, while the

field reserved for individual activity has shrunk. Under the pressure of extreme emergency this process has been greatly accelerated. It is now opportune to inquire whether a few years of adversity should be allowed to erase the memory and experience of a century and a half of amazing progress, and whether the moment has not arrived for the individual American to re-occupy the ground that he has temporarily relinquished."

A Cedar Rapids Bank



Servicing All Iowa

Additional Benefits

Most banks in this territory benefit by our direct connections which also gives them contact with Iowa's grain center. Not only is Cedar Rapids the leading grain center in the state but one of the largest in the country and our industries will keep this position. Send these grain drafts to us and receive immediate credit, enabling you to better serve your own customers and territory. Our experience in handling this business is at your disposal.

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Cedar Rapids

Iowa

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 566

SEPTEMBER, 1934

39th Year

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Across the Desk from the Publisher

By Clifford DeLong

Branch Banking Unnecessary With Insurance of Deposits

The advocates of branch banking have stressed especially the safety of their program, arguing that a central control would reduce the losses for depositors.

With the advent of the insurance of deposits into our banking structure, the argument for branch banking, from a safety standpoint, vanishes entirely.

I have always opposed the guaranty of bank deposits, as it was conducted by the various states in the past, because it was unsound, and proved a complete failure. I think some of the weaknesses of the state guaranty plan have been eliminated in the national set-up, but I am convinced that the Federal Insurance Deposit Corporation plan will not be temporary, but permanent, because I believe that the American public have been thoroughly sold on it, and I believe that they are entitled to this protection. I am only hoping that as time goes along, any necessary remedial legislation will be adopted which will improve the present law, so that it can really be made a permanent success.

In any event, branch banking, as an issue, is dead so long as the insurance of bank deposits is maintained, and as Representative Henry B. Steagall said, recently: "The insurance of bank deposits will arrest the tendency towards a spread of branch banking. If a deposit guaranty plan is established for both national and state banks, the result will favor the establishment of independent community banks and there will be no field for branch banking."

In commenting further on branch banking, Congressman Steagall said: "No law will be enacted by the forthcoming Congress in favor of nationwide or even statewide branch banking. Branch banking has few friends today, in the national Congress."

During the next five years, at least, the losses of

banks will be very small, because in most cases they are now in excellent shape and therefore the demands on the guaranty fund will be limited, and I am hoping that during that period the right kind of an insurance deposit program can be worked out which will be a benefit both to depositors and to banks, and if that is done, branch banking in America will be at an end.

Losses from Government Bonds

One of my good banker friends believes that as conditions improve and banks sell their bonds, and use the money for their commercial loans, that this will cause a drop in the market and therefore, a general loss in government bonds.

In his letter to me, he says: "I have read with considerable interest the editorial in the August issue of the NORTHWESTERN BANKER entitled 'Are Banks Frozen With U. S. Bonds?', and note that you state this condition can be solved in three ways, and the one in which I am quite interested is, 'Naturally, all of us hope that improved conditions will increase the demand for credit so that banks in turn can sell their government securities at a fair price, and put the money to work in industry.'

"I believe that it is generally conceded that banks do have most of their funds invested at the present time in governmental securities. If conditions improve so that there will be a demand for money now invested in government securities for investment in other businesses, will this not throw all these government bonds or a goodly share of them on the market and will it not have quite a disastrous effect on the bond market? It is only natural that banks and others with funds to invest have purchased government securities and this demand has, of course, driven the price up. If all would sell, it would, in my opinion, be quite disastrous and break the present price considerably.

"I will concede that in good times idle funds are

loaned for general business purposes rather than being loaned or invested in government securities and it is in times such as we have been having that these funds are taken out of the usual business channels and invested in government obligations.

"It just appeals to me that better conditions will bring about losses in the bond accounts carried by the average banks."

I think the whole answer as to whether banks will take losses from government bonds in the future depends on how strongly the government supports the market.

I am inclined to believe that they will do so, because they will have to, in order to maintain the issues which are outstanding, and more especially so in order to create a market for new issues which will be coming on the market from time to time.

It must be remembered that a tremendous amount of treasury funds are available to check any break in government bonds, including the \$2,000,000,000 stabilization fund and the \$1,500,000,000 on deposit in commercial banks, to say nothing of other special funds which the government can use to maintain the market if necessary.

I, therefore, do not see how the government will dare to let banks suffer any very great losses in government bonds, in the very near future.

No Demand for Industrial Loans

When the government appropriated \$580,000,000 to make direct loans to industry—a law which expires January 31, 1935—it was with the thought that this would take care of a great many hundreds of once thriving businesses.

As a matter of fact, I was very much interested in reading a statement by Chairman Jesse H. Jones, of the RFC, that only 1.2 per cent of the \$580,000,000 allotted for the program has been disbursed, and that of the many applications received the applicants were having difficulty qualifying under provisions laid down by the direct loans law.

The theory of the measure was to make capital available for industries and businesses, which, because of their peculiar financial set-up or depressed markets, were unable to obtain refinancing loans from private banks.

All loans are guaranteed 100 per cent by the RFC and the Federal Reserve Board, consequently, Chairman Jones is wondering why banks aren't stimulating more business of this character.

In my opinion, there is just one answer to it, as there has been all the time, namely, that every legitimate borrower in the United States is being taken care of by his banker now.

A New Deal Delusion

I think that all of us, regardless of politics, are coming to realize that one of the greatest economic delusions of the New Deal was the idea of stimulating prosperity through the method of consumer purchasing power.

The theory advanced was that if wages were increased, even before business itself was able to pay increased wages, that this would by some magic formula cause the increased buying of consumer goods, and thus we could lift ourselves by our own boot straps.

The falseness of this whole economic theory is very well brought out by Malcolm P. McNair, in the July issue of *The Bulletin*, of the Harvard Business School Alumni Association.

To show that this principle is proceeding on an unsound basis, Mr. McNair points to the conclusion that during this depression there was only a 10 per cent to 15 per cent decline in the volume of sales of most consumptive goods. This is shown by an analysis of the following consumption and production of various items.

1929-1932

Consumption of butter declined less than.....	9%
Consumption of cheese increased.....	15%
Consumption of wheat flour declined less than	8%
Production of steel rails declined.....	85%
Consumption of iron ore declined.....	84%
Number of locomotives built declined.....	95%

As I view it, we have been trying to put the cart before the horse, and I do not think that it will work.

Our decline in business during this period of depression has not been related primarily to consumer goods, but rather to capital goods, and heavy industries in general, and as Mr. McNair says, "The whole effort of the NRA to ballyhoo the nation into increased final consumption and so to lift the economic state of the country, by its retail bootstraps was quite inconsistent with the advanced stage of capitalism in this country, which normally calls for an expenditure of a substantial part of our annual income for producers' goods."

The consumer purchasing power theory also has its effect upon inflation, by emphasizing that customers must have more money to spend, and therefore, we must alter the currency in order to give them more money.

Our emphasis needs to be put on the capital goods industries rather than on the consumer purchasing power as applied to consumptive goods, if lasting prosperity is to return.



“PERSONALITY PLUS”

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NEW BANKING PROBLEMS

Rudolph S. Hecht, Chairman of the Board of the Hibernia National Bank, New Orleans, and First Vice President of the American Bankers Association, in His Address Before the Recent Joint Convention of North and South Dakota Bankers, Says That Bankers Everywhere Are Making All Possible Effort to Lend Constructive Financial Support to the Expansion of Business Activity

BANKERS universally recognize that the prime economic need of the nation is the stimulation of sound industrial and commercial activities and my present travels over a wide stretch of the country have shown me that they everywhere are making all effort possible to lend constructive financial support within the scope of their proper banking functions to promoting the expansion of business activity, "Mr. Hecht said.

"Frequently in times past when our country suffered from an economic depression and consequent unemployment on a large scale, the rise of some broad new industrial development, such for instance as a new industry like the automobile industry, has been a powerful factor in stimulating a return or an accelerated growth of national prosperity. Such a movement means the creation of new wealth, the employment of large groups of people on useful lines and as a consequence the production and distribution of sound, effective purchasing power which is a form of wholesome economic stimulant that has none of the evils of monetary inflation.

"Perhaps we have at hand, if not the rising of a wholly new industry, a measurable equivalent in the potentialities of a widespread rebuilding and modernizing movement such as home renovising, plant remodeling, the putting of our railroads on a high speed air conditioned basis and other valuable developments in the construction field. The effects of such activities on employment and many lines of business would be most beneficial and I can repeat without reservation that we bankers are willing and eager to play our full economic part in any such constructive developments."

Commercial Banking

Taking up the point that "commercial bankers, accused of an undue liquidity complex, are constantly urged to a more liberal lending policy as a contribution to recovery," Mr. Hecht said:

"It has been made to appear that money has not gone to work because of the timidity of bankers rather than what is a true explanation, because business men have not had enough confidence in the business



R. S. HECHT

outlook to borrow the dollar from the banker and put it to work.

"The basic requisite to the expansion of commercial bank loans is sound, normal business conditions on which to conduct sound, normal banking operations. The best business a bank can wish for is the opportunity to loan money to successful business men and manufacturers imbued with confidence to enter upon aggressive business enterprises and endowed with the ability to bring them to successful conclusions. Such loans mean business activity for the community, growing pay rolls and prosperity, and the banker wants to make them because to be identified with such activities not only means profits to him but, additionally, brings him the reward of good will in his community.

"There is no better proof of the great desire of banks to take care of the short term requirements of the business world than to point out the abnormally low rates at which this demand is being supplied at the present time. On the other hand it stands to reason that as long as the business world continues to be worried about the nature and extent of the changes that still lie ahead, and as long as there remains serious uncertainty as to the value

of the dollar in which loans made now would be repaid later, capital will lack courage and the business man will lack both the confidence and the enthusiasm which is so necessary for a revival of business and a return to more normal conditions. It is to be hoped, however, that, now that Congress has adjourned and no additional laws involving further financial experiments can be passed until next year at least, this distrust and fear will largely disappear and the general business situation show an upward trend."

States Rights

Although most bankers feel that a greater degree of unification of the banking system is to be wished for, they realize how difficult it will be to bring this about through legislation, Mr. Hecht said, due to constitutional difficulties and the old conflict of interest between the national government and the states which are "jealous of the control over their state chartered institutions."

He pointed out that under the Banking Act all insured banks must become members of the Federal Reserve System by 1937, but added that "it is extremely doubtful that, with the strong feeling of states rights, Congress could ever agree on any plan which would give our National Government entire control over all of the banks."

In the development and proper administration of the Federal Deposit Insurance Corporation he said, "we have an entirely new factor which, if this board is given sufficient authority, could bring about a large measure of this much to be desired unification and cure many of the evils of the dual banking system by restricting as far as possible the reckless chartering of unnecessary new banks and adopting such strict rules and regulations for insured banks that unsound practices and policies will be largely controlled if not entirely eliminated. We hope that FDIC may thus be largely instrumental in solving some of our unification problems without taking the general administration and supervision of the various classes of banks out of the hands of those having jurisdiction over them now."

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NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

SOLOMON A. SMITH, president of the Northern Trust Company of Chicago, was the recipient of praise and congratulations from his friends and associates last month, upon the celebration of the 45th anniversary of the founding of the Northern Trust Company.

The company was organized in 1899 by the late Byron L. Smith, who was the father of the present president. The remarkable growth of this institution is indicated by the fact that in 1929 the deposits were \$56,466,000, and they now are \$228,500,000.

JAMES E. HAMILTON, chairman of the Merchants National Bank, Cedar Rapids, and MRS. HAMILTON, returned recently from a month's trip to England.

Mr. and Mrs. Hamilton sailed about the middle of July on the "Bremen" and came back on the same boat. Two years ago when they were over before they traveled extensively in Germany, but this time they did all their sightseeing in England.

EVERY time I go in the NATIONAL BANK OF WATERLOO and have a visit with RODNEY P. LIEN, vice president, I wonder why some Hollywood movie director doesn't grab him and put him in competition with Clark Gable, Gary Cooper and Cary Grant, because he could push all those boys right off the stage when it comes to good looks and charming personality.

I SUGGEST, if you are short of up-to-date fish stories, that you simply write to ROBERT W. WAITE, vice president of the Waterloo Savings Bank, and J. J. MILLER, cashier of the same institution, as these popular nimrods took their vacations by angling for the elusive pike, perch, pickerel and possibly pompano. So now if you need bigger and better fish stories, you know exactly where to get them.

IN A recent letter which I received from HAL Y. LEMON, vice president of the National Bank of Detroit, he says, "The National Bank of Detroit is like your NORTHWESTERN BANKER—getting bigger and better all the time—our total resources being \$272,000,000."

WHILE TRAVELING AROUND LAST MONTH, during the cool weather when the temperature was only 105 to 110, I naturally looked for the refrigerated restaurants wherever I was.

On the outside of one well known hotel cafe I saw these two lines, one above the other, which read as follows:

"Try One of Our Sizzling Steaks"
"Air Cooled"

A VERY WELL KNOWN AND POPULAR BANK PRESIDENT who does not want me to mention his name, says that he is planning to finance several of his farmer customers in the business of "not raising hogs" and bases his success with such a venture on the following statement which appeared in a recent issue of the *Wall Street Journal*.

"Mr. Blank at Northampton has a friend who received a government check for \$1,000 this year for not raising hogs. So Blank now proposes to get a farm and go into the business of not raising hogs; says, in fact, not raising hogs appeals to him very strongly.

"Of course, he will need a hired man, and that is where I come in. I write you as to your opinion of the best kind of farm not to raise hogs on, the best strain of hogs not to raise, and how best to keep an inventory of the hogs you are not raising. Also, do you think capital could be provided by issuance of a non-hog-raising gold bond?

"His friend who got the thousand dollars got it for not raising 500 hogs; now we figure we might easily not raise 1,500, or even 2,000 hogs, so you see the possible profits are only limited by the number of hogs we do not raise.

"P. S.—His friend who received the \$1,000 check has been hog raising for 40 years, and the most he ever made was \$400 a year. Kind of pathetic to think how he wasted his life raising hogs, when not raising them would have been so much more profitable."

VAN VECHTEN SHAEFFER, president of the Guaranty Bank & Trust Company of Cedar Rapids, has greatly improved the office side of his bank by eliminating the railings, counters and partitions and carpeting the entire area and refurnishing it with modern office equipment.

When I was in there the other day I was very much delighted by this pleasing improvement.

HAROLD J. ROWE, vice president of the AMBRO ADVERTISING AGENCY of Cedar Rapids, invited me to lunch recently with a group of lawyers, bankers and utility magnates, who gather

each noon at a specially reserved table in the Coffee Shop at the Hotel Roosevelt, where they discuss every known subject from birth control to balanced budgets and judging from the iconoclastic discussion which ensued, when I was there, the spirit of H. L. MENKEN must hover very closely over these noonday diatribes on a disappearing democracy and the glories of the "ROOSEVELT REVOLUTION." Incidentally, at each meeting, one of the group pays the entire bill, and the day I was there S. E. COQUILLETTE, president of the Merchants National Bank, had the happy pleasure of doing the honors, to which FRANK WELCH, president of the Iowa Bankers Association and the rest of us, smilingly acquiesced. I was told it would be "my turn" next time and I'll say now it will be well "worth it."

FRANK C. WAPLES, president of the Midland Mortgage Company of Cedar Rapids, and Mrs. Waples, invited Mrs. De Puy and myself to dinner at the Cedar Rapids Country Club recently, where they told us of their very interesting trip which they had just completed to Yellowstone Park. While on this trip, their two boys, Robert and Elliot, climbed one of the highest peaks in the Rocky Mountains so I presume I will soon be hearing that they have conquered the Alps.

COLONEL THEODORE ROOSEVELT, president of the National Republican Club, disagrees with his esteemed namesake, Franklin Delano Roosevelt, and criticizes the administration for the fact that the United States has not increased its prosperity as fast as other countries have, where interference with the economic laws have been much less than in the U. S. A.

Colonel Roosevelt points this out by saying, "Statistics of the national industrial conference board show that in the world prosperity is returning. Taking 1928 as 100 per cent, this year in May, Great Britain showed 103 per cent of its industrial production; Sweden, 106.7 per cent; Canada, 84.4 per cent; Germany, 89.1 per cent; France, 79.5 per cent.

"In the ordinary course of events with these countries gaining in this fashion, we would have recovered more rapidly. Statistics show at the end of 1933 we were only 67.6 per cent of our 1928 level.

"During the last year the countries I have named and others in a similar position, have maintained a steady advance. We have been subject to violent fluctuations. Uncertainty as to inflation and to the NRA and AAA have begotten this."

The Colonel also indicates that the "forgotten man" is being remembered, and "to his great damage" with increased taxation.

TO OFFSET what anti-administration advocates are saying, SECRETARY OF COMMERCE ROPER came out re-

Turn to page 37, please

The New WASHINGTON

Nation's Capital City Invites Members
of the American Bankers
Association

October 22 - 25

AS IF touched by a genii, Washington the people's city—has emerged during the last few months as the world's most beautiful capital. But no mere wave of a magic wand has created this new Washington.

Millions of dollars. Thousands of workers. The foremost architects in the country. Artists of international fame. The skill of the best horticulturists. All of these factors have contributed over a long period of months to the remarkable transformation of the old Washington as it was known in history books to the new Washington which today is not only the focal point in the world of politics but is outstanding in the world of beautiful cities.

To you of the American Bankers Association, who have not been in Washington for the last few months, the capital will appear almost as an illusion, when you arrive here for the convention in October. The high wooden fences surrounding the building construction for more than a year have been torn down revealing the classic beauty and simplicity of the government's new headquarters which began as a \$200,000,000 building program. Elaborate landscaping projects, many now being completed, will make their debut in October when the brilliant autumn flowers bloom against a background of red, brown and yellow trees, or beside the enormous new white government structures. Adorned by the best skill of landscape architects from all parts of the United States, miles of naturally beautiful hills and valleys within Washington, such as Rock Creek Park and Great Falls, are in their full glory in October. One never forgets Washington in the fall!

To you coming to Washington soon, there is no doubt that you will see the marvelous developments made in the building, the enlargements, the beautification of your Nation's Capital. You will see all of the old buildings worth visiting time

and time again—the Congressional Library with its wealth of literature and art; the Capitol, the Washington Monument, the White House. You will be interested in the new Folger Memorial Library in which is treasured the matchless Shakespearean collection; the new botanical conservatory considered one of the finest in this country with its rare tropical plants and flamboyant birds; the plaza development halfway between the Union Station and the Capitol, with its reflecting pool mirroring the Capitol dome and its magnificent fountain sparkling high in the air catching the sunlight by day and varicolored flash lights by night.

It is the Federal triangle, just completed, that will perhaps draw the greatest attention of visitors coming to Washington for the first time in several months. Here, in an area on which the U. S. Government has held a death's hand for nearly half a century, has arisen what architects feel is the most imposing unified architectural composition in the world. On ten blocks between Pennsylvania Avenue and the Mall has been erected a series of coordinated buildings which form one gigantic conception of monumental utility and beauty. Among the Federal activities housed in this area are the National Archives, Department of Justice, Internal Revenue Bureau, Post Office Department, Interstate Commerce Commission, Department of Labor, Department of Commerce and others. It is the greatest governmental project ever conceived and erected in the history of the world.

The advantage of coming to Washington is two-fold. From the most historic city in this country one may easily visit many outlying sections of national fame.

For instance, along the new Mount Vernon Memorial highway, which is the finest piece of road construction in the world, there are such places as the Arlington National Cemetery, the Lee Mansion in Arlington, Alexandria and Mount Vernon. Sight-seeing trips to other spots equally as interesting may be made within a few minutes' drive from Washington.

Washington itself is distinctly American, yet it contains that element of old world power and regal splendor that makes it the most individual city in the world. Along the stately stretch of Sixteenth Street, which leads like a glamorous pathway from the front door of the White House, lies the bulk of the embassies and legations housing the envoys of other nations. France, Spain, Poland, Cuba, Mexico, Honduras, Yugoslavia, Lithuania, Hungary, and the newest and by far the most interesting of diplomatic additions—Russia—have their headquarters on this street. Then, there is the famous and beautiful "Street of Embassies"—Massachusetts Avenue—on which is located the English, Japanese, German, Austrian and Belgian Embassies.

At no month during the year can visitors see such activity in Washington as in October. Speedy polo teams will be playing their championship games on the polo grounds near the Potomac River. College football teams—and there are several excellent teams—will be well into their season. Thousands of golfers, tennis players and horseback riders will be enjoying their respective sport on the beautiful courts, courses and along the picturesque bridal paths throughout Washington.

Washington will welcome you, A. B. A. members!



THE WASHINGTON MONUMENT BY MOONLIGHT

William C. MacFadden, Who Writes This History, Was
for Twenty-eight Years Secretary of the North Dakota
Bankers Association. His Tenure
in Office Started in 1903 When the
North Dakota Bankers Association
Was Reorganized, and Ter-
minated in 1932, When He Turned
His Office Over to C. C. Wattam,
the Present Secretary.

History of Banking In the Dakotas

THE Dakota Bankers Association was organized in 1885, with D. W. Diggs as president, R. C. Anderson as vice president, M. P. Beebe as treasurer, and Eugene Steers as secretary.

The first convention was held in Aberdeen in May, 1885. At that meeting representatives of eighteen banks coming from different parts of what was then the territory of Dakota, were enrolled as the original membership of the Dakota association. May 24 and 25, 1887, a year after my arrival in the territory, the annual convention of the Dakota Bankers Association was held at Watertown, and the membership at that time numbered eighty-two. The officers of the association in 1887 were president, Charles E. Judd, cashier of the Dakota Loan and Trust Company of Canton; R. C. Anderson, as vice president, cashier of the Bank of St. Lawrence, with twenty-four vice presidents coming from various parts of the territory. M. P. Beebe, president of the Bank of Ipswich, was still treasurer of the association and Eugene Steere, cashier of the Citizens Bank of Pierre, secretary.

Historical Paper

One of the interesting features at the convention of 1887 was an historical paper covering banking in Dakota, by Frank Drew, at that time cashier of the Bank of Highmore, from which the following has been taken:

"The first banking institution in the territory of Dakota was located in the city of Yankton, which at that time was a rival of her now more popular neighbor, Sioux City, which city in 1872 numbered a population of but 3,000. Mark M. Palmer, a young man of twenty-three years of age, at that time, was the first person to open a bank in Dakota. In the fall of 1869 this bank was opened on Second Street in Yankton, as a private bank, the partners being S. Drew, who later on was cashier of the James River Bank of Frankfort, Dakota, and Frank Drew, later cashier of the Bank of Highmore. Mr. Palmer failed and retired from the banking business in

January, 1878. At that time no railroad had entered the domain of the great commonwealth of the Territory of Dakota, and business transactions were necessarily slow to accommodate the old-time Concord coach, which daily drove up to the post-office, and deposited the mail, and delivered to the bank such currency, specie, etc., as it received from the outside world."

First Locomotive

In 1873 the locomotive appeared in Dakota Territory and the Concord coach was relegated to the frontier. Yankton drew trade from an enormous territory and the accounts of this pioneer bank were the accounts of business men, individuals, Indian agents, post-traders, and others, furnishing the bank with a large and widely distributed business. Borrowers were then accustomed to giving personal security only. The chattel mortgage, the once popular form of security in the northwest, being a creation of later days. A most profitable source of revenue for the bank was that of advancing Federal officers pay accounts. For the ready cash a liberal discount was not objected to by officers of the government then in the frontier service.

The second bank organized in the territory was the Clay County Bank (not incorporated), organized September 21, 1871, at Vermillion, with V. C. Prentice as president, and Henry Newton as cashier. After a successful career of seven years this bank went out of existence September 4, 1878, announcing to its depositors their ability to pay all claims on demand. Mr. Prentice later on resided at Pierre, South Dakota, and Mr. Newton at Vermillion.

The third bank on the list was started at Elk Point, under the name of the Bank of Union County, in the spring of 1872, by W. Hoffman, who was also interested in the milling business at that point. He failed in business in 1875 and died in the Black Hills in 1877.

The fourth bank was started in Yankton in the fall of 1872 by P. P. Wintermute, the slayer of the brilliant General Edwin

S. McCook, then secretary of the Territory. This unfortunate affair occurred on the night of September 11, 1873, in the hall of the St. Charles Hotel at Yankton, at a meeting called by the citizens to consider the proposition of the incoming of the Dakota Railroad. Mr. Wintermute's career as a banker then ended. He was tried, convicted and sentenced to ten years, but afterward obtained a new trial at Vermillion and was acquitted. His life was of short duration after his acquittal, however, as his death occurred in Florida in 1877, where he had gone to recuperate a shattered constitution. The bank he founded was purchased by Edmunds and Wynn, under the title of the Yankton Bank, which was succeeded by Edmunds & Sons. Newton Edmunds, senior member of the firm, was honored by many public trusts, among others being governor of the Territory. All of the banks mentioned so far were private institutions.

In the winter of 1872 the First National Bank of Yankton was organized with a capital of \$50,000, the first of its kind in the territory, and was officered by the Hon. Moses K. Armstrong, president, then a delegate to Congress, and Mark Palmer, cashier, Mr. Palmer still continuing his private banking business. In 1873, S. B. Coulson purchased the interest held by Mr. Palmer and the management fell into the hands of J. C. McVey, president, and C. E. Sanborn, cashier, Mr. Armstrong having retired.

The First National Bank of Yankton is an example of what good management will produce. It still stands as an independent bank among the leading financial institutions of the two Dakotas, with an uninterrupted history of prosperity covering a period of sixty-two years.

The sixth bank came into existence in Sioux Falls in the summer of 1873, John D. Cameron being proprietor of this institution. He failed in 1875, and was succeeded by J. D. Young & Company, who were in turn succeeded by the First National Bank of Sioux Falls, which failed in 1886.

The seventh bank was started in 1875,

at Bismarck, Dakota, Hon. James W. Raymond, later territorial treasurer, and afterward president of the Northwestern National Bank of Minneapolis, being the prime mover in this organization. The Bismarck National Bank, with James W. Raymond as president and William Bell, cashier, was the final outcome of this bank.

Building Era

It was just at this time that Dakota Territory entered upon an era of railroad building, bringing into existence many new towns and, among other things, numerous banking institutions. By this time modes of doing business had somewhat changed. Loans were made chiefly on chattel mortgages, now so unpopular. Dakota investments long held in doubt were becoming prominent and sought after. The business of first mortgage farm loans had grown to a proportion far exceeding expectations, and was handled by institutions in and out of the territory. The earliest organizers of this branch of business was the firm of Foster & Hayworth, who conducted a farm and loan business in Yankton from 1872 to 1876. A number of banks had sprung into existence in that part of the territory, which is now the state of North Dakota, all of which have gone out of existence with the exception of the First National Bank of Fargo, which was organized in February, 1878.

The first published statement of this

bank was printed March 15, 1878, showing a paid up capital of \$61,000, deposits of \$12,000, and loans and discounts \$27,000. E. B. Eddy was president, and E. C. Eddy was cashier. The First National Bank of Fargo, now the First National Bank and Trust Company and a member of the N. W. Bancorporation with deposits of \$5,700,000, claims the distinction of being the oldest and largest bank in the state of North Dakota.

Like Mushrooms

In the years of 1880-81-82, banks in the Territory of Dakota flourished like mushrooms and the first thing to catch the eye on entering a new town was a bank building and then a saloon. During these years the railroads were extending their lines in every direction, weaving into a giant cobweb the commercial interest of Dakota. Huron came into notice in 1880 and December 23rd of that year the first bank was started in Huron by C. C. Hills, since deceased.

E. Steere landed in Huron, January 3, 1881, with an embryo bank in his pocket, thinking he was the first man on deck, but after a night's sleep and a little investigation in the morning he discovered his mistake and upon calling at the bank already started he found an old time friend. After a careful sizing up of the situation the conclusion was reached that Huron would not need two banks for some time to come.

Mr. Steere went on to Pierre and started the Citizens Bank, which for many years was the oldest bank in northern Dakota. Later on in the fall of the year 1881 Frank Stevens started the Beach County Bank, the second incorporated institution of its kind in the territory. The Citizens Bank of Grand Forks was organized in 1878, with J. W. Smith as president and S. S. Titus as cashier. The Citizens Bank of Grand Forks developed into the First National Bank of Grand Forks and was reorganized and reopened after the bank holiday as the First National in Grand Forks.

Territory Divided

In 1889 the territory of Dakota was divided into the states of North and South Dakota with flourishing banks in all its principal cities, towns and villages and the business of banking grew to enormous proportions. At that time the Dakota Bankers Association went out of existence and the North Dakota Association and the South Dakota Association were organized. The first officers of the North Dakota Association organized in 1889 were Charles A. Morton of Fargo, president; E. P. Wells of Jamestown, first vice president; R. S. Adams of Lisbon, treasurer, and George B. Clifford of Grand Forks, secretary. The North Dakota Association flourished for several years but was

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Farm Income Increased

IN THE drought area, the extreme conditions which have been painted so darkly by the public press, will be greatly minimized by various reliefs furnished by the Federal Government as well as by bonuses for restricted acreage earned at the beginning of the season. It would seem that the condition in this area will in no wise be as serious as the propaganda is endeavoring to indicate.

A prominent financial authority, after careful investigation, makes the following statement:

"The drought is not expected to cut farm purchasing power by a single dollar. Farm income last year was about \$6,500,000,000. It is expected to run

to \$7,000,000,000 this year, plus about \$600,000,000 in 'benefits,' plus from \$200,000,000 to \$300,000,000 in drought relief. In drought sections, income from crop sales will be substantially less, but will be brought up to last year's figures by 'benefits.'

"In the corn-hog area, the gross income will be larger than it was last year, by reason of 'benefits' and relief. Unfavorable weather over the next several weeks will not change the picture as to farm income, since any further crop losses would be compensated for by additional relief.

"The Government's experts are convinced that the drought will not be a serious factor in Fall business."

"Bankers Are Facing the Greatest Opportunity They Have Ever Had, and They Are Also Facing the Greatest Dangers. The Problem Now Is to Know What to Do With Large Deposits"

—Banking— Then and Now

By DE WITT LOMAS

Kewanee, Illinois

SOME years ago I was told a good bank story, and I have never forgotten it. It was told me by a lawyer; hence, I think it must be a true story, for lawyers always tell the truth.

A small boy once asked his father, "Daddy, do lawyers ever tell the truth?" "Yes, my son, a lawyer will do anything to win his case."

It appears that two men, seeking a place in which to go into business, finally landed in a small town in Nebraska. In that town there was a general store which also housed the post office; there was a blacksmith shop, an implement store, a tavern, a slaughterhouse, and a livery stable; but this town had no bank, so these chaps conceived the idea of starting a bank.

In a few days a man came into the bank and said he wanted to negotiate a loan of ten dollars for thirty days; whereupon the cashier went back in a huddle with the president, and he shortly returned and advised the man that they had decided to make the loan provided the postmaster would sign the note with him. This, the young man thought he would do; so went out and shortly appeared with the postmaster.

After those two men had signed the note for ten dollars due in thirty days, the cashier went back and came forth with \$7.50, and explained that the \$2.50 he had taken out was for interest on this money for thirty days. The young man thanked the banker very kindly, and together he and the postmaster left the bank. When they had gone down the street a few paces, the young man took out his pencil and a piece of paper and started to figure, and the friend said, "What is the matter, Dave, did the banker make a mistake?" "No," said Dave, "he made no mistake, but I was just figuring that I borrowed ten dollars for thirty days, and he took out \$2.50 as interest in advance, and I just have it figured out that if I had borrowed that ten dollars for four months instead of one month, I would not have received a damn cent, would I?" "No," said his friend, "you were a good business man to borrow it for only thirty days."

Community Leader

In times past the country banker was looked upon as an outstanding man in that

Mr. Lomas Was an Officer in an Iowa Bank for Twenty-five Years, and Is Now Interested in the Banking Business in the Neighboring State of Illinois. He Has Had Plenty of Opportunity to Observe Banking Conditions in Bad Times and Good. At This Time, He Says, Bankers Are "Coming Back"

community, and his counsel was sought on all matters. He was the essence of honor and integrity, and his character was above reproach.

He was the legal adviser, the peace maker of neighbors, and was often times consulted in domestic upheavals; and he was called upon to administer in cases of matrimonial indigestion (where wives do not agree with husbands). He was counseled in all financial matters, as well as land and personal property values, horse trades, estates, and all school and church matters; and his name appeared in the list of pall bearers at nearly every funeral.

Those were the days when every one owned his own home, and all of the furniture in the home was paid for, and none of it bought on the installment plan. The installment plan had not yet been invented.

Yes, banking in those days was, oh, so different from now. In those days banks had no service charge, no codes under which they attempted to operate; they paid no interest on deposits, and there were but few checks used. There were no real estate loans, no bonds, and no loans made on collaterals. Loans were made very largely on character and by having all of the man's neighbors sign the note with him.

In those days it was considered an honor

to be asked to sign a note at the bank, with a friend. It was the emblem of friendship in those days. Well—anyhow, banks did not have any large losses in those days.

Yes, this is *small town stuff*, but Geo. Mitchell says, "The small town is a place where everybody is not three months behind on their installments; where the offices are filled with native-born Americans; where the wild life which stays out all night belongs to the 'Cat Family;' where the way of the transgressor is hard; where the editor gets results if he announces he is out of potatoes; where the traffic cops call you 'Bill' instead of 'Hey, You,' and where folks can know about each other by watching the family wash out on the line."

Sacred Duties

A banker has some very sacred duties to perform in operating his bank, and this has always been so.

First. Is the duty he owes to the depositor, the first and greatest duty of all. To be ready and willing at all times to pay him what he has in the bank.

Second. Is his duty to his stockholders, who are entitled to a fair rate of interest on the money they have invested in bank stock.

Third. Is his duty to the customer of the bank. And, lest we forget, it is the customer who makes the bank. A bank, like a grocery store, could not long survive without customers. Courteous treatment at all times and granting all favors consistent with prudent banking.

Fourth. Is the duty he owes to the community; for a bank is, in a way, a semi-public institution, and the good of his community should be considered at all times.

Banking restrictions are more severe now than ever before in the history of banking; and, likewise, a bank's operating expense has been increased very materially, while the earning capacity has been very much hampered. Banks are subject to two examinations each year by the department under which they operate; then comes the examiners from the Federal Reserve Bank and another bunch from the RFC, and still another trio from the Deposit Insurance Department, all of these

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RICHARD R. ROLLINS

Why Not Go To Mexico?

If You Want a Change of Atmosphere and Scenery—
Something Entirely Different in the Way
of a Vacation—Try a Trip Down Into Old Mexico

By RICHARD R. ROLLINS

*Assistant Cashier Bankers Trust Company
Des Moines*

THIS was to be MY vacation. It was to be a trip designed for a man to get the most change and fun out of three weeks away from the desk. When we (Oh, yes, the wife had to be taken along to avoid argument) started planning a trip to Mexico, it seemed impossible that it could be done within three weeks and within our rather limited means. However, five days after leaving Des Moines and driving at a comfortable rate of speed over excellent roads practically all of the way to Monterrey, Mexico, where we took the train conveniently equipped with an American pullman, we arrived in Mexico City.

So far we had accomplished the change desired. We were in an altitude of over seven thousand feet and in one of the most equable climates in the world, which you must admit is quite a change from Iowa. In addition to the change in climate we were in an atmosphere as foreign in customs, traditions and habits as if we had crossed the Atlantic or Pacific, yet we were less than two thousand miles from Iowa and only two days from Chicago by air. Life in Mexico City, always referred to as Mexico (as we say New York, meaning New York City) is one of leisure compared to ours and it could rightfully be said that business comes with pleasure. The shops open at nine and close from twelve to three, so that the merchants may go home for dinner and their siesta. However, the younger Mexicans have largely forgone this custom for exercise and dinner at their clubs.

Entertainment

Entertainment in Mexico is designed to suit a gambling and sports loving public. That they love gambling is apparent by the success of their National Lottery, tickets for which are sold by literally hundreds of men, women and children on the streets.

Three nights a week their love of gambling is appeased by a game which they call "Fronton," otherwise known as "Jai-Lai," the famous Cuban game. There is a special building designed for this game, the court being over three times the length and twice the width of a squash court. The gallery is built along one side of the court which is left entirely open and the spectators are protected by a long, high net. Two, four or six people can play the game, taking partners or playing for individual high score. Each player has a hollow, curving, gourd-shaped racket strapped to his hand, the ball being caught in the racket and returned to the front wall with great accuracy and skill and tremendous speed. The spectators may gamble on each point, each game, or on the individual player, at odds that change after each point, on a para mutual plan. It is the fastest indoor game in the world and an attraction not to be missed. Besides

gambling afforded by "Fronton" there is a new and lavish casino called the "Foreign Club" just on the outskirts of the city which was opened only last June and is considered the most modern casino in the world. There is good polo and tennis to be seen at beautiful country clubs—Mexican, French, English and the American Country Club at Churubusco welcomes American visitors. The finest Mexican homes in the suburbs are equipped with their own private outdoor squash courts. But, of course, bull fighting remains king of sports to the Mexicans. Winter is the big season for this diversion as the great matadors go to Spain in the summer, but it is exciting and colorful at all times.

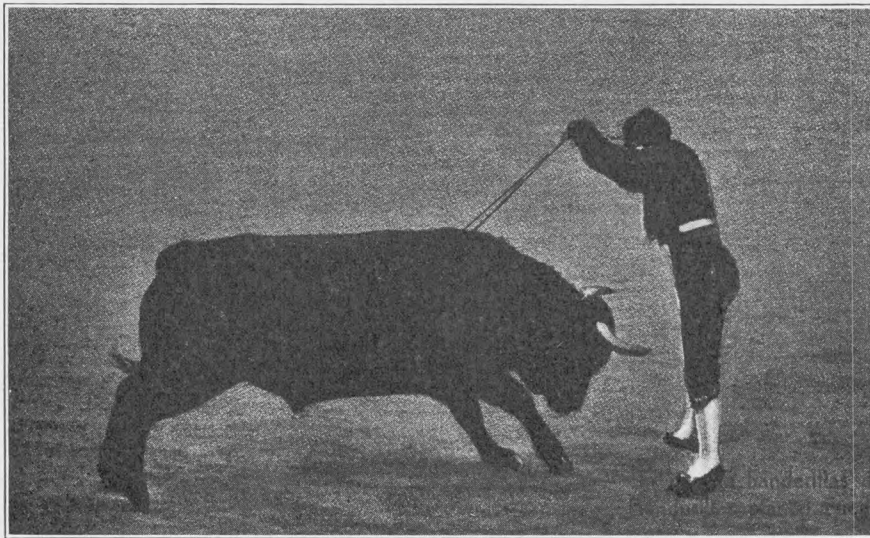
A Man's City

Mexico is primarily a man's city at night, due to the fact that Mexican women of the better class do not go out unescorted after dark. There are night clubs



TAXCO, MEXICO—ONE HUNDRED MILES FROM MEXICO CITY

Northwestern Banker September 1934



A BULLFIGHT IN MEXICO CITY

and theaters, but few in comparison to European cities which are more used to accommodating American tourists. However, upon one occasion a young Mexican and I managed to take in the "Montparnasse," being thoroughly searched for guns before we were allowed admittance to the establishment. Social hostesses are provided free of charge at the "Montparnasse" and their salary depends upon the number of drinks they are able to persuade you, in their meagre command of the English language, to have served at your table. Needless to say they lend their own efforts in this direction. These social hostesses, "Senoritas" in the "Montparnasse," if you please, were of the dark-skinned, brown-eyed type, in abundance of variety. Dance music was provided by a Mexican orchestra along the lines of a loud jazz band, and accompanied the floor show held several times during the evening. To bring the wife would be to miss the essential enjoyment of this most renowned spot.

Mountain Drives

There are several drives out of Mexico City which are of interest from the usual sight-seeing viewpoint. However, the most impressive of all was the beautiful trip through the mountains to the quaint little village of Taxco settled on the side of a mountain. This was indeed a native Mexican village with its crooked and rough rambling streets and queer shaped houses. It is the perfect setting for a honeymoon; yes! even for the fiftieth wedding anniversary.

We left Taxco and stopped at Cuernavaca, a small town inhabited by the wealthy politicians of Mexico. Until the "Foreign Club" was opened in Mexico City, Cuernavaca provided the gambling rendezvous for this section of the country. One night in Cuernavaca was sufficient and we returned to our first love, Mexico City.

Too Much Cash

It was my good fortune to have a letter of introduction to a banker in one of the larger banks in the city. Upon visiting him I learned that Mexican banks are confronted with the same problem as we are, namely, too much cash on hand. And their difficulty, even worse than our own, is that there are few bonds of corporations or municipalities which are at all safe to buy. The banking laws of the country allow only a certain percentage of their investments to be placed in United States or other foreign securities. The public use the banks more like a clearing house where they can change their money. Corporations and business houses keep active checking accounts in the banks, but the average individual is afraid of a check; as a matter of fact is afraid of the paper currency; oftentimes gets only silver at the bank and puts it in his safety deposit box. Possibly some of you have been familiar with this procedure in the past.

The procedure of making loans is along the same lines as our own, and losses are incurred as regularly. *When I asked this banker if he would kindly let me see the bank's statement, he replied that he would rather not show me their statement as the bank had had terrible runs lately and was insolvent, but added that the government stood ready to back it up. Naturally I was greatly surprised that he volunteered this information to a total stranger. But the fact that the government was ready to help, kept him from worrying about his own institution, his only worry being that it was impossible for the bank to make any money.* This, a number of you may well understand.

Exchange Favorable

Everything is cheap if regarded in our money. The rate of exchange is very favorable, receiving approximately 3.50 pesos (the Mexican dollar) for each of

our dollars. Thus you feel quite wealthy after cashing a ten dollar traveler's cheque and getting thirty-five dollars in Mexican money. Consequently the average American tourist is apt to be more or less foolish in the manner he spends his money, as it apparently has little value in comparison, but nevertheless, the Mexican dollar to a Mexican is the same as an American dollar to an American. Our hotel room, very nice and comfortable in one of the nicest hotels in the downtown district, amounted to 14 pesos a day, approximately four dollars in American money, which is indeed very high in Mexico, but reasonable for two people in this country. Taxicabs were fifty centavos any place in the city, amounting to about fourteen cents; for a car full of people, if you so desired. Cigarettes, cigars, liquor, etc., were all about one-third the American price.

Fortunately the city has not yet been spoiled by the usual lavish expenditures of the traveling American people. Mexicans continue to live their own kind of lives, and while they are courteous in every respect, they do not cater to the all-American dollar as do so many foreign nations. However, I am afraid that is about to change, as two new hotels are now in process of construction and the road from Monterrey to Mexico is expected to be completely finished by next spring, all in anticipation of the grand American tourist. And right they are, as Americans are coming more and more to look toward Mexico City as one of the vacation spots on this continent. Its close proximity to this country, its accessibility, its good year-around climate, its favorable rate of exchange for the American dollar and its entirely foreign atmosphere is the affirmative answer to our question—Why Not Go To Mexico?

Eleven Meetings

Fred H. Bohlen, Des Moines, FHA liaison officer for Iowa, and Frank C. Welch, Cedar Rapids, president of the Iowa Bankers Association, jointly announce a schedule of 11 district meetings at which they, with J. J. Hughes, state director of the FHA for Iowa, and LeRoy Perkins, executive secretary of the FHA for Iowa, and C. A. Diehl, Des Moines, vice president of the Iowa Bankers Association, and B. F. Kauffman, Des Moines, also an officer of the Iowa Bankers Association, will discuss the mechanics and details of making, handling and servicing of, and giving much other information as it may be available on Federal Housing Administration loans.

Fatherly Advice

Collegiate: "Father, I've a notion to settle down and start raising chickens."

Father: "Better try owls. Their hours will suit you better."

There Is Patriotism In Proper Bank Management

AT FIRST blush it would appear that it is a far hark from the idealism of patriotism to the prosaic practicality of bank management. But let us see. Perhaps the apparent gulf will disappear when we catch the real significance and practical application of these two terms.

In order, therefore, to treat this subject fairly it is well that we first come to an agreement on definitions. First of all, what is patriotism? What does it mean? How can we recognize it?

Probably a historical reference may enlighten us so we shall be able to get at the real interpretation of the term.

Let us recall the days of the founding of the Republic, when discussions and debates rose to fever heat throughout the colonies respecting the attitude which they should take toward the oppressive measures imposed by the Crown.

That was in the days of Washington, Adams, Jefferson, Franklin and Patrick Henry. It was also in the day of Benedict Arnold. Here were represented two extremes, between which the citizenship surged and jostled and where all the various shades of opinions, beliefs and interests found expression.

It was while these 3,000,000 Americans were torn by indecision and doubt that Washington assumed command of a few bedraggled, patriotic forces. Only one-third, the Tories, openly flaunted their opposition to such foolhardy enterprise. The neutral third vacillated, moving hither and thither as they thought their own selfish interests might best be served. Throughout the long struggle Washington was cruelly assailed and maligned in the hope that he could be made to abandon the cause. But he did not yield; he did not relent.

And although they were few in number, the men whose patriotism to the new day brought freedom to the struggling nation and laid the foundation for a commonwealth that guaranteed life, liberty and the pursuit of happiness to all who followed.

If we can agree that the loyalty of Washington and his kind typify the real definition of what we mean when we use the word, then we may proceed to answer the question embodied in the subject of this discussion: How are we, as bank managers, in any way related to the problem of patriotism?

Bank Management

If we are in accord with Washington's exalted conception of service to country

By **ORVAL W. ADAMS**

*Vice Chairman Bank Management
Commission of the A. B. A.*

*Vice President Utah National Bank
Salt Lake City*

and devotion to a principle; if we are prepared to withstand the bitter thrusts and charges leveled at all patriots by the charlatan; if we are ready to stand up under the suspicions of the uninformed and to maintain our standard of ethics in the face of every unwholesome influence and pressure that can be exerted against us; if it is our creed to make no compromise with fraud and fiction—then we, too, can consistently claim partnership with patriotism.

In this time of storm and stress there is no honorable retreat for us into the

An Address Made at the Golden Anniversary Celebration of the Dakota Bankers Association, a Joint Convention in Deadwood, South Dakota, of the North Dakota and South Dakota Bankers Associations

safe shadows of inactivity and personal security. The institutions which we represent are perhaps the most sensitive to every whim and caprice of the public, to each industrial and economic fluctuation. We are a perfect barometer of the general condition of the country. By the same token we are the first to be affected by financial disturbances. Public gaze is at once focused upon us in the day of crisis. Strange as it may seem, it is nevertheless a fact; that it has become almost a tradition that in some manner, unknown and unexplained by the man in the street banking institutions must, and can, meet every situation successfully. They attribute to us almost superhuman powers. They place us in a category with the Greek gods—immune from the operation of human laws from which no other mortals in any other pursuits can escape.

This exalted, but false, popular conception of our powers is craftily employed by conniving politicians and disgruntled

members of society to distract and confuse the public and to divert attention from real causes and real issues. To them, it is the banker and the banking system that has brought about all the distress and destruction. As they contend, and as many suppose, we are the ones that must have caused the general woe and misery. To appease the rabble, they set about to punish us by hurried, spectacular legislation bearing the label of "public protection." Thus the recent drastic bank legislative enactments, both state and national, had their genesis and inspiration. Their chief purpose is to still public clamor and, at the same time, furnish added evidence of the deep, abiding affection which the politician has for the common people and, incidentally, and last but by no means least, they serve the more important purpose: To insure his re-election.

Adhere to Principle

In the light of this situation, what stand must the banker take while all the shafts of suspicion and accusations are hurled against him? Where does his duty lie? Must he yield to demands which his training and experience tell him are unsound and untenable? Must he give ear to clamors for the inauguration of practices that spell insolvency and disillusionment and that will prove to be destructive of all public interest? Can he afford to seek popular favor at the expense of the stability of his institution or his own reputation for honesty?

If Washington had listened to the eloquent pleas of his contemporaries he would never have unsheathed his sword or accepted command of such a non-descript aggregation that constituted his following. His patriotism was proved in his unflinching adherence to principle. Must not that, too, be our stand? Can we choose any other?

If the crisis through which we are now passing calls for patriotism, how can we, as bankers, exhibit the Washingtonian type?

The banker, being the unofficial custodian of public and private funds, must get the facts. He owes that to himself as well as his constituents. He must interpret them, and then, unfailingly, follow them. As with all patriots, he must be prepared to be assailed and, perhaps, to be misunderstood. He will be charged with lack of community interest because of his refusal to grant indiscriminate loans to so-called local enterprises. For his sound

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All Sound Values Must Have Equal Access to Credit

"The Changing Price Level Is the Cause of Our Troubles, and the Changes Affecting the Purchasing Power of Money Affects Every Obligation and Investment. It Touches Every Moral Question. The Price Level Is Our Most Practical and Important Problem"

By H. N. REINTS

Cashier, Kelsey State Bank
Kelsey, Iowa

Before the 1934 Convention of the
Iowa Bankers Association

THE popular approach to economics finds expression in efforts to change the psychology rather than to change the conditions. We will have to learn that conditions produce the psychology. It is not psychology that produces the conditions. It is highly important that we understand this.

Economic superstition is what keeps us in bondage. Though our President proclaim "prosperity is around the corner" and "basic conditions are sound" such statements do not cure, but tend to delay corrections and tend to deflect the harmony of the inexorable natural law. That law is eternal and unchanging truth and it operates to the truest economy.

Law is not made. It is but discovered. Law is an obligatory rule of conduct. We are dominated by law. It is the rule of harmony that the Creator blended so perfectly and wonderfully that the same causes will always produce the same effects under the same conditions.

Depressions do not come fortuitously. They follow because powerful forces made conditions that produced them. Depressions follow when purchasing power fails. That causes unemployment. Desire does not fail. Desire fails only when life fails. Our needs increase as our ability to acquire increases. There is a potential demand for thousands of dollars worth of goods on every farm in the land that would make a beehive of activity in industry if that desire could be fairly exchanged for the products of agriculture.

Price Level

The changing price levels the cause of our trouble and the changes affecting the purchasing power of money affects every obligation and investment and touches every moral question. The price level is our most practical and important problem.

The varying discount rate increases or diminishes the value of the purchasing power of money, giving every dependent on his savings more or less of the world's goods, affects wages and incomes and determines the value of everything measured in terms of money.

The price level is fundamental to a solution of our depressions, strikes and insolvencies. Crime is largely an economic problem. The transition from one price level to another works intolerable injustices, because debts were made on a different price level and repayment cannot be made because it requires vastly different quantities of production. Then debts accumulate to an undesirable level. When our debts are liquidated to a desirable level the depression will be over and not until then. Our dollar purchasing power value has varied nearly 50 per cent in a year.

Discount Rate

The discount rate determines the value of money and fixes the relation of dollars to commodities. That is the price level. Supply and demand properly and naturally regulate all prices. When supply and demand are not artificially influenced the price level follows the harmony of economic law.

The relation of dollars to goods varies because the value of the dollar changes and not inversely. The composite commodity price is the sea-level of values. The value is in the goods. The dollar is but the measure of that value.

Our dollar has been unnaturally changed in value because of discrimination and restrictions in access to credit, by illogical interest rates and by sterilization of gold. When dollars are cheap because they are abundant and accessible commodities look dear, and inversely, when dollars are high because of demand commodities are relatively cheap. Here is the practical "Relativity."

The discount rate is the governor on our business machine. We can control the price

level by a just rate, but we cannot discriminate and maintain the harmony of parity that is necessary to affect the exchanges of products by which we live, because we measure their values in terms of money.

Balanced Consumption

Prosperity is balanced consumption. Our prosperity is measured by purchasing power—by our ability to acquire the things we need and desire. It is essential that production be abundant and that the exchanges in production be made equitably.

Many influences affect the exchange disastrously. Price fixing, whether of labor, goods or credit is the cause of disruption in our economic structure. Unrestricted supply and demand must govern, whether in labor or goods, gold or credit. Wages and products must be exchanged fairly and dollars and commodities must be equally fair in the exchange relation.

No Congress, Federal Reserve Board or labor union can be permitted to fix prices arbitrarily whether in credit, goods or labor. Out patent laws are uneconomic and restrictive and have become a racket and a curse to humanity.

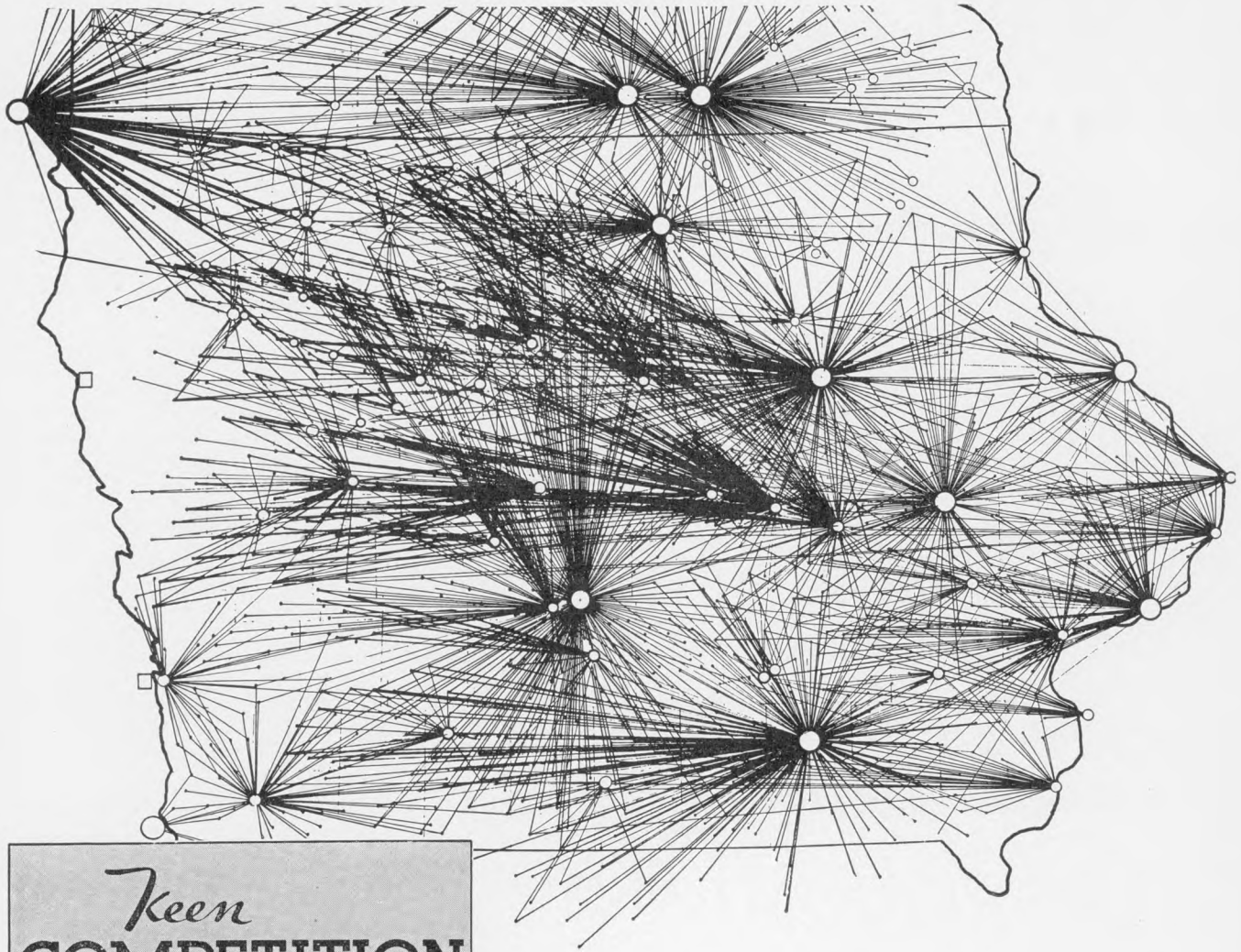
The world will never be richer than the production and reserve need as fairly exchanged, of the goods produced for man's benefit. We cannot have more by producing less. The real values are the things man utilizes for food, shelter, beauty, pleasure, etc. Our prosperity is the enjoyment of these things.

Price fixing wrecks economic harmony. It is as true of credit as of goods. All must be on the equally free supply and demand basis. We cannot restrict credit unequally.

The discount rate inevitably controls the price level in the end *providing* we do not discriminate in eligibility to all sound values. That is the condition—all sound values must have equal access to credit.

Discrimination

Discrimination in access to credit causes disparity and unequal costs in production. The fundamental error in the Federal Reserve System is in denying equally usable



Keen COMPETITION FOR LIVESTOCK

STRIKING proof of the keen competition for hogs which exists between buyers in Iowa and Southern Minnesota is pictured in the map above.

The large dots show the 14 major packing plants, and the small dots the 70 concentration points and buying stations. The radiating lines indicate the points from which hogs are sold direct to these interior market outlets.

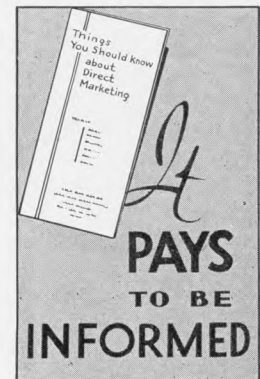
Overlapping lines clearly reveal the competition which exists. According to a government survey in 1927, every packer is confronted in his buying by competition from five to nine active packer buyers, two to seven reload

station buyers, and numerous local buyers who ship to terminal markets. This enables producers to ascertain where they can sell their hogs to the best advantage, and to determine fairly accurately what the price will be, *BEFORE* they move a hog from their farms.

This map does not show the competition from the public markets, the competition from the more than 600 retail dealers and small packing plants which slaughter livestock, nor the competition from packers in other states who buy hogs direct in Iowa. If this were added to the map, it would be too black to read.

For further information, write the address below for the 24-page booklet, "Things You Should Know About Direct Marketing."

Association to Maintain Freedom in Livestock Marketing
515 Insurance Exchange Building
DES MOINES, IOWA



access to credit to all sound values. It is an economic monstrosity.

Agriculture's price level and consequent purchasing power compared with industry has for several years been at about 45 per cent of normal par. It is mathematically impossible to affect exchanges on such an unfair basis.

Interest rates have dropped precipitously as there cannot be a profitable nor a safe demand for money and all investment values must fall as the inexorable law affects the exchange purchasing power. It is economic law.

Prime industrial paper today is at 1 per cent or less and prime first mortgages are at about 5 per cent on the foundation security on which the world is dependent

for its very existence. A discrimination differential of 4 per cent annually for the past three years. A discrimination as much as the present rental value. The average differential in interest or holdings cost has been about 2½ per cent annually since the inception of the devilish invention discriminating against real estate values since 1914 when the Federal Reserve System was born.

Two and a half per cent annually for 20 years with 6 per cent compound interest will equal 100 per cent of the principal. This will account fully for the drop in real estate values and for all of the relative difference in the agricultural price level and the unemployment which necessarily followed.

Marketability is the most important feature of any investment. It is the prime factor in its value. Discrimination in access and rate of interest is disastrous to that investment. That is what makes it unliquid. Before the Federal Reserve System made real estate loans unliquid by that iniquity prime first mortgage loans were the most liquid asset the banker had in his files. I can vouch for that by 35 years of banking. When a banker found it desirable to replenish his reserve he packed up a few good first mortgage loans and always had ready buyers at the best rate. Such loans were the most stable values and most liquid asset in the note case and they would still be so if the Federal Reserve System did not arbitrarily discriminate against them. That was the most costly blunder the Government ever made to permit this.

The Federal Reserve's discrimination as the central bank necessarily affects every bank similarly. What benefit are favored 15-day loans to agriculture.

It has been argued that there is no standard of value to mortgages. That was easily provided by Government appraisals in the R. F. C. loans. We wonder if there was as good a standard of values in commodities, stocks and bonds. Rubber that sold for \$1.40 per pound a few years later sold at three cents a pound cannot compare favorably as a safe standard of value, even despite the discrimination which was the real cause for the eccentric changes in other values.

I know of nothing involving more moral problems than a correct fixing of the discount rate, although price fixing in labor is a close second.

Mortgage Bankers Convention

Heralded as the most significant mortgage banking event in two decades, the twenty-first annual convention of the Mortgage Bankers Association of America will be held in Chicago at the Edgewater Beach Hotel, October 4th and 5th. Coming as it does during a period of much federal mortgage legislation and especially with regard to construction financing that is affecting building programs in all sections of the country, this convention is felt to be of significance to all phases of property management, financing and sales.

Highlighted with addresses by leaders in the affairs of the country, the convention will be taken up with pertinent and timely round table discussions, participated in by recognized authorities representing divergent points of view.

There will be six principal speakers with a balanced affiliation insofar as the beliefs of the present administration are concerned. Those that can be announced as this story goes to press are: Frank C. Walker, chairman, National Emergency

★

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1889 1934



A correspondent with an important problem finds the officers and employees of this bank always ready to give freely of their time. Many bankers find this more important than the routine handling of their transactions. The inquiries of out-of-town bankers interested in a Chicago connection are invited.

THE NORTHERN TRUST COMPANY

NORTHWEST CORNER LA SALLE AND MONROE STREETS

★

★

Council; Colonel Frank Knox, publisher of the Chicago *Daily News*, and John H. Fahey, chairman, Federal Home Loan Bank Board, and Arthur F. Hall, president, Lincoln National Life Insurance Company, Ft. Wayne, Indiana.

Mr. Walker is known as the president's lieutenant in all recovery and relief projects. The NEC coordinates the operation of the Home Owners Loan Corporation, Farm Credit Administration, Agricultural Adjustment Administration, National Recovery Relief Administration and subsidiary bureaus. An address by the executive director of this coordinating council will be of vital and of timely interest.

Colonel Knox, as publisher of one of the country's leading newspapers, located in the second largest city and in the heart of the great middle western farming area, will present to the Mortgage Bankers Association convention a most interesting address.

With Polk-Peterson

Julian M. White, for seven years with the H. L. Dougherty & Company and the Alpha Distributors, Inc., has become associated with the investment department of Polk-Peterson Corporation, Des Moines.

Mr. White, who for the last eighteen months had been an Iowa manager of the concerns, formerly was in charge of the Sioux City, Iowa; Louisville, Kentucky, and Houston, Texas, offices of the companies.

Forty-fifth Birthday

Last month, August 12th, marked the forty-fifth anniversary of the founding of The Northern Trust Company.

The Northern Trust Company was organized in 1889 by the late Byron L. Smith. Its original quarters, located in the Rookery Building at the southeast corner of Adams and La Salle Streets, were soon outgrown. The following year larger quarters were taken in the Chamber of Commerce Building, which formerly stood at the southeast corner of Washington and LaSalle Streets. In 1897 a further expansion in business compelled the young bank to look for more adequate banking room. This was available in the Rookery Building to which it returned when part of the ground and second floors were then occupied. In 1906 the present building was completed at the northwest corner of Monroe and LaSalle Streets, formerly occupied by the Bryant Block. This has been the home of The Northern Trust Company for the past twenty-eight years. In 1930 two new floors were added to the building and the entire structure was equipped with an air-conditioning system.

The bank's deposits grew from \$56,466,000 in 1929 to \$199,544,000 in 1933. The enlarged customer group made necessary further expansion within the building and

its alterations included the addition of the Banking Mezzanine in 1933. Deposits now stand at \$228,500,000.

The president of The Northern Trust Company is Solomon A. Smith, son of the founder. He represents the third generation of his family to head a Chicago financial institution. His grandfather Solomon A. Smith, was the Civil War president of the Merchants Loan and Trust Company.

Liaison Officers Appointed

Bankers have been appointed in every state to serve as liaison officers between banking institutions and organizations and the Federal Housing Administration forces in connection with the government's program for the repair and modernization of property, it is announced by the American Bankers Association. These officers will facilitate cooperation on the part of bank-



FRED BOHLEN

ers with the regional, state, and district directors under the Better Housing Division of the National Emergency Council which has charge of the promotion of the program.

"The modernization plan is considered workable and fair to both the banks and the public and adequate safety for the banks participating in it is provided for," Robert V. Fleming, second vice president of the American Bankers Association, says in a statement setting forth the steps his organization has taken to cooperate in it.

To aid in bringing about "full cooperation by the banks throughout the country in this most constructive program," Mr. Fleming said, the state banking associations had been asked to appoint the contact officers. Liaison officers named in the middle west are: Fred Bohlen, director of the Iowa-Des Moines National Bank, Des Moines; Frank P. Powers, president,

Kanabee State Bank, Mora, Minnesota; Edwin N. Van Horne, president, Continental National Bank, Lincoln, Nebraska; C. C. Wattam, secretary, North Dakota Bankers Association, and J. C. Vandagriff, president, Union Savings Bank, Sioux Falls, South Dakota.

FAA Convention

What is probably the first open forum on banks' relations with the public will be the feature of one of the most important meetings ever scheduled by the Financial Advertisers Association. Prominent speakers will present the financial requirements of business and the general public, while eminent bankers will cover the banks attitude toward the facilities to meet these requirements.

The nineteenth annual convention at the Hotel Statler in Buffalo on September 10th and will provide a real opportunity for bankers whose job it is to interpret their institutions to the public to compare notes on public opinion and on the efficacy of the public relations programs adopted since the New Deal.

Because they were unconvinced that the depositor had completely regained his former faith in banks and banking practices, the association's program committee decided this year to invite lay speakers capable of bringing a broad and constructive viewpoint of the public and business expectations of banking and finance. The program committee believed that this first-hand information would be an invaluable aid to delegates anxious to develop plans for creating relations that will meet the public expectations as well as sound financial requirements.

One of the high-lights of the convention will be the addresses of three of these lay speakers who will approach the subject of "The Public Questions Its Banks" from various points of view. The point of view of the man in the street will be presented by Harrison Jones, executive vice president of the Coca-Cola Company, Atlanta, who will speak on "What the Average Man Asks" of his bank. The position of the business man in relation to his bank will be developed by Harry B. Hall, vice president of the American Appraisal Company, Milwaukee.

C. I. T. Dividend

Commercial Investment Trust Corporation recently declared a 25 per cent common stock dividend on its common stock, payable October 1, 1934, to common stockholders of record at the close of business September 5, 1934. At the same time the corporation declared a quarterly cash dividend on its common stock to be outstanding after giving effect to the stock dividend, of fifty cents per share payable October 1, 1934, to stockholders of record September 5, 1934. This puts the common stock after giving effect to the stock

Northwestern Banker September 1934



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dividend, on an annual basis of \$2.00 per share which is equivalent to an annual rate of \$2.50 on the stock as outstanding prior to the declaration of the stock dividend. The corporation has outstanding convertible preference stock entitled to receive quarterly dividends in common stock at the rate of 1/52 of a share of the present common stock, or \$1.50 in cash quarterly, at the option of the holder. In view of the fact that by reason of the stock dividend the common stockholders will henceforth hold five shares of common stock for each four shares previously held, the dividend in common stock payable on the convertible preference stock was declared for the quarter in the requisite increased ratio, with no change in the \$1.50 cash option.

It is ten years since the stock of Commercial Investment Trust Corporation was publicly issued and this is the first substantial stock dividend, although during the period through 1928 and 1929 the corporation paid quarterly common stock dividends (never exceeding 1½ per cent per quarter) in addition to its cash dividends. The corporation and its predecessor companies have uninterruptedly paid dividends since 1910. During the ten years the stock has been publicly owned, the cash dividend rate has never been reduced and the corporation's earnings have always been in excess of dividend requirements.

Establish Insurance Agency

There has been incorporated recently in Sioux City, Iowa, a new insurance firm under the name of the Live Stock Insurance Company, with its headquarters in the Live Stock National Bank of that city. Officers are A. G. Sam, president; C. L. Fredricksen, vice president; M. A. Wilson, secretary; W. G. Wilson, assistant secretary; W. C. Schenk, assistant secretary; L. W. Ross, treasurer and manager, and H. C. Linduski, assistant treasurer.

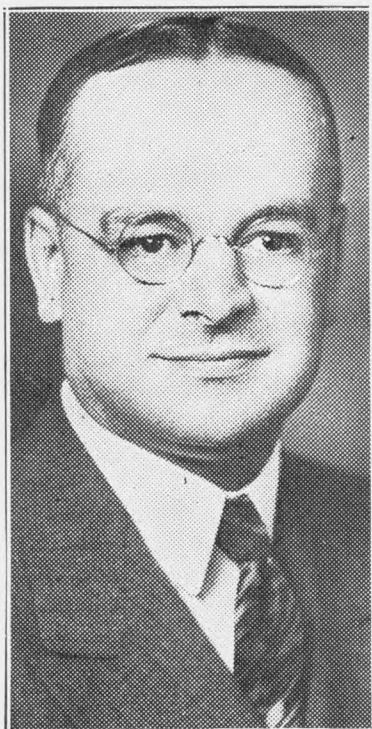
Carl Fredricksen, vice president of the agency, states that the Live Stock National Bank has had an insurance department in the institution for the past year, but now the insurance branch has been separately capitalized and established as a separate corporation. The business has grown to the extent where it was felt the incorporation was necessary.

The business of the agency will be devoted principally to the writing of a general line of insurance, exclusive of life.

Reduce Hours

Effective Monday, August 27th, banking hours in Nebraska City were reduced to opening at 9 a. m., and closing at 3:30 p. m. Although opening hours have varied from 8:30 to 9 a. m., closing hours for banks in Nebraska City have been 4 o'clock for years.

Bonds and Investments



PAUL P. KROTZER

Railroad Equipment Trust Certificates

Their Outstanding Record, Special Features
and Favorable Experience, Make
Them Attractive for Short-Term Investment

By PAUL P. KROTZER

Manager Statistical and Investment Advisory Department
Priestler, Quail & Cundy, Inc.
Davenport, Iowa

RAILROAD Equipment Trust Certificates have a record of over fifty years in this country, with practically no loss to American investors. Serious depressions and numerous railroad receiverships have been surmounted during this extended period to give steadily increasing prestige to this medium of investment. To those seeking a "depression-proof" security, this type of issue should accordingly make a particular appeal.

This record, which is probably second only to United States Government obligations, has been achieved largely due to the unique features of railroad equipment financing. In the past trust certificates have been issued under several different legal forms, out of which has finally evolved the present "Philadelphia Plan" of equipment bond, generally recognized as having the strongest safeguards in the light of experience. Nearly all railroad trust issues in more recent years have been financed along the lines of the "Philadelphia Plan."

Provisions

The provisions of this plan enable a road to purchase and acquire immediate use of new rolling equipment by a cash payment, usually of 20 per cent to 25 per cent. Trust certificates, maturing annually or semi-annually and directly secured on this rolling stock, are issued for the remaining indebtedness. Full legal title to the property is vested in a trustee, as agent for the certificate holders, and not

until all maturities have been paid is title conveyed to the road. Under this arrangement the trustee leases the equipment to the carrier, pending final payment. The agreement requires the road to maintain the leased stock insured and in repair, and to replace any lost, worn out or destroyed units with others of substantially the same kind and quality.

In the event of default, the trustee is empowered to force the lessee road to deliver the equipment and store it, without charge, to await sale. Recourse to this drastic procedure, on behalf of trust certificate holders, however, has been very infrequent. Usually the principal interests concerned have chosen to come to an agreement and make concessions for their mutual benefit over a longer period.

Security

Equipment trust financing with the protective features outlined above has been a favorable development to the railroads, as well as to investors. With few exceptions, the important roads have purchased their locomotives and cars by this means since the war, as the most economical and convenient method of buying new equipment. Accordingly, the roads have an important interest at stake to maintain the standing of the equipment trust bond as a high grade investment.

The security back of railroad trust certificates becomes increasingly greater as the serial maturities are paid off, since retirement of the certificates is calculated to

be at a faster rate than the equity depreciates. The life of the average modern rolling equipment, it is estimated, extends ten to fifteen years beyond the usual period of repayment of the loan. The equipment protecting trust certificates is usually of the better grade, inasmuch as certificates issued for the purchase of the older and more obsolete stock have, for the most part, been previously retired.

Favorable Experience

Railroad equipment trusts have fared very favorably in receiverships and reorganizations. In the aggregate, equipment obligations usually comprise less than 10 per cent of the total funded debt of a railroad. Although these issues have no enforceable legal claim to priority of treatment and consideration over the other mortgage bonds of roads in distress, in practice they have received such recognition, with the sanction of the courts and other public authorities, owing to the indispensability of rolling equipment in conducting railroad operations. Trust certificates, as a consequence, have nearly always been left undisturbed. In a relatively few cases payments have been deferred or some form of compromise reached, but even in these instances, the claims of certificate holders usually have ultimately been paid in full. From results obtained to date, indications are that the several important roads now in receivership will maintain as satisfactory a record as receiverships in the past, in the

Northwestern Banker September 1934

Save Money on Bonds Through Better Service

● Iowa banks and bankers are awake to the situation existing in the municipal bond market and are securing the securities they need at most advantageous prices through Polk-Peterson Corporation. Many Iowa banks are buying strong, out-of-state municipals in this way, on a basis that means materially greater yield and money saved.

This is due to the fact that Polk-Peterson, through its direct private wire service — the equivalent of a trading desk in every leading financial center — is able to locate for you quickly the *best* offerings at the *lowest* prices. This is true not only of municipals, but of all other types of securities.

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treatment accorded to holders of equipment trust bonds in final settlement. The market prices for equipment trust issues of railroads in receivership, it might be noted, are often reasonably well maintained. For example, trust certificates of the Missouri Pacific Railroad are currently quoted on a 6 per cent to 8 per cent yield basis; of the Chicago, Rock Island & Pacific Railway on a 7 per cent to 8.50 per cent basis, and of the Wabash Railway on a 6.50 per cent to 8.50 per cent basis.

Leading Position

The merits of railroad equipment trust certificates have given them a leading position among high grade, short-term investment securities. Many of these issues meet the legality requirements specified by different states, and have a broad demand as a medium for the employment of funds by banks, insurance companies, trust funds and other large corporate and individual investors. The serial maturities enable a wide choice of selection to meet the requirements of different types of investors interested in short-term investments. Most railroad equipment trust bonds have ready liquidity through active over-the-counter markets. Dealers report sustained and active demand for this type of security for many months past and outstanding stability of prices in most recent markets. Prime certificates are obtainable at yields in line with other short-term issues of the highest quality. In this category, Union Pacific Railroad Equipments have recently been quoted on a 1 per cent to 1.50 per cent yield basis, and on a 2 per cent to 3 per cent basis, according to maturity. Somewhat more attractive yields and good security are afforded by the high grade and good grade classifications, such as the Great Northern Railway Equipments on a 3 per cent to 3.75 per cent basis and Chicago, Milwaukee, St. Paul & Pacific Railway Equipments now selling at prices to yield around 5.25 per cent to 5.50 per cent.

Offering Service To Banks

Scott McIntyre & Company, Cedar Rapids, Iowa, entered the investment securities field in January, 1931, and consisted of Scott McIntyre and Arthur L. Augustine. Both Mr. McIntyre and Mr. Augustine attended the College of Commerce at the University of Iowa and graduated in 1924. Mr. Augustine grew up in Oskaloosa where he attended high school and was active in high school athletics and activities. Mr. McIntyre attended high school in Superior, Wisconsin, and played on the same high school teams with Ernie Nevers, John Hancock, and other boys who made athletic history in that north country. McIntyre and Hancock came to the University of Iowa and played under Howard

Jones in 1922-24, while Ernie Nevers went to Leland Stanford.

Upon graduation Mr. McIntyre entered the employ of Richardson & Weeks, Davenport, and covered eastern Iowa selling bonds for this firm. When Richardson & Weeks dissolved in 1927, Mr. McIntyre decided to gain experience with a larger organization and entered the employ of



SCOTT McINTYRE

American Radiator Company. He kept his contacts in Iowa and with the investment business and late in 1930 decided to return to Iowa and open up his own firm.

Mr. Augustine entered the employ of Lytle Motor Company, Davenport, and later with Willys-Overland Motor Company of Toledo, Ohio.

Since 1931 Scott McIntyre & Company has grown until they now have five men and two girls in the organization. Besides Mr. McIntyre and Mr. Augustine the following persons are associated with the firm, John S. Vavra, one of the best known golfers in the state and a finalist in the state tournament this year, Lynn G. Swaney, John B. Thompson, Miss Leora Spurrier, cashier, and Miss Bertha Goldin, stenographer.

In 1932 they outgrew their quarters on the sixth floor of the Merchants Bank Building and in January, 1933, moved into their present quarters at 501 Merchants National Bank Building.

They buy and sell government, municipal and corporation bonds as well as maintaining an active market for local securities. They try to maintain a bid for all Iowa securities and if the security is on an established concern they will find a market. They have furnished quotations on local securities for several years and banks constantly call them for collateral quotes, which they are pleased to furnish. They offer the same service to all banks and security dealers.

NEW ISSUE

Exempt From All Federal Income Taxes

City of Seattle, Washington

Municipal Light and Power Bond

1927—Series "LU-3"

5% BONDS

Dated May 1, 1934

Due \$250,000 annually May 1, 1945 to 1964 inclusive

Total authorized issue, \$10,000,000. To be presently outstanding \$10,000,000. Principal and semi-annual interest May 1, and November 1, payable in lawful money of the United States at the fiscal agency of the State of Washington in New York City, or at the office of the City Treasurer, Seattle, Washington, at the option of the holder. Coupon bonds in the denomination of \$1,000, with privilege of full registration.

The following is the operating statement for the first six months of the years 1933 and 1934.

We call your attention to the fact that gross operating revenues are up \$48,746.35, and net income after all deductions is up \$140,137.87. Operating expenses are down \$40,698.40. Charges to depreciation account are approximately 28% of the gross.

	1933	1934
Gross Operating Revenues.....	\$2,550,260.20	\$2,599,006.55
Operating Expenses.....	782,150.15	741,451.75
Net Operating Revenues.....	1,768,110.05	1,857,554.80
Less Depreciation.....	714,371.83	722,972.22
Operating Income.....	1,053,738.22	1,134,582.58
Less Miscellaneous Expenses.....	36,780.71	5,745.40
Net Operating Income.....	1,016,957.51	1,128,837.18
Less:		
Interest on General Bonds.....	\$ 9,650.00	\$ 9,000.00
Interest on Revenue Bonds.....	663,598.24	639,120.87
Interest on Guaranty Deposits.....	1,585.58	661.15
Amortization of Discount on Funded Debt.....	30,921.57	32,864.09
City Occupational Tax.....	63,270.34	59,121.42
Total Deductions.....	769,025.73	740,767.53
NET INCOME.....	\$ 247,931.78	\$ 388,069.65

PRICES TO YIELD 5.25%

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INVESTMENT SECURITIES

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New Bond Issue

Refinancing of the original bond issue of 1929 of the Oskaloosa Herald building has been completed by Jackley & Company, Winfield C. Jackley, president, has announced. Interest rates on the new bonds was lowered from 6 to 5 per cent, with bondholders privileged to exchange their original securities for the new issue or retire the bonds. The difference in interest rates up to November 1, 1934, was adjusted.

The new Mahaska County State Bank is serving as trustee for the new issue. In reducing the bond interest rates the Herald company followed recent steps of other companies in reducing fixed charges.

The new issue met with a ready response from old bondholders, Mr. Jackley said. In addition, a large number of new applications were made for the issue.

Iowa Banking Code

The officers of the Iowa Bankers Association have mailed to each bank in Iowa a copy of their "Voluntary Banking Code of Fair Trade Practices." This voluntary code is really the consolidation of the state-wide and clearing house codes prepared by the Bankers' NRA Committee for Iowa and which was ready to release to the banks last December and again in January. But the committee and officers of the association have been waiting for more than six months hoping that the Banking Code of Fair Trade Practice might be ratified and promulgated by the Federal NRA administrator's office in Washington. The code has been recently even still more perfected. The convention of the Iowa Bankers Association at its meeting in Des Moines on June 27, 1934, passed a resolution urging that the code be issued at once without waiting any longer. Therefore the Banking Code Committee and the officers of the Iowa Bankers Association decided to issue as a "Voluntary" Code what would have been the official code; they are appealing to the banks throughout Iowa to adopt that code in toto. It would seem that the Code is very complete; it represents a work of research of the "Bankers' NRA Committee for Iowa" and its sub-committee which was begun as far back as October, 1933; while the code is a "voluntary" one, yet it is a banking code in every sense of the word. Amon gother things it deals with (1) banking hours, (2) interest rates on time deposits, (3) method of computing interest on savings accounts, (4) formulas for the same, (5) schedule of "service charges," (6) formula for analyzing checking accounts, (7) trust services, and (8) especially prepared "non-negotiable" time C/D's, etc. The two "non-negotiable" time C/D forms prepared by the code committee and officers of the Iowa Bankers Association have been submitted to and have the approval of the Federal Reserve Board,

the FDIC and the Iowa State Banking department. The code also contains another unique provision in that it not only suggests how interest shall be computed upon savings accounts but gives actual examples representing those from the more inactive to the more active savings accounts. The computations are made according to the rules as set out by the Iowa Banking Code Committee. It thus makes possible that any depositor putting a fixed sum of money at a fixed rate of interest and for a fixed period of time will receive the same amount of interest regardless of the location of the bank in which that sum of money may be deposited, providing that all of the Iowa banks follow this formula or "measuring stick" for computing interest on savings accounts. The Iowa Banking Code committee and officers of the Iowa Bankers Association feel that the rules that they have prescribed for the computation of interest on savings accounts are fair both to the depositors as well as to the bank.

The code contains a complete ready index of its various component parts; it also contains an analysis formula for analyzing checking accounts. The enclosed represents the first Code of Fair Trade Practices that was ever formulated by the Iowa Bankers Association or ever submitted to the banking industry of Iowa. The code contains the effective date August 15, 1934, at which time it is hoped that all county bankers associations and city clearing house associations in Iowa as well as the individual banks will have completed plans for the installation of the code.

Independent Bankers Meet In St. Paul

Federal and state officials addressing the fifth annual convention of the Minnesota Independent Bankers Association in St. Paul last month, praised the unit system of banking, condemned branch banking as leading to "monopoly control of credit;" criticized the bankers for "poor judgment in the purchase of bonds" and urged that the Minnesota association expand to an organization of national scope.

The annual dinner followed an afternoon session at which Congressman Henry B. Steagall of Alabama, chairman of the house committee on banking and currency, in discussing the "Legislative Trend Affecting Banking," said the coming session of Congress would, in his judgment, amend the Glass-Steagall act to eliminate branch banking.

"The Glass-Steagall act widened the basis for branch banking, limiting it always, however, to states where laws permit," Steagall said. "Some of us in Congress bitterly opposed this. The widening amendments were accepted by house conferees in order to secure passage of the bill's banking reforms which were



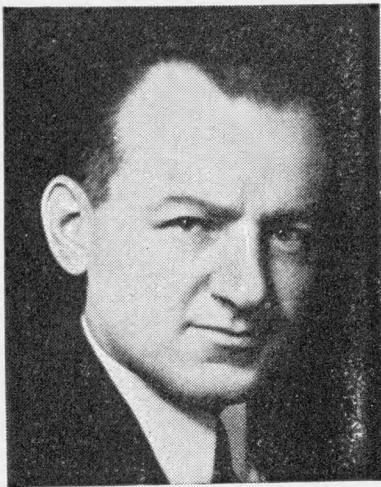
thought desirable, especially the provisions for the insurance of bank deposits. It was a compromise."

The convention, the largest the association has yet conducted, was attended by bankers from Minnesota, North and South Dakota and Wisconsin.

All officials of the association were re-elected as follows: Harry Lee, Long Prairie, president; T. F. Spreiter, Hector, vice president; W. W. Churchill, Rochester, treasurer, and Theodore Aune, Glenwood, member of the executive council. Ben DuBois of Sauk Center was re-elected secretary of the executive council.

Resigns

Walter von Tresckow, assistant vice president of Central Hanover Bank and Trust Company, New York, announced his resignation effective last month. Mr. von Tresckow, who came to this country in



WALTER VON TRESCKOW

steerage in 1909, has a record of producing new trust business, with the department he organized, at the rate of a million dollars a day since 1928. He has been characterized as the pioneer in modern trust selling methods in America.

Watch Germany

The German situation has passed out of the headlines for the moment—but it will be wise to keep watch on it. Austria is struggling with civil war—Italy has troops ready to go into battle on short notice—and the problem that Central Europe presents grows constantly more important to the peace of the world.

All Europeans eyes are turned on Hitler, the iron-handed dictator. He recently made a speech in which he advocated international peace and understanding—but other governments still want to be shown. They know that Germany is embittered, that the Treaty of Versailles still rankles, and they are preparing for any eventuality.

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Write for details, and the profit opportunities open to banks. No obligation.

State Bond & Mortgage Co.

C. G. STEVENSON, Vice President
DES MOINES

THERE IS PATRIOTISM IN PROPER BANK MAN- AGEMENT

Continued from page 15

caution he may be branded as a money hoarding Shylock. Although his whole policy is to insure the safety and security of the funds entrusted to his care, yet he will be attacked when he refuses to respond liberally to meet the clamor of unencumbered, empty-handed doctrinaires.

Begins at Home

Patriotism, as with charity, begins at home. The banker cannot escape a certain responsibility which rests upon him, especially in these days when our political units are being invited, coaxed, teased, pleaded with and almost compelled to borrow and bond beyond their capacity to pay. What part must he play? Can he assume an attitude of indifference? Dare he permit himself to profit by this widespread ignorance and cupidity by fostering, condoning or approving such an economic absurdity?

It is not clear that the banker's patriotism must assert itself in direct, personal interest and participation in local taxing affairs? To what extent must we then, as bankers, make it our business to study local public finance?

Do you realize that local taxing units—towns, cities, school districts—today have defaulted to the extent of \$1,500,000,000 because they overreached? Do we have any share in the responsibility for this over-spending? While this indebtedness was being created right in our own communities and states, did we encourage the bond issues, the excessive levies, the inflated budgets, the series of anticipation notes which, in the aggregate, have brought us to our present sorry pass? Did we show an eagerness to advance the money for these expenditures and did we secretly dicker with public officials to promote all these apparently laudable, but legally questionable, home boosting proposals? Where were we, and what were we doing while all of these proposed raids upon the public treasury were being popularized by all the organized eaters and other well known community indiscriminate promoters of "progress"? Did we, at that time stretch forth a staying hand as an act of true patriotism and loyalty to the cause of public solvency?

Let each banker answer for himself.

True Leadership

Why complain about foreign repudiation of honestly contracted debts while at the same time we are at home encouraging, abetting and promoting a public safety policy that must inevitably lead us into the same whirlpool of insolvency and repudiation? How many of us show that we are

ready to stand up and be counted as being opposed to these gaudily tinsel local projects that from every standpoint are untenable, unsound and unworthy of support? That's the mainspring of all patriotism.

Furthermore, how many of us even dare to be identified with such a movement of protest at a time when all around us are splitting the air with their cries for more money, more Federal "gifts," more alphabetical donations, more profligate spending, irrespective of value, merit or purpose?

Patriotism becomes more than a mere rhetorical phrase when we, as bankers, CAN and WILL exhibit the qualities of true leadership called for under these trying conditions.

Local pride is an intoxicating exhilarant. It befuddles our brains and distorts our reasoning. We delight to boast of the number of our mills, factories, shops and stores and to present gratifying statistics about our superiority over our neighbors, as evidence of our spirit of local enterprise. But we refuse to take time, and we have little disposition, to ascertain whether these apparent possessions are real assets or whether they must be sustained artificially by continuing liberal injections of oxygen, viz.: bank loans which they can never repay.

You need not be told that it takes real courage for the banker to give an emphatic NO to an imposing group of hand-picked local boosters (his own substantial patrons perhaps) when they swoop down upon him and ask for his support and the use of his name to some scheme or plan concocted by self-interested parties, but made to appear as a community enterprise calculated to feed the widows and the orphans and bring prosperity and glory to the entire citizenship. Can he say no, politely but with an air of finality, when he knows that by acceding to their demands he would violate the confidence of his patrons and would be a contributor to the long list of institutions that end in the scrap heap? Can he display that power of resistance which such an occasion requires? Can he calmly await the day when vindication will come to his banners?

Of the Highest Order

I submit that the bankers of this country, as a class, have, individually and collectively, proved their eligibility to be ranked among the patriots of the highest order because, in defying wrong and emotionalism, they have, in actuality, contributed to the perpetuation of life, liberty and the pursuit of happiness of every member of the community. The banker has proved worthy of the responsibility which has been his during these trying days in which he has shown the courage and breadth of understanding which such moments require.

The task of the banker has been an un-

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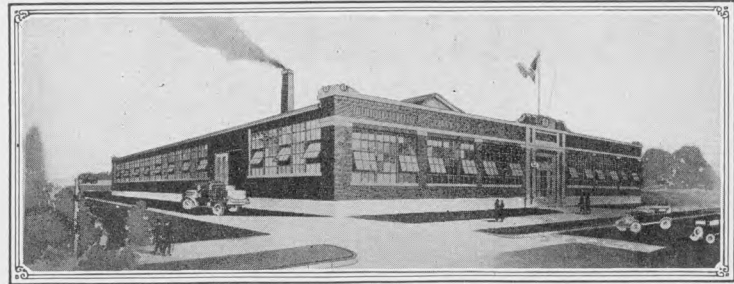
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SECRETARY

pleasant one. He has accepted all of the penalties which go with leadership during struggles of this character—penalties which few men are willing to accept and to endure. If, then, we as a banking fraternity will only continue to hold to our ideals; refuse to be swayed from our course by lures of fugitive advantages; if we will throw all our influence in the direction of economy and solvency in public office and thrift in private affairs; if we set our faces as flint against unsound proposals; if we can adhere to principle although it may bring down upon us for the moment a deluge of unfair criticism even from patrons, friends and the general public—I predict that we shall emerge from these dark days with increased power, prestige and respect.

The Price

And throughout this struggle, when all the furies are let loose upon us, we shall be sustained by the abiding consciousness that it is the price which every patriot must pay for his devotion to any worthy cause which he espouses.

The world has gone through many struggles and emerged slowly into its present state of independence. Civilization has fought its battles for intellectual, spiritual, religious and political freedom. Today we are encompassed in a struggle. It is for economic security equally as potent as all other advantages which we have gained, for without economic security there can be no religious or intellectual or political security. When poverty and despair stalk through the land the very security and existence of society is threatened. The common, everyday bread and butter affairs cannot be neglected. Materialism and spirituality are interwoven and interdependent. Physical security is the basis for all our progress.

Just as Washington plunged into the smoke of battle to gain for us political freedom, so we, as bankers, must accept the same patriotic call to insure another kind of security and freedom which, if denied us, may add another chapter to abortive attempts to advance the cause of civilization.

And so, I submit that the finest evidence

of patriotism can be found today in the banking fraternity of the United States. Commonplace as our efforts may now appear, their real value will be known, understood and appreciated by those who follow and who, in the exercise of their calm judgment and unprejudiced appraisal of values, will place the banker of today in the category of American patriots.

The very situation offers to us both a challenge and an opportunity. I feel confident we shall rise to the occasion.

Officers Urge Support

At a meeting of the executive officers of the American Bankers Association in Washington, D. C., to discuss the modernization loans under the National Housing Act, it was "The consensus that these loans made to home owners would serve a most useful purpose and that doubtless from among the applications received many good and sound loans will be made," F. M. Law, president of the association, says in a communication addressed to all its 12,000 bank members urging their support of the plan.

"The credit plan provided for under the National Housing Act and the regulations of the Federal Housing Administration are workable, allowing private leading agencies to extend long term credit to all worthy borrowers," Mr. Law's letter says. "This particular type of loan seems to be especially entitled to careful and sympathetic consideration from the members of the American Bankers Association. In addition to putting idle funds to work it will afford employment for all types of labor engaged in the building trades and also the materials consumed will provide further employment for those engaged in the manufacture and sale of building materials.

"The American Bankers Association is lending its help and assistance and is cooperating with the Federal Housing Administration in this most constructive plan. Each state bankers association has appointed a liaison officer to furnish the contact between the government authorities and the banks and further liaison officers will be appointed in each state as the need for them develops. The reaction to this class of loans among all banks throughout the country has been uniformly favorable."

Heard Plenty

A negro was arrested for having a still on his premises. He was asked by the commissioner, "How do you plead?" The negro said, "I plead guilty and waives the hearing."

"What do you mean, 'Waive the hearing?'" asked the commissioner.

"I means I don't wanta heah no mo' abou' it."

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Insurance



E. M. ALLEN

"The Day of the Business Man of Insurance Has Arrived, and Every Thoughtful Agent Who Has Pride in His Profession and Real Interest in His Own Progress Will Work and Work Hard to Put Himself in That Class"

The Business Man of Insurance

By E. M. ALLEN

*Executive Vice President
National Surety Corporation, New York*

ANY discussion of matters of interest to the agents of the United States must of necessity take into consideration the condition in which the country as a whole finds itself at the present time. For more than four years following 1929 we floundered through a situation which still is familiar enough to us all to require no further elaboration here. That situation undoubtedly was an effect. Many reasons have been assigned for the cause, but starting with the War, and the aftermath of the War, we might properly enough conclude that much of the troubles experienced were really the result of our own stupidity, greed and ignorance.

In this country we now are facing quite a different situation which again may be looked upon as an effect. The methods employed may or may not be the best in the world and they may or may not be of lasting benefit. The net result at this time, however, is an improvement of general business conditions. Whether the common sense, the courage and the resourcefulness of the people of this country will manifest itself from now on into a determined effort to return to a normal basis without the use of palliatives or sedatives remains to be seen.

Government Aid

Some people really feel that the depression was the result of a visitation of some kind from the lower regions, and that coming from the outside a cure could be effected only from the outside. Such people are perfectly willing to wait supinely for the magic aid that will come to their personal rescue. That is why we have

dragged the government into private business and into our private affairs. Remember the people rushed to the government—not the government to the people. It is perfectly obvious that no sane government will continue pouring money into relief and recovery projects indefinitely. Our own government is fully aware of the fact that this money ultimately must come out of the pockets of taxpayers. The government has been endeavoring to start the wheels of industry and of agriculture turning to the point where individuals and industries may return to a normal earnings basis without artificial stimulant. No one will be more relieved than the administration itself when that object has been achieved. Many of the emergency measures put in force will be extremely useful in the guidance of business hereafter. Unwise restrictions and prohibitions, however, throttling down industry and resourcefulness, are unthinkable in a nation like ours. You can no more fit American initiative and genius to a common pattern or trim it down to the basis of the weak, the lazy or the unfit than you can ride to the moon in a wheelbarrow.

You never can and never should eliminate the rugged individualist as a factor in this country. He is the one who early in the history of the American nation blazed the way across our once wild continent and built railroads and cities, and opened up vast areas of wealth that in

time made ours the richest nation in the world. He should be controlled in future but never eliminated.

Our Job

Our job as citizens now is to profit by what has occurred and then gird ourselves for the work that lies ahead. It is going to take courage, but we always have had plenty of that. A shorter and more expressive word frequently is used in that connection and might better be used now. Some of us seem to be worrying unduly about methods and theories and vague possibilities, and overlook to a great extent tangible results now evident in almost every section of our land. The period of prayer has passed. Now is the time for action.

Iowa is an agricultural state, and in addition to the last devastating drought has suffered under disjointed economic conditions since 1921. The purchasing power of all of the agricultural states has been below par since that time. Outside of the drought states, the farmers in some sections of the country are better off today than they have been any time in the last decade. In spite of individual suffering, the drought of this summer may turn out to be a blessing in disguise. It has wiped out surpluses of commodities that have hung over the farmers' markets for years. It has demonstrated that a surplus in a bountiful year should not be dissipated on a supply and demand basis but should be reserved and held on a proper basis of value for the lean years that are bound to recur. The purchasing power of the agricultural states therefore can well

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be said to be on the way to recovery, which is a long step in the right direction.

Our Part

Every one of us, be he merchant, lawyer or insurance man, has a part to play. No agent in the field can dominate the policies of his company nor can he correct all of the evils that may exist in the insurance business. He can do his part, however, in his own community by putting his own house in order, based on what he should realize are the conditions he must face as time goes on. He should interest himself in the condition of his competitors and of his associates, and in the community itself. Permanent recovery is going to permeate from the bottom up and not from the top down. When our various communities start cleaning house, as they must, with courage and foresight, the

emergency activities of the government soon will sink into the background and we once more will be on an earnings basis.

The time has come when a local agent, to be successful, must manage his affairs on a business as strict and exacting as any other business man in his community. In times past the fear complex has dominated most local agencies—fear of competition, of cut rates, of undue extension of credit, or of influences possessed by others necessitating departures from sound business practices. Generally speaking, all the agents in a given community are bitten by the same bug.

Local Boards

One of the ways to overcome this fear complex and to control unsatisfactory local conditions is to organize an insurance club or local exchange. This can be

done in even the smallest communities and should be done even though some of those licensed as agents in the town are unwilling to cooperate with their fellows. The "lone wolf" has succeeded temporarily in times past but by and large he has not made the grade. A properly organized insurance exchange, evidencing cooperation and harmony among the agents and working for the good of the community and its insurance interests, will redound not only to the benefit of the individual members but to the industry. The public will quickly recognize the fact that the insurance business has been put on a dignified substantial basis in the community, and in nine cases out of ten will applaud and respect the action taken. Proper rules for the regulation of premium payments, cancellation for non-payment and for the elimination of irregular practices will invariably meet with the approval of thinking citizens. Yours is a legitimate business and furnishes a necessary and worth-while service in your town. You have no apology to make to anyone and the local agent who knows his business will be given the same consideration by his fellow citizens as they give to any other legitimate business man.

Thousands of agents throughout this country operating under the old order have been crushed during the past few years through the looseness of the system which they felt was a part of their business. Any man who places an order for insurance should expect to receive real protection and adequate service, and should pay his premium when it is due. Any agent with an eye to the future of his well-being will handle his premium collections meticulously and promptly, exercising at all times the real trusteeship vested in him by his companies. The best agents we know anything about are those who take a serious interest in their own affairs, furnish prompt and reliable service to their customers and deal with their companies on the same basis. Those are the "service first" agencies and one at least can be found in every community.

I have always thought that insurance companies have been at fault in the past in not exacting more careful bookkeeping methods on the part of local representatives. The average agent has approximately a 20 per cent interest in the premiums he collects. To be perfectly safe, he should have two bank accounts—one for the commissions earned and the other for the balances due his companies. Such an agent will never default, and under the necessity for keeping his commission account in good shape, he will be attentive to every detail involving the collection and remittance of his premium funds. The average customer has far more respect for the agent who deals with him on a businesslike basis than for the one who is careless, indifferent or neglectful in the handling of his affairs.

Men of Action

Off to a good start, Central Life's Field Force is setting a fast pace qualifying for the Convention this strong, 38-year-old Mutual company will hold in Yellowstone Park in August, 1935.

CENTRAL LIFE
Assurance Society
[MUTUAL]
DES MOINES



Hopeful Signs

While general conditions may appear to be unsettled to some of us, there are many hopeful signs ahead. People in business today, having survived the troubles of the past, are potential prospects for increasing business in all lines of insurance. Values will increase rather than decrease and additional coverage in fire and tornado lines may be anticipated. Every customer with a fidelity bond should be approached before the anniversary date with suggestions for additional protection. Many people who cancelled their residence burglary insurance in recent months should be given the opportunity of reinstating it. Banks, stock exchange houses, all employers of labor, with improving business, will require larger blanket bonds, and messenger and hold-up insurance. The alert agent who specializes in furnishing real service to his customers will study local conditions and will prepare himself to take advantage of every opportunity for betterment. The day of the haphazard, hit or miss type of agent, doing a little of everything and not much of any one thing, has passed. The day of the business man of insurance has arrived, and every thoughtful agent who has pride in his profession and real interest in his own progress will work and work hard and consistently to put himself in that class.

BANKING—THEN AND NOW

Continued from page 12

are paid for by the bank, and not the department that sends them here.

A bank's only source of income is from interest on short-time loans, interest on government and liquid bonds, service charges, and rentals from safe deposit boxes. Banks are required to carry larger cash reserves; and bank funds deposited with Federal Reserve and other reserve banks no longer command any interest on daily balances as they once did; hence only a small part of the deposits shown in a bank statement is of any earning value to the bank.

The Human Factor

Whatever the New Deal may bring in the way of changes in our banking system and procedure, the human element, that personal contact, will always remain paramount as a necessary essential in the operation of any successful bank. After all, much of banking is a matter of persons and not things, and there will always be need for that human factor even though rules and regulations are exactly prescribed for every purpose. No New Deal and no machine age can take away the advantage to be gained from banking officials who are sincerely desirous of intelligently serving their customers to the best

NOT A CRUTCH

A Tool for Upper Level SELLING

The New NWNL Sales Portfolio

The new *NWNL Sales Portfolio* is not an illustrated sales talk to guide the unskilled salesman through the various steps of a sale, but is instead a portfolio of visual material which the skilled salesman can bring to bear when needed in a sale. Organized to meet the most exacting requirements of the expert—yet logical, straightforward, and simple as A-B-C—this new and improved sales equipment is in a class by itself.

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C. Ed Beman, President



Fire—Lightning—Tornado—Auto

Northwestern Banker September 1934

of their ability. Pleasing personalities do count in the banking business.

Many of the hazards of the banking business have been eliminated, not only by the government but by the people as well. Bankers are now smiling again, the worst is past. There are no more "runs" on banks; people are no longer "bank conscious."

Bankers are facing the greatest opportunity they have ever had and they are also facing the greatest dangers, because the problem is to know what to do with the large deposits on hand. A year ago banks were worrying about the lack of bank deposits and the constant withdrawals of depositors. Now it is different.

However, the banking problem today is very much the same as it was two years ago. That problem is "hoarding." Two years ago hoarding ruined thousands of substantial banks. Today banks themselves are hoarding money, and the result is that banks have become, very largely, currency exchanges, with a small loan business as a side line. In two throbbing years we have progressed from "frozen assets" to "frozen credits."

The Future

I am very optimistic about the banking business of the future and for the following reasons:

First. There are less than half as many

banks in this country as there were, and this country will never again be over-banked. The National and State departments will see to this.

Second. Deposits are now guaranteed up to \$5,000 for each individual account, and, by the way, 85 per cent of all bank accounts in a bank are less than this amount. The comptroller of the currency, Mr. O'Connor, said recently that the Federal guarantee of deposits brought one billion dollars into National Banks the first two months, and if 5,293 National Banks fattened their deposits one billion dollars in the first two months after deposit guarantee became effective, state and other banks grew again as much. Guaranteed deposits has been a subject up in Congress every year as long as I can remember, but it took the calamity of a year ago to bring this to a conclusion.

Third. The postal savings has served its purpose and is no longer needed, and I make bold the statement that postal savings will be abolished within two years. Now that bank deposits are guaranteed by the government, there is no further need for postal savings as a government measure.

Fourth. People now have more confidence in banks. They have ceased to be bank conscious and they have learned a lot about banking and what a good bank should do. And, likewise, the costly experience of the past few years has taught the bankers a lot of things they did not know. It has been an expensive lesson but it has been worth a lot and any bank that makes too much money should be looked into just as carefully as the bank that makes too little.

For the past 150 years banks have been a very large factor in the fabric of this country's business and commerce. Yes, it is the very warp of the fabric and banks are so essential to the needs of this country's business and it will always be so. Many of us have very vivid recollections of what happened to business when the banks of this whole country were all closed for but one week. Ninety per cent of all business is done with checks and drafts and only ten per cent with currency and the coin of the realm.

Every business has its setbacks and its reverses, and banks have had theirs. However, we are pleased to note that the banks are now staging a "come back," just as does the baseball team, the football team, the wrestler, and the man in the boxing ring, and how we do all admire the man or team who can "stage a come-back."

Fooled the Horse

A country cabby, on coming to a hill, got down and violently banged the door, to the consternation of his fare inside, who asked why he did it. "Why, sir, it's to make the horse believe you got out," whispered the driver.

We Grew Up in the Yards

In 1895, when the Sioux City stock yards was in its eighth year, the Live Stock National Bank of Sioux City was established. The steady growth of this banking institution has paralleled the development of the Sioux City market as one of the leading live stock markets of America.

To correspondent banks and live stock interests of the northwest, we offer our 39 years of banking and live stock experience. Remember, we're the only bank in the stock yards!

Live Stock National Bank

Sioux City, Iowa

Affiliated with Northwest Bancorporation

"THE BANK AT THE YARDS"



OFFICERS

A. G. Sam, President
C. L. Fredricksen, Vice-President
M. A. Wilson, Cashier
W. G. Nelson, Asst. Cashier
W. C. Schenk, Asst. Cashier





L. M. LARSEN
President

South Dakota Bank News

Officers South Dakota Bankers Association

President.....L. M. Larsen
Wessington Springs

Vice President.....Geo. C. Fullinweider
Huron

Executive Manager.....Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

Presented With Purse

Hale Keith, police motoreyele patrolman, was presented with a purse by South Dakota bankers in recognition of his work March 6th, when the Security National Bank and Trust Company, Sioux Falls, was held up. Keith was wounded in the robbery.

The presentation was made by a committee composed of George Starring, Huron, secretary of the South Dakota Bankers Association; Otto Meyhaus, president of the Corn Exchange Savings Bank, and China R. Clarke, president of the Security National Bank.

The money had been collected voluntarily among banks and business firms in this state and North Dakota. Clarke also was presented another purse collected by employes of the bank.

Delighted with the gifts, Keith said: "Now I can take a vacation."

Elected President

George V. Ayres, Deadwood, pioneer hardware merchant, was elected president of the First National Bank of Deadwood at a meeting of the board of directors. Mr. Ayres succeeds the late W. E. Adams who served as president of the bank for many years.

A. A. Coburn, member of the directory board, was elected vice president, which office was held by Mr. Ayres.

Other board members are R. E. Driscoll, vice president; Judge W. G. Rice, Jacob Goldberg and H. S. Black.

Officers of the bank are C. O. Gorder, cashier; A. H. Shostrom and H. P. Persson, assistant cashiers.

Bankers Meet

The Bankers Association of Potter, Faulk, Edmunds and McPherson counties, held a meeting at the rooms of the Bowdle State Bank recently. H. C. Gross, who is president of the association, presided. The meeting was preceded by a six o'clock dinner.

Committees Announced

L. M. Larsen, president of the South Dakota Bankers Association, has an-

nounced the personnel of standing committees which will represent the association during the current year. The committees and members of each follow:

Agriculture—W. S. Given, Milbank, chairman; W. H. Frei, Wagner; C. A. Stone, Carthage; R. A. Johnson, Kimball; A. J. Owens, Onida; J. O. Van Nice, McLaughlin; H. J. Walker, Sturgis.

Bank Management—W. B. Penfold, Belle Fourche, chairman; H. J. Jarmuth, Vermillion; Don W. De Vey, Westport; M. I. Orms, Sioux Falls; R. H. Jackson, McIntosh; William Habel, Arlington; L. L. Lillibridge, Burke.

Insurance—N. J. Thomson, Platte, chairman; E. A. Porter, Webster; L. A. Pier, Belvidere; J. H. Thompson, Centerville; A. W. Powell, Sisseton; W. G. Cowles, Flandreau; M. F. Patton, Mitchell.

Protection—O. V. Meyhaus, Sioux Falls, chairman; C. A. Stensland, Madison; C. A. Bremer, Aberdeen; Louis Jacobs, Lennox; L. T. Morris, Watertown; J. M. Lloyd, Yankton; Noel Klar, Rapid City.

Public Relations—J. R. McKnight, Pierre, chairman; H. C. Danforth, Yankton; D. H. Lightner, Brookings; J. A. Bertolero, Lead; F. D. Greene, Huron; W. P. Jones, Milbank; B. Datin, Faith.

Taxation—W. C. Rempfer, Parkston, chairman; C. E. Barkl, Huron; John L. Wood, Hartford; F. F. Phillippi, Oldham; R. E. Driscoll, Lead; T. N. Hayter, Sioux Falls; A. J. Haerter, Hosmer.

Elected Director

T. A. Heck, cashier of the Security National Bank, Huron, was elected to the board of directors of the institution at the monthly board meeting.

He succeeds H. A. Wagner, former Huron man who now lives at Minneapolis.

Mr. Heck came to the Security National Bank as cashier May 16th. For seven years prior to that he was cashier of the Produce State Bank of Minneapolis after being an assistant cashier of the First Minneapolis Trust Company for three years. Both the Produce State Bank and the Minneapolis Trust Company are affiliates of the First National Bank and Trust Company of Minneapolis.

Attend St. Paul Meeting

M. F. Patten and H. R. Kibbee, Sr., Mitchell bankers, attended the St. Paul meeting of the Independent Bankers Association. The session was largely attended, with approximately 450 registered for the general meeting and 750 for the evening banquet.

The principal address was delivered by Henry B. Steagel, Alabama, chairman of the banking committee of the federal house of representatives. Other speakers included Senator Shipstead and Governor Olson.

All Insured

The deposits of more than 212 South Dakota banks are insured by the Federal Deposit Insurance Corporation, chairman Leo T. Crowley has announced. This number is 100 per cent of all the licensed institutions in the state.

In the nation more than 14,000 banks or over 93 per cent of all the licensed institutions are insured.

Although deposit insurance is now a permanent part of the nation's banking system, people generally do not understand it very well, Mr. Crowley said.

Time Locks

A large, new delayed time lock safe has been installed at the Custer County Bank for the carrying of surplus currency during the daytime as a step to greater safety against possible holdups.

The bank's main safe is kept locked continually but in the course of certain business, a certain amount of currency is usually kept on the counters and drawers. Now, however, all but a very small amount of cash for cashing small checks is put in the new safe.

This new safe is a special product of the Diebold Lock and Safe Company.

To Reopen

The reopening of the First National Bank in Pierre as a new financial institution was assured when L. L. Branch, cashier, received word from the Reconstruction Finance Corporation that the entire reorganization set-up had been completed.

Mr. Branch said he would not set an exact opening date, explaining that several days would be required to complete details.

When the bank opens depositors will have access to 50 per cent of their funds. This will release approximately \$250,000 for the community and will materially aid business conditions locally.

Deposits Increase

Deposits in South Dakota's 148 state banks increased \$1,929,369.92 between March 5th and June 30th, F. R. Strain, state banking superintendent, reported recently. On the latter date deposits totaled

\$28,318,936.74, compared with the \$26,389,566.82 listed nearly four months earlier.

Statistics compiled by the banking department from figures supplied by the institutions showed that the general condition of South Dakota banks was considerably improved on June 30th as compared with previous call dates since the banking moratorium in March, 1933.

"There are 1,802 municipally owned electric plants in the United States. It has been estimated that if these plants were privately owned they would pay in this year about \$17,500,000 in taxes."—Herbert Corey.

NEBRASKA NEWS

Department Lenient

State banks in Nebraska will not be subjected to "hard-boiled" examinations and requirements during the next year, and they in turn will be able to deal more leniently with their farm borrowers, state bank superintendent E. H. Luikart announced recently.

Because of the destruction of crops by drouth and the forced sale of livestock on which farmers ordinarily depend in large part for their income, thousands of them will be unable to meet notes due for payment in the fall. Ordinarily they would have money coming in at that season to

take up their obligations. In the existing situation they must have an extension of credit until they can raise something to sell next year.

Banker Dies

A. L. Bishop, prominent Wheeler county banker, lawyer and land owner, passed away recently at the St. Francis hospital in Grand Island. He had made his home in Bartlett for forty-three years, and had always been identified with the business life of the community. He was president of the Bartlett state bank at the time of his death.

Resigns

Harry Dickson, field man for the Omaha Federal Land Bank, has resigned to become branch office manager of the farm loan department of the Connecticut Mutual Life Insurance Company. He will have charge of 19 counties in northwestern Iowa, with headquarters at Storm Lake.

Cooperative Bank

The Litchfield Cooperative Credit Association, Litchfield's new banking institution, was officially opened for business recently. The new institution is under the management of H. I. Lang as cashier, together with a board of directors composed of five stockholders.

Arrangements have been made with Geo. Polski, receiver of the First National Bank, to use the building for the new bank. Mr. Lang states that the first day's business was very satisfactory and that as soon as the public in general was notified that the new bank was open for business, the deposits would grow.

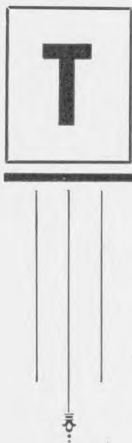
Another Cooperative

Greenwood is the first town in Cass county to organize a cooperative association. Officers are: N. D. Talcott, president; John S. Gribble, vice president; Norman Peters, treasurer; Ernest Smith and C. W. Newkirk, directors; E. L. McDonald, Rex Peters and E. H. Armstrong, special committee to investigate and pass on loan applications; Mabel Boucher, H. G. Wilkins and Leo D. Peters, advisory committee.

Clearings Increase

Bank clearings in Lincoln showed a million dollar increase in July, 1934, as compared to the corresponding month a year ago and a half million increase over June, 1934, according to figures released by B. G. Clark, secretary of the Lincoln clearing house association.

Clearings reported for July, 1934, total \$9,212,183.78, while the total for the month in 1933 was \$8,205,012.34. June's clearings were \$8,731,243.44.



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

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

FIRST NATIONAL BANK
IN SIOUX CITY

A. S. Hanford, President

Frederick R. Jones, Vice Pres.

Fritz Fritzon, Cashier



E. E. PLACEK
President

Nebraska Bank News

Officers Nebraska Bankers Association

President E. E. Placek
Wahoo
Chairman Executive Council . . .
W. S. Rodman
Kimball
Treasurer A. L. Coad
Omaha
Secretary Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

Just To Be Safe

R. J. Stromberg, vice president and general manager of the F. E. Davenport Safe & Lock Company, is spending a few weeks' vacation fishing up in the north woods of Canada.

A story is told that Mr. Stromberg carried along an ample stock of canned salmon and other varieties of fish just in case fishing would not be good. As he exclaims, it would be foolish to wait nineteen years to go fishing and then not have enough fish to eat.

We trust that he won't have to depend upon his canned stock to satisfy his hunger.

Bank Opens

The newly organized Clarkson Bank is open for unrestricted business. The new bank will assume all trust accounts of the Clarkson State Bank which terminates its existence as a going concern. Another 15 per cent on all restricted deposits has been declared and is now payable at the Clarkson State Bank. This is the bank's fifth dividend and brings the total amount so released to 45 per cent.

Fifteen stockholders compose the new corporation. The directors of the new bank are: Messrs. Emil Petr, Dr. F. B. Schultz, Jos. R. Vitek, Jos. F. Jirovec, George C. Novotny, and J. A. Kucera. Mr. Petr heads the new bank as president, J. A. Kucera is the cashier, Frank Vidlak, assistant cashier, and Leon Petr, bookkeeper. The bank has a capital structure of \$45,000.

To Merge

According to reports a merger between the banks at Sunol and Lodge Pole is being considered in the near future. It is understood that the merger will be completed as soon as governmental terms are met. Depositors in the Sunol bank have been notified that the merger probably will be consummated soon and headquarters will be at Lodge Pole it is reported.

Protective Device

A. G. Howell of Lincoln invented a "Dillinger proof" protective device for

banks, before the gangster met his death at Chicago. Now that Dillinger is dead, Howard believes that it will be sure to keep out ordinary bank robbers.

He has shown the device to sheriffs, police department officials, bankers and other business men, all of whom said they believed the system practicable.

The device provides for instantaneous locking and sealing of vaults and money drawers, with a burglar alarm sounded at the same time. Anyone employed in the bank may trip the mechanism by pulling a cord, if he remembers to do so in the hurry that follows the visit of bandits to a bank.

Rules Too Strict

Dissatisfied with the state banking department's rigid restrictions on the lending power of banks, L. P. Wirth of the Falls City State and W. A. Schock, Jr., of the Richardson County Bank, went to Lincoln to lay a plea from the Fourth Regional Clearing House Association before the banking department.

The two were authorized as representa-

tives of the association at a special meeting held in Humboldt.

Bankers explained that the requirements of the banking department in the last two or three examinations have been particularly harsh and that as a result, the restrictions have made it impossible for the banks to lend money on ordinarily good risks and that they have most of their funds in government bonds or cash.

RACC Helps

How the Regional Agricultural Credit Corporation program for drought relief has helped Fremont as well as stock raisers and feeders in the drought regions was explained by J. M. Sorenson, vice president of the Stephens National Bank and a director of the RACC, to members of the Fremont Rotary Club at the weekly luncheon at Hotel Pathfinder recently.

Mr. Sorenson explained that 4,500 cattle are being fed at the Fremont Stockyards.

Feeding operations such as those at the stockyards mean much to a community. In this particular instance a total of 1,200 bushels of corn, 10 tons of prairie hay and straw, 10 tons of molasses feed, and two tons of cotton cake are used daily. The expense for feed alone runs more than \$1,000 per day.

"This feeding operation has created an additional market for all feeds, including 1,000 tons of straw which was bought by the stock yards company due to the shortage of hay to be fed with hay as roughage," Sorenson said. "All of this feed was bought locally when available."

Mr. Sorenson was a member of the original loan committee of the RACC. For the last year he has been on the board of directors and also has served on the loan committee.



YOUR CASH AND COLLECTION ITEMS

Will Be Given

SPECIAL ATTENTION

(Try Our Service)

Live Stock National Bank

OMAHA

This institution may be relied upon as a bank of Character, Strength, and Service—

Character, that does not depend merely upon age and an impressive record of usefulness:

Strength, that is based on more than adequacy of capital funds and total resources:

Rather it is upon the high quality of comprehensive and efficient Service, daily rendered, that the reputation and standing of this Bank must and will continue to rest.

...THE...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

CAPITAL and SURPLUS.....\$30,000,000

New Malmo Bank

The Security Home Bank of Malmo, a new institution, opened August 11th, with capital stock of \$25,000. Emil Barry will be its president and J. C. Urlander, cashier.

Brule Bank Opens

An announcement is made of the opening of the Bank of Brule, which had been moved there from Lemoyne and was known as the Lemoyne State Bank. G. D. Adams, a former Big Springs resident, is president and cashier.

Buys Warrants

Registered warrants against the Fremont school district, totaling about \$68,410.82, and now drawing 5 per cent interest will be taken up and resold to the Stephens National Bank at an interest rate of 3½ per cent, according to action taken by the board of education.

A communication from the loan committee of the Stephens National Bank stated that the bank would be willing to purchase half for all of the warrants at the 3½ per cent interest rate. Steps will be taken to begin taking up the warrants now outstanding at once, and to issue new warrants at the lower rate of interest to the bank.

New Money

Bankers expect to receive their first supply of new silver currency very shortly. This will be accomplished by distribution through the Federal Reserve Banks as production of the certificates increases. Already engraved is \$24,440,000 of one dollar and five dollar bills to be followed by tens, twenties and hundreds, all of which are backed by bullion. Approximately 47 million dollars worth of the certificates will be printed.

Promoted

Charles A. Swanson, connected with the First National Bank of Santa Ana, California, for the past ten years, has been promoted to assistant cashier. The bank is capitalized at \$1,200,000.00, with deposits of \$7,500,000.00. Mr. Swanson was formerly in the Farmers and Merchants Bank and furniture business in Wahoo.

More Nebraska News Page 34

"We must encourage the growth of the service and luxury occupations which our civilization can so richly afford. Our thought and planning should then go to better distributing these goods—not preventing their production."—R. F. Flanders, Industrial Advisory Board.



D. J. FOUQUETTE
President

Minnesota Bank News

Officers Minnesota Bankers Association

President.....D. J. Fouquette
St. Cloud
Vice President.....Wm. N. Johnson
Minneapolis
Treasurer.....Oluf Gandrud
Benson
Secretary.....William Duncan, Jr.
Mankato



WILLIAM DUNCAN, Jr.
Secretary

Minnesota News Notes

By J. A. SARAZEN

THE Goodhue County Bankers Association held a meeting on August 24th at Cannon Falls which was well attended. The main topic of discussion was the reduction of interest rates in the county. A. W. Swanson, cashier of the First National Bank in Cannon Falls, and president of the county association, presided. He was assisted in conducting the meeting by E. A. Nordly, secretary and assistant cashier of the Goodhue County National Bank at Red Wing.

The meeting was called to order with twenty bankers present, every bank in the county being represented, with the exception of two. A. H. Bjarlee, cashier of the Farmers State Bank at Welch, had written of his inability to attend the meeting, but said he would be in favor of any reduction in interest rates.

A resolution was passed in favor of reducing interest rates from 3 per cent to at least 2½ per cent, effective either October 1st or January 1, 1935. Another meeting is to be called in the very near future, after those present have had an opportunity to discuss the matter with their respective boards of directors.

The three banks in Red Wing are now paying 2½ per cent on deposits, and it is definitely understood these banks will go to 2 per cent the first of October.

Those attending the meeting were: H. W. Swanson, Arthur Seriner, Hiram Seriner, D. Fay Case, J. A. Anderson, from Cannon Falls; C. E. Swanson and Ray Erickson from White Rock; W. R. Sawyer, Goodhue; H. M. Griffith, V. L. Johnson, S. H. Lockin, A. H. Lidberg, O. G. Jones, N. C. Lien, H. J. Croke, E. A. Nordly, Red Wing; S. D. Olson from Wanamingo; William Bery and William Held, Kenyon; R. E. Pye, Stanton, and P. G. Hauge, Dennison.

BANKS in Minneapolis are now paying 2 per cent interest on savings accounts, and 1½ per cent on CD's which are for three months only. Two per cent was paid on CD's and 2½ per cent on savings prior to August 15th, at which time the reduction to the lower rate went into effect.

Exceptionally large deposits are refused from non-customers, on an interest-bearing rate.

V. L. PETERSON has retired from the board of directors of the Farmers and Merchants State Bank, Russell, and has been succeeded by H. M. Haakenson, who was elected assistant cashier and director.

DEPOSITS in the State Bank of Morgan were \$271,000 when reorganized, and had increased to \$508,000 by the middle of last month. Already 80 per cent of the 38 per cent trustee when reorganized has been returned to the depositors—a very good record.

To Liquidate

The St. Martin State Bank of St. Martin in Stearns county has voted to go into voluntary liquidation, it was announced by Elmer A. Benson, state commissioner of banks.

Consolidation

Consolidation of the Twin Cities National Bank, Minneapolis, with the Midway National Bank at University and Snelling avenues, was announced recently by A. L. Ritt, president of the Midway National Bank.

With the consolidation, both banks will be housed in the new and greatly enlarged banking quarters of the Midway National. A new addition to the building at University and Snelling avenues and new equipment throughout, together with enlargements of the old banking room, have been in progress for the past six weeks.

Officials of the Midway National, after consolidation with the Twin Cities National, will be: A. L. Ritt, president; M. F. Ernst, vice president; R. P. Galloway, vice president; Herbert G. Hettwer, cashier; Thomas H. McGee, assistant cashier; Z. Franco Smith, assistant cashier. The bank's directors include G. A. Anderson, G. A. Ashton, L. G. Bigelow, M. F.

Ernst, R. P. Galloway, Herbert Hettwer, A. L. Ritt, J. S. Schweizer, C. A. Ward, W. B. Webb and I. W. Whitmore.

Dies In West

John Eastman, former cashier of the Farmer-Strong Bank, Spring Valley, died recently at San Jose, California. He had been on the coast for several years.

Named President

At a meeting of the directors of the First National Bank of Princeton, A. F. Meyer was elected president and Fred C. Keith was elected cashier. Mr. Meyer formerly was executive vice president and cashier and Mr. Keith was assistant cashier. John A. Nyberg was added to the board of directors.

C. R. McKenney was named president of the First State Bank of North St. Paul at a meeting of the board of directors.

P. S. Wick, veteran officer of the bank, was named vice president to fill the position formerly occupied by Mr. McKenney.

Mr. McKenney has been associated with the bank since its early organization. He served as vice president until the death of the late president, Samuel L. Joy, last May.

Since Mr. Joy's death Mr. McKenney has been acting in the capacity of president.

Charter Granted

Kenyon, without a bank since March 4, 1933, will receive another bank as the result of a charter being issued by the Minnesota Commerce Commission to the Security State Bank of Kenyon. Elmer A. Benson, state commissioner of banks, who announced the granting of the charter, said the bank had capital of \$25,000. J. A. Langemo is president and B. G. Berg, cashier.

NEWS AND VIEWS

(Continued from page 8)

cently with a statement saying that the government was back of business, and favored the profit motive. He expressed this in the following words: "Government and the masses of the people themselves resent unthinking statements or subtle suggestions that the profit motive in American life has been or is to be abolished.

"No thinking business man desires to have the old order restored. He does desire and is entitled to have the new order characterized by a better control against economic cataclysms and by the freedom to exercise his initiative in planning for the future of his business in the light of an equitable profit system."

Of course, the government has to recognize the profit motive, because if there is no profit there will be nothing to tax,

and taxes will be greater in the future than they have been in the past, if the expenditures of the New Deal are to be paid.

TO SHOW HOW UNPROFITABLE STATE OWNERSHIP of enterprises can be, figures have been released by officials of North and South Dakota, which give the losses on state owned mines, elevators, mills and banks, which indicate that since the establishment of these publicly operated institutions over \$2,595,786 has been lost. A summary of these figures are as follows:

<i>South Dakota Mines</i>	
Operating Deficit	\$ 26,587
State Appropriation.....	185,000
	211,587
Loss	\$ 211,587
<i>North Dakota Mines</i>	
Operating Deficit	\$ 26,587
<i>North Dakota Mills and Elevators</i>	
Operating Loss	\$2,325,562
<i>North Dakota State Banks</i>	
Operating Loss	\$ 32,050
<i>Total Losses</i>	
South Dakota	\$ 211,587
North Dakota	2,384,199
	2,595,786
Total Loss	\$2,595,786



SERVING--in Accordance with Sound Economic Progress

The Drovers has established a record of more than half a century of continuous service to correspondents.

* * * *

The Drovers offers a general Banking Service; the advantages of conservative management and an active desire to serve in every way in which a sound Bank can serve.

* * * *

The Drovers is under no illusions about the prevailing Economic Trends. It seeks to analyze actual conditions as they exist and to serve intelligently in accordance with sound principles.

* * * *

You will appreciate the genuine friendliness which characterizes the Drovers Service. You will like Drovers efficiency which has come with long years of specialization in good service to correspondent banks.

DROVERS
NATIONAL BANK
TRUST & SAVINGS BANK

Union Stock Yards - - - Chicago

With these facts as a guide, there are still those who believe that the Federal government should go more and more into the operation of private businesses.

ACCORDING to a forecast by BROOKMIRE, Inc., of New York, Iowa will be one of the most desirable sales fields in the United States during the next six months.

This service says that the Iowa consumer income should be 17 per cent greater, during the next six months, than it was in the like period a year ago, and 25 per cent larger than it averaged during the corresponding period of the last three years.

The forecast is based on heavy increases in life insurance sales, check transactions through banks, building permits, automobile registrations, prospective farm income, and other accepted barometers of business activity.

MELVIN W. ELLIS, president of the First Security Bank and Trust Company of Charles City, is very proud of a recent letter which he received from D. W. BATES, Superintendent of Banking, complimenting him on the fact that his institution has the distinction of being the only bank in Iowa, whose stockholders have voluntarily put up the money to satisfy the bank's obligation to the trust fund, set up under an agreement with its depositors.

In Mr. Bates' letter to Mr. Ellis, he says: "The stockholders in no other bank in Iowa have seen fit to do what your stockholders have done and they can boast of being the first bank in Iowa to satisfy the trust fund under a depositor's agreement requiring them to contribute earnings until such earnings equal the amount of the capital stock."

The American Spirit

Life insurance sales, which have been steadily rising during 1934 in the face of uncertainty in general business, are indicative of what might be called the most important American characteristic—self reliance—self help.

In spite of depression, in spite of legislative experiment, and in spite of social and economic upheavals, the average American citizen still wants to shoulder his own obligations. He wants no other agency to bear them for him. He wants to achieve security and independence for himself and his family through his own efforts and abilities. He does not want to become a recipient of a "dole" in any shape or form. In other words he wants to pay his own way.

That is the true American spirit, and he is a pessimist indeed who believes that it is changing in any fundamental manner. The American is still an individualist.



F. D. McCARTNEY
President

North Dakota Bank News

Officers North Dakota Bankers Association

President.....	F. D. McCartney
	Oakes
Vice President.....	Guy Cook
	Carrington
Treasurer.....	W. E. Tooley
	Minot
Secretary.....	C. C. Wattam
	Fargo

Call To Arms!

C. C. Wattam, secretary of the North Dakota Bankers Association, issues the following statement in a recent bulletin to members:

"The Federal Relief Administration desires to mobilize at once all bankers, businessmen and farmers throughout the state of North Dakota to the end that all feed of every kind—hay, straw, clover, alfalfa, corn stalks, sugar beet tops, roadside hay, and roughage of every description—may be conserved, and the surplus over and above that which is necessary for use in any particular community, be baled for shipment to other points in North Dakota.

"Over 30 counties will need roughage for practically all their farmers; 10 more counties are approximately on the border line.

"Bankers in every community should immediately call in the farmers and businessmen and start on a feed conservation program at once.

"The Federal Relief Administration is working out general plans and details of the marketing program for such surplus feed, which will be given out shortly. In the meantime, they are anxious that some action be started at once in the local communities, to the end that speculators and people from outside the state will not buy up such surplus, and thus prevent farmers in the hard-hit drought counties from having access to these supplies.

"All baling machines should be gotten out and put to work immediately. If there is any surplus roughage in your vicinity, see that it is well stacked or baled. If the neighbor does not need it, then men in the western part of North Dakota will need it.

"Start organizing your community at once. The situation demands serious attention and quick action."

Banker Dies

E. G. Heinrich, pioneer of Hettinger county and cashier of the Burt State Bank at Burt, passed away at a Mandan hospital following a hemorrhage of the brain. He was 49 years of age at the time of his death. Mr. Heinrich had suffered from poor health since last October when he was injured in an automobile accident.

Brief News

A. B. TORGERSON has been elected as director of the Bank of Berthold, to succeed Otto Bremer. G. J. Johnson, former cashier, has been elected as vice president, to succeed Otto Bremer and A. B. Torgerson, former cashier, has now been elected as cashier to succeed G. J. Johnson.

HOWARD I. TURNER has been elected as director of the Farmers State Bank, Heaton, to succeed C. I. TURNER, who has resigned.

EVELYN L. JOHNSON has accepted a position as teller of the Farmers State Bank of Crosby.

THE SECRETARY of State has issued a certificate renewing the term of the corporate existence of the Security State Bank, Wishek, for a period of twenty-five years.

CHAS. C. MORTON has accepted a position as assistant cashier of the First State Bank of Max, succeeding Helmer O. Hagen, who has resigned.

MARGARET E. NOLSTAD has accepted the position of bookkeeper of The First State Bank of LaMoure, to succeed Ann L. Maltby who has resigned.

EMIL V. SLAVICK has been elected as director of the Citizens State Bank of Belfield, to succeed Otto Bremer. J. P. Schafer, former vice president, has been elected as president to succeed Mr. Bremer, and F. L. Schafer has been elected as vice president.

HISTORY OF BANKING IN THE DAKOTAS

(Continued from page 11)

finally abandoned and an effort was made to reorganize it in 1894 but, after holding two meetings, the organization was again abandoned and not until 1903 was another effort made to organize a state association. Through the efforts of F. W. Cathro, cashier of the First National Bank of Bottineau, a meeting of the bankers

of the state was held at Grand Forks on Thursday and Friday, August 27th and 28th, for the purpose of reorganizing the North Dakota Association. Every banker in the state was invited to participate in the meeting, the call being signed by twenty-one bankers located in as many different cities and towns in the state. The meeting was organized by the election of F. W. Cathro of Bottineau, as temporary chairman, W. C. Macfadden of Fargo, as temporary secretary; M. J. Liverman of Grand Forks, as temporary assistant secretary and stenographer. At the conclusion of the organization meeting, officers for the ensuing year were elected as follows: S. S. Lyon of Fargo, president; M. F. Murphy of Grand Forks, vice president; J. H. Terrett of Michigan City, treasurer; and W. C. Macfadden of Fargo, secretary.

In 1906 the North Dakota Association was incorporated under the laws of the state as a corporation not for profit and in 1914 permanent officers were provided and I was engaged on a full time basis, which arrangement existed until my retirement in 1932 at which time Mr. C. C. Wattam was elected and installed as secretary.

At the annual convention held in Fargo, July 14 and 15, 1904, a total of 291 banks was shown, 79 National banks and 212 State banks. In 1912 the financial institutions in the state were: State banks 596, trust companies, 3, National banks, 146; total 745. In June, 1916, the total number of banks and trust companies had increased to 151 National banks, 4 trust companies, 658 State banks, making a total of 823 institutions, and at one time during the period of banking prosperity we had a total of 840 banks and trust companies. We now have 141 State banks, 71 National banks and one trust company.

Practical Service

I have always felt that no other association in the United States has been of more practical service and value to its members than our organization in North Dakota and I believe that can be proven in dollars earned through the activities of the association's officers and committees. A very great saving to our members was made in the equalization and reduction of bank taxation. Several years' taxes on bank shares were declared illegal and set aside by our courts through the efforts of the committee having that matter in charge. Our members, with the exception of about 20 banks, however, agreed to pay the tax on the years in dispute if it was assessed and figured on the same basis as the tax on other personal property and the settlement was made on that basis.

We organized and operated for a number of years our own bank burglary and robbery and bank fidelity bond insurance company and accumulated a cash reserve fund of approximately \$45,000.00 besides

Northwestern Banker September 1934

saving members many thousands of dollars in the reduced cost of this class of protection. Bank fidelity bonds were written at from \$2.50 to \$8.00 per \$1,000.00 per annum during that period and it is difficult to convince many of us that dishonest bank employees have increased since then to an extent that justifies the present rates of \$20.00 to \$30.00 per \$1,000.00 per annum. The loss of volume of business by the closing and consolidation of so many banks and heavy losses through the failure of companies with which we were reinsured made it necessary to discontinue business several years ago.

I am not familiar with the activities of the South Dakota Association and Mr. Starring tells me the records kept by some of their office officials are incomplete but the list of the activities of this organization has always been important and of great value. Among the more recent ones were the organization of nine Regional Clearing Houses for the purpose of closer cooperation between banks in the same trade territory for fair competition. The South Dakota Association has been active in opposition to certain legislation in Congress which would eliminate Lloyds competition in bank casualty insurance, and the completion of arrange-

ments through brokers to make available to member banks, Lloyds blanket bonds covering burglary, robbery, fidelity and messenger losses. Their committee on Public Relations, a committee of vital importance in the business of banking in these times, has distributed thousands of circulars among bank customers in the state calling attention to changes in banking practice, made necessary by changed conditions.

The association acts as a clearing house of information for its members on almost any problem which is the concern of banks of the state and it is safe to say that the organization has saved its members many, many times the cost of membership dues involved—this is reflected in the fact that for the present year its membership is 100 per cent.

Lack of Cooperation

Why so many banks have met with disaster has been often discussed and many different opinions given. Economic conditions come first, of course, as a cause, and yet many banks have overcome this cause. One of the outstanding causes, in my opinion, has been the lack of friendly and persistent cooperation with each other and in their associations, clearing houses and other bankers' organizations. An example of intelligent and profitable cooperation is given in the Bankers Casualty Company of Kansas which is still writing bankers' fidelity bonds for the bankers of Kansas at \$3.50 to \$8.00 per \$1,000.00 per annum, while \$20.00 and \$30.00 per annum per \$1,000.00 is the basis rate by companies that are members of the fidelity association.

They Are Mad

Up in North Dakota the governor was recently convicted of a felony, and sentenced to Leavenworth. The voters of North Dakota then renominated him for his office by a tremendous majority.

Behind that fact is a situation which is causing much worry in Washington. North Dakota farmers are mad—and if one state gets mad, the rest of the agricultural states will get mad, too, sooner or later. Agriculture is still largely in the dumps. Many farmers have little use for law and order; they dislike and mistrust courts. Thousands have lost their homes and their crops; those who still own their own farms are liable to find that cost of operation, plus taxes and mortgage payments, exceed revenue. The result is that they are in a harsh frame of mind, and their renomination of the convicted governor was a direct slap at the federal power which sentenced him to prison.

The national government can do nothing as yet. But high officials are keeping a watch on Bismarek and wondering if similar situations will occur in other state capitals.

1863



1934

DURING seventy years of conservative experience under varying economic conditions, this bank has had continuing relations with correspondent banks in every section of the country.

For nearly thirty years the Banks and Bankers Division has been the point of contact through which world-wide facilities have been available to correspondents.

The First National Bank of Chicago

Charter Number Eight



FRANK WELCH
President

Iowa Bank News

Officers Iowa Bankers Association

President..... Frank Welch
Cedar Rapids
Vice President... Clarence A. Diehl
Des Moines
Treasurer..... Max von Schrader
Ottumwa
Secretary..... Frank Warner
Des Moines



FRANK WARNER
Secretary

Melbourne Savings Bank

The Melbourne Savings Bank, in its last published statement, shows total assets of \$223,429.12. Of this amount \$103,473 is in cash due from banks, loans of \$106,605, and United States bonds amount to \$9,600.

The Melbourne Savings Bank has capital of \$25,000, surplus and undivided profits of more than \$10,000, and has total deposits of \$188,210. This institution not long ago purchased the Van Cleve Savings Bank, and now maintains an office in Van Cleve.

Police Radio

Attorney General Edward L. O'Connor announced recently that Waterloo and Storm Lake have been selected as sites for the two new state police radio broadcasting stations authorized by the last legislature.

Bids on equipment for the stations have been taken and contracts will be awarded soon. It is planned to have both in operation by October 1st.

The two new stations will be tied in with the central state police radio KGHO of Des Moines, thus furnishing wider coverage for apprehension of criminals.

Through cooperation with local communities, expense of installing the new stations will be lessened.

Swea City Office

Banking facilities have been resumed in Swea City, according to an announcement made by Frank and Levi Weimer, Ledyard bankers, who will open a branch office of the State Bank of Ledyard. The banking group recently bought the former Farmers Savings Bank building. Frank Wiemer has direct supervision of the office.

Married

Howard S. Simmons, assistant cashier of the Farmers Savings Bank of Grundy Center, was married recently to Miss Viola Fisher of Cedar Rapids. The ceremony took place at the Catholic rectory in Marengo with Rev. Fr. W. E. Carroll performing the ceremony. The couple were attended by Miss Lavera Simmons of

Marengo as bridesmaid, and Mr. Everett Fisher of Cedar Rapids as best man.

Released

Release of the First State Bank of Conrad, Grundy county, and the Akron Savings Bank in Plymouth county from the restrictions of S. F. 111 has been announced by the state banking department.

Both banks will operate under depositors' agreement plans.

County Meeting

A meeting of the bankers of Buena Vista county was held recently at Rembrandt, with N. G. Olney of Marathon presiding as chairman and H. L. Haraldson of Rembrandt as secretary. The object of the meeting was to plan cooperation in complying with the Governmental Bankers Code. The only noticeable effect on the Rembrandt First National Bank is the change in the daily opening and closing hours from 8:00 a. m. to 4:00 p. m., as formerly, to 9:00 a. m. to 3:00 p. m. Bankers in attendance included H. W. Schaller and Albert Tymeson of Storm Lake, A. J. Scott of Linn Grove, N. G. Olney of Marathon, Emil Peterson and Clarence Kindwall of Albert City, L. F. Pingel and H. L. Haraldson of Rembrandt.

To Reorganize

Committees started out recently to work toward the reorganization of the First National Bank of Newell. The approved blanks were received from Washington, D. C., and printing of the necessary blanks and letters was rushed through so that the first step in this work might be done immediately. This step was the mailing of a letter to each of the depositors and other creditors of the First National, setting forth in detail the plan of reorganization.

For Fifty Years

The Exchange State Bank at Wesley kept "open house" recently in celebration of its fiftieth anniversary. It is believed to be now the only bank in the county which has operated continuously for half a century.

The bank was opened in 1884 by the late F. M. Butts, who settled at Wesley in 1871, farmed eight years and then ran a general store. There was no bank at Wesley then, and often farmers or others who had a little money would leave it with Mr. Butts, who would give them a note in exchange.

In Cleveland's first administration Mr. Butts was appointed postmaster, and at that time he erected a small building for a post office and in an adjoining room opened a pioneer bank. This was on July 20, 1884.

The bookkeeping was a simple matter and from the first was done by Mr. Butts' son, Guy M. Butts, then a schoolboy. In 1887 the elder Butts turned the management over to his son, and in 1900 the latter became sole owner. The younger Butts has thus been connected with the bank during the full half century.

Mr. Butts has now been in control of the bank 47 years, and Mr. Hutchinson has been with the bank more than 20 years. For many years Mrs. Butts helped her husband operate the bank. The Exchange State is now the only bank at Wesley.

Under Code

The Central State Bank and Trust Company, Elkader, announces that, effective September, the bank will operate under the voluntary banking code of fair trade practices as formulated by the Bankers NRA Committee of Iowa.

Reduce Interest Rate

The Hampton State Bank opened for business January 25, 1934, as a new bank with a capital of \$50,000 and surplus of \$10,000. Deposits at that time were \$180,000. Deposits now are \$550,000. This bank has been paying 3 per cent interest on time certificates and savings accounts. On and after August 1st this bank is paying 2 per cent on time certificates and 1 per cent on savings accounts.

Installs Protection Equipment

The Johnson County Savings Bank of Iowa City recently installed two day hold-up units manufactured by the Yale & Towne Manufacturing Company.

In line with its long established policy of providing thorough modern facilities and service, this bank is now pleased to announce that it has installed the up-to-date Yale automatic rewind delayed control timelocks system of protection against daytime holdups.

J. F. Stromberg of the F. E. Davenport & Company of Omaha attended the installation of this bank's two new equipments.

Released

The board of directors of the Poweshiek County Savings Bank, Brooklyn, has re-

ceived notice from the state superintendent of banking that all requirements for the release of the bank from operation under Senate File No. 111 have been satisfactorily met and that the bank is entitled to be released at any time.

County Meeting

Waverly was represented at the meeting of bankers from eight counties held in Waterloo recently. The session was at Hotel Russell-Lamson and over 100 attended.

In the party from Waverly were H. E. Moehling of the State Bank, George

Stephenson and Fred Keseberg of the First National Bank, William D. Babcock of the Savings Bank and Ewaldt Remmers of Plainfield.

Counties represented at the meeting were Bremer, Buchanan, Grundy, Butler, Tama, Benton and Fayette.

New Bank

Stock subscriptions are being sold in the Cleves Bank, which will be moved to Wellsburg. The total subscriptions offered are 30 shares at 100 per share. The local committee appointed by the business men to assist in the establishment of a

new bank have charge of the sale. Practically all of the stock has been subscribed by Wellsburg people.

The capital of the Cleves Bank is \$15,000. Only \$3,000 of this stock is offered for sale at this time and it is all placed with Wellsburg people.

Housing Program

Fort Dodge's two banks' the Fort Dodge National and the State Bank, are making preparations to take part in the federal home modernization program under the national housing act. This program contemplates the loaning of money to home owners for the purpose of making home repairs and modernization improvements, the government insuring 20 per cent of the total amount loaned by the loaning agencies for this purpose.

To Red Oak

H. C. Greenlee, representative of the Federal Land Bank of Omaha, has located in Red Oak, and moved his family there from Fairfield, Iowa. Mrs. Greenlee and three sons have moved into the residence at 1021 Corning street.

Code Approved

The adoption of the Statewide Banking Code of Fair Trade Practices was announced by the Dallas County Bankers Association following a meeting recently.

The code, as drawn up recently and approved by the Iowa Bankers Association, received the unanimous approval of the Dallas county bankers.

Time Lock Protection

The Iowa State Bank of Morning Sun announces the installation of new equipment for preventing holdups.

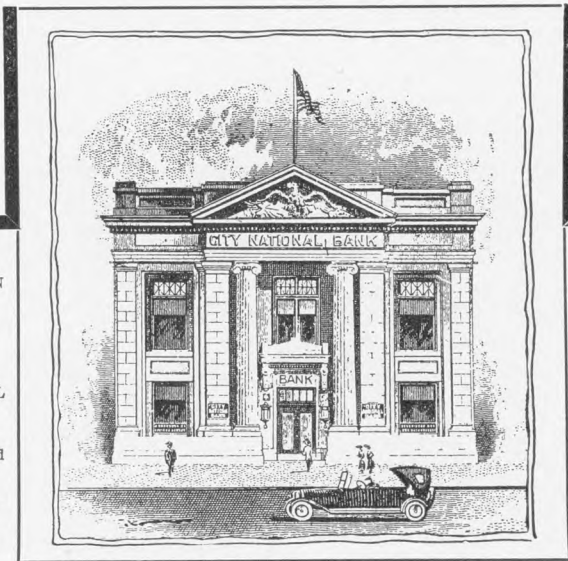
This bank, in common with every good bank, of course carries insurance to make good any losses due to robberies; but it is obviously more desirable to prevent the loss altogether if possible. The new equipment is a notable step forward, not only because it offers positive protection in case of an attempted holdup, but even more because it discourages the attempt. And, of course, it is an assurance to their depositors that they can do their banking here without any likelihood of having to "stiek 'em up," lie on the floor, dodge bullets, etc.

The Yale delayed control system is an example of the physical safeguards which the Iowa State Bank throws about the money that is intrusted to its care.

The equipment recently installed is produced by the Yale & Towne Manufacturing Company of Stamford, Connecticut. The installation was handled by the F. E. Davenport & Company of Omaha.

In Chicago

Two bankers, formerly identified with Buena Vista county financial institutions,



Clinton County's Largest Bank

OFFICERS

W. A. ANDERSON
President

H. B. KNIGHT
Executive
Vice President

MILO J. GABRIEL
Vice President

O. P. PETTY
Vice President and
Trust Officer

H. G. KRAMER
Vice President

A. R. THURN
Vice President

OFFICERS

J. H. NISSEN
Cashier & Assistant
Trust Officer

M. E. McCRABB
Assistant Cashier

E. JOHANNSEN
Assistant Cashier

D. C. BELL
Assistant Cashier

H. M. OLNEY
Assistant Cashier

F. E. CONOVER
Assistant Cashier

F. H. HAMANN
Assistant Cashier

R. A. W. LATIMER
Comptroller

Banking Friendship

The word "friendship" means more than mutual esteem or human harmony. We believe that banking friendship is a serious matter.

Banking friendship of the lasting, permanent kind, means making our service necessary to you. We find a lot of satisfaction in such service, because we find that through it we have earned and kept the confidence of our banker friends.

THE CITY NATIONAL BANK

CLINTON, IOWA

DIRECTORS

W. A. ANDERSON
President
C. A. ARMSTRONG
President C. F. Curtis
Company, Inc.
A. A. BENTLEY
President
Fidelity Life Association
A. P. BRYANT
Vice President
Clinton Company

O. D. COLLIS
President The Collis Co.
G. L. CURTIS
President Curtis Companies,
Inc.
MILO J. GABRIEL
Vice President
President Gabriel Lumber
& Fuel Co.

E. L. MILLER
Attorney
F. H. VAN ALLEN
President J. D. Van Allen
& Son, Inc.
F. J. WARD
Vice President and General
Manager Eclipse Lumber Co.
G. E. WILSON
Pres. Clinton Bridge Works

are now at work in the Federal Reserve Bank in Chicago.

Gerald Chaney, formerly with the Miller & Chaney Bank at Newell, and Harry H. Covey, formerly with the Farmers State Bank at Rembrandt, have been added to the staff of the Chicago institution.

Open in West Branch

The West Branch State Bank has been released from the restrictions of S. F. 111 by D. W. Bates, state banking superintendent, under a depositors agreement. The bank, operating under S. F. 111 since January 25, 1933, reopened August 24th.

New Banking Hours

Delaware county bankers will maintain hours from 9:00 a. m. until 3:00 p. m. hereafter. This was decided at a recent meeting of the Delaware County Bankers Association. The change in hours will hardly be noticeable as the hours heretofore were from 8:00 a. m. to 4:00 p. m., the employes taking an hour off for dinner. Very seldom are any farmers in need of the bank after 3:00 p. m., while a good many are in town through the noon hour and found it an inconvenience to wait until the opening of the bank at one o'clock.

Accept Plan

The housing administration said recently that 1,885 banks and other financial institutions have prepared to extend credit to property owners under the modernization credit plan.

The administration recorded the acceptance of the issuance plan by the following banks in Iowa: Council Bluffs—The City National Bank; First National Bank in Council Bluffs. Cumberland—Cumberland Savings Bank. Davenport—Bechtel Trust Company; Dubuque—American Trust and Savings Bank. Des Moines—Capital State Bank, Iowa-Des Moines National Bank and Trust Company, Valley Savings Bank. Keokuk—Security State Bank. Marengo—Iowa County Savings Bank. McLelland—McLelland Savings Bank. Panama—Panama Savings Bank. Pella—Pella National Bank. Story City—Story City State Bank. Valley Junction—Valley Junction Savings Bank. Winterset—The Farmers and Merchants National Bank of Winterset.

Banker Dies

Carroll J. Simmons, 63, Williamsburg banker 43 years, died recently following an illness of 18 months. He was born in Williamsburg, November 1, 1870, the son of Mervin and Mary Simmons. The family moved to Marengo when he was a young child, where he lived until his marriage to Miss Mary Roland, July 5, 1896. They returned to Williamsburg and he was assistant cashier in the Farmers Savings

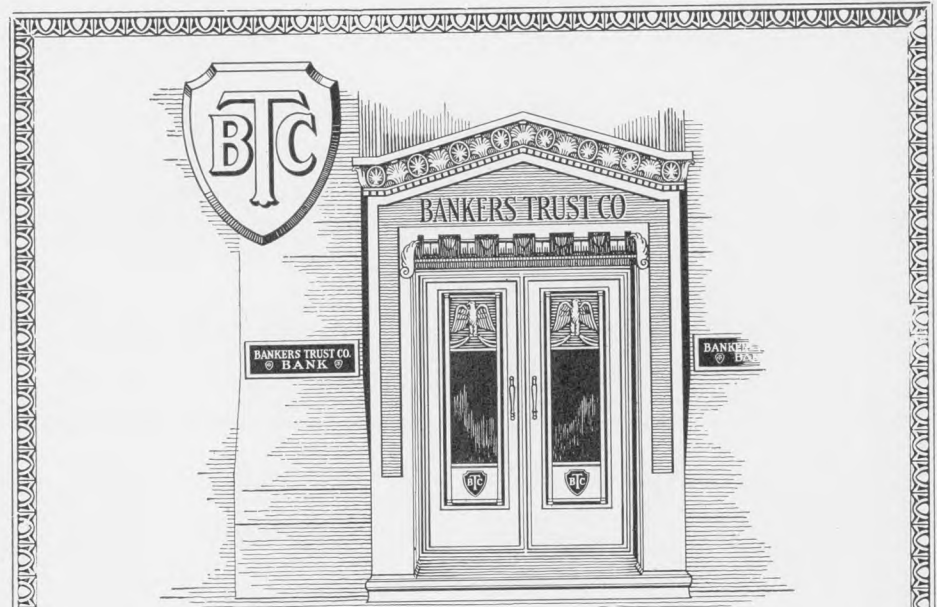
Bank. In 1905 he became cashier, which position he held 27 years. Two years ago he was made president, and continued until the bank was reorganized last May. He was made cashier of the new Farmers Trust and Savings Bank.

Grinnell Bank Sold

C. A. Frasier, Osceola, Nebraska, has acquired the holding of J. E. Bach, former cashier, and C. S. George, assistant cashier, of the Grinnell State Bank. Both held large blocks of stock and Mr. Frasier has also purchased small blocks of stock from other stockholders.

To Reorganize

Under the direction of the state banking department plans have been made for the reorganization of the Rath State Exchange Bank of Ackley. Circular letters, explaining the plans in detail, have been directed to all depositors and patrons of the bank. This plan contemplates the immediate payment to depositors of 50 per cent of the money that each individual may have on deposit, which represents a sum ranging between \$200,000 and \$250,000. The remaining deposits and assets to be under the direction of the state banking department, to be liquidated and paid as loans mature.



GROWTH

The sound, steady growth
of this bank is particularly
significant

BANKERS TRUST CO. BANK



CORNER 6th AND LOCUST STS., DES MOINES

CAPITAL \$1,000,000

SURPLUS \$200,000

DIRECTORS

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

Three Offices

The Lincoln Savings Bank is now operating three branch offices from the main office at Reinbeck, permission of the banking department having been received for branch offices at Morrison and Dinsdale. The office at Lincoln was permitted and has been operated since the bank moved its main place of business to Reinbeck.

Form County Association

G. W. Evans has been elected president of the Calhoun County Bankers Association which was reorganized at Lake City recently. R. B. Clift, Rockwell City, is

vice president and E. B. Lemen, Rockwell City, secretary and treasurer.

The association voted to accept the voluntary code of fair trade practices as outlined by the state association for Iowa banks. This code will go into effect September first.

Adopt Code

A voluntary banking code of fair trade and practices for Iowa banks was adopted by the Carroll County Bankers Association at a meeting held at the Country Club.

It is expected that the banks in all counties in the state will adopt the code

in a short time, according to R. M. Moehn, president of the Carroll County Association. The code is based on fair trade practices with specified charges for services rendered and interest rates.

New Name

The Hills Savings Bank, after paying a 50 per cent dividend, has reorganized under the name of the Hills Bank and Trust Company. Most of the old officers were re-elected.

Uninviting to Bandits

The better a bank's protection against holdups, the less likely are bandits to make any attempt to hold it up.

Thus state the officers of the West Liberty State Bank after they had installed the new Yale automatic rewind time lock equipment.

As one of the directors remarked, "Robbing a bank is risky business at best, and criminals are not at all anxious to take the risk unless they are sure of getting a big haul of money. When it is known that a bank is so equipped that there is practically no hope of getting away with any cash, bandits are not going to take foolish chances by holding it up."

Adopt Code

Members of the Linn County Bankers Association adopted the voluntary banking code of fair trade practices for Iowa banks at a special meeting. This code, providing for uniform service charges and banking practices, was scheduled to go into effect in Iowa on August 15th. It was originally formulated by the bankers NRA committee.

City Treasurer

A. M. Compton, cashier of the Valley Junction Savings Bank, has been chosen as new city treasurer by the city council.

Wm. Carmody, director of the Security Savings Bank, who was named as treasurer to succeed the late Wm. H. Gavin, submitted his resignation to the board following the announcement of plans to liquidate the Security Bank.

County Election

The Worth County Bankers Association held a meeting at Manly recently. Every bank in the county and banks in some adjoining counties were represented. Election of new officers was one of the principal functions of this meeting.

The officers elected were as follows: For president, to succeed C. S. Rye of Manly, G. W. Nelson, Northwood; for secretary, to succeed C. L. Bolender of Northwood, Carl Grankau of Joice; for treasurer, to succeed John Paulson, resigned on account of removal to Lake Mills, P. T. Webb, Manly.

It was agreed that all Worth county

Are You Sending Out Invitations for a Holdup Visit?

• Bank bandits never plan a party unless they are given an invitation. They want money and want it mighty quick—delay means trouble in their get-away. Choose your visitors—Don't invite them to come. Invite them to stay away by displaying the Yale Banktrol Sign.

Before purchasing ask for a demonstration of the new Yale Delayed Control Timelock of

Banktrol

Fully jewelled chronometer movements
Underwriters Laboratories Inspected

Sold by F. E. DAVENPORT & COMPANY
Official Experts for Iowa Bankers Association
OMAHA, NEBRASKA

**QUALIFIED TO COMPETENTLY SERVE
NORTHEASTERN IOWA**

Our facilities assure satisfactory service on all Northeastern Iowa transactions. We will welcome the opportunity to serve you.

The NATIONAL BANK of WATERLOO

JAMES M. GRAHAM, President
RODNEY P. LIEN, Vice President

CHAS. S. MCKINSTRY, Cashier
R. L. PENNE, Assistant Cashier

banks be governed by the Iowa Banking Code of Fair Trade Practices.

Named President

E. E. Drake was named president of the Farmers and Merchants National Bank, Winterset, at a meeting of the directors. He fills the vacancy caused by the death of D. P. Ege a short time ago.

Mr. Drake is one of the widely known and wealthy farmers of the county and one of its largest stock raisers. He assisted in the organization of the new bank and has been a member of the board of directors.

New Panora Bank

The stockholders of the new Panora Bank met recently and elected the following directors: R. A. Carper, E. L. Penniston, H. O. Graaf, E. P. Tucker, D. L. Sheets, W. E. Boots and Irvin Jasinsky. About twenty stockholders were present, representing 90 per cent of the stock.

Immediately after the meeting adjourned the directors met and elected H. O. Graaf, president; Irvin Jasinsky, vice president, and E. L. Penniston, cashier.

A committee composed of Mr. Graaf, Mr. Tucker and Fred Jackley went to Des Moines and made formal application for a charter for the new bank.

Deposits Gain

Deposits in Iowa banks operating without restrictions increased \$80,924,292.93 between June 30, 1933, and June 30, 1934, a consolidated report compiled by D. W. Bates, state superintendent of banking, shows.

The report is for state banks, savings banks and trust companies under jurisdiction of the state banking department. It does not include deposit figures for national banks.

A total of \$23,781,732.80 of the increase in deposits was placed in the banks between March 5, 1934, and June 30, 1934, during which time 66 banks were released from restrictions resulting from the national bank holiday.

During the 12 months, assets of the banks increased \$87,189,573.38.

During the same period cash reserves increased \$37,927,205.15, including an increase in credits subject to sight draft of \$36,711,242.62 and \$1,115,962.53 in cash in the vaults.

Secondary reserves of the banks composed of United States securities increased \$23,334,782.13, the report showed.

During the same period bills payable and rediscounts showed a decrease of \$3,101,185.98.

A. I. B. Chairmen

J. Newton Coffey, president of the Des Moines chapter of the American Institute of Banking, has announced appointment

of chairmen of the eight standing committees of the organization for the coming year.

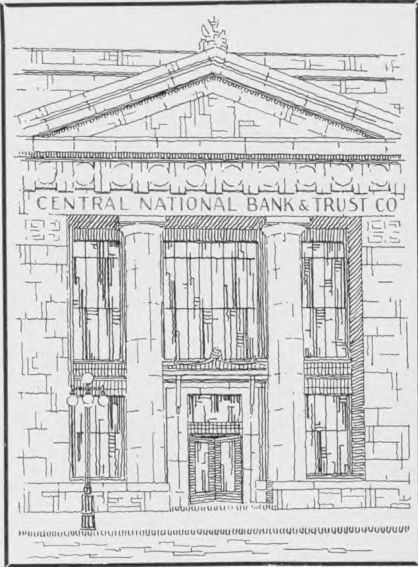
Dutton Stahl will head the education committee which has charge of the annual night school of banking, Noel Robinson will lead the membership committee and L. S. Ewing will be chairman of the entertainment committee.

Other chairmen are Allen Evans, public education; Leona Hagan, publicity; Mrs. L. M. Wicker, women's; Marvin Whatmore, public speaking and debate, and Orville Gore, forum.

Vice President

O. B. Taylor of Lawler has been elected executive vice president and director of the newly reorganized Henry County Savings Bank of Mt. Pleasant.

The bank will open with a capital of \$86,000; surplus, \$15,000; reserve, \$10,000, and undivided profits of \$2,500. The bank will have a deposit liability of about \$800,000. The capital structure has been built up to take care of deposits of over a million dollars on a one to ten basis, which is double the state banking requirement.



IOWA'S

Old
Reliable

BANK

TO EARN its name of "Iowa's Old Reliable Bank,"
the integrity and service of Central National has
been maintained throughout the years regardless of
financial conditions of the state and nation.

The officers of this Iowa Bank are keenly interested
in Iowa enterprises and Iowa people. They extend
a hearty welcome to Iowa visitors.

<p style="font-size: 1.1em; margin: 0;">WM. J. GOODWIN Chairman of the Board</p>	
<p style="font-size: 1.1em; margin: 0;">GRANT McPHERRIN President</p>	<p style="font-size: 1.1em; margin: 0;">LYNN FULLER Vice President and Cashier</p>

THE OLD RELIABLE

CENTRAL NATIONAL BANK & TRUST COMPANY

FIFTH AVE. Between WALNUT and LOCUST

Des Moines ----- Iowa

Code Adopted

The Burt Savings Bank has adopted the voluntary code of "fair trade practices" for banks, formulated by the bankers NRA committee for Iowa, and adopted by the Iowa Bankers Association in June.

The "code" provides for maximum hours, minimum service charges and other regulations, with most of which the local bank has been conforming so that little change in operation will be necessary.

Pays Large Dividend

Early last month citizens of Jewell held a real celebration when the receiver of the closed First National announced that he was ready to pay depositors a 90 per cent

dividend. It may well be said that any bank which can pay out 90 per cent should have never closed in the first place, but it seems there is no accounting for what the public will do when they become financially frightened. Much credit is due James W. Ryan, receiver, for his good business judgment used in making possible such an exceptional ease of liquidation.

BRIEF IOWA NEWS

By J. A. SARAZEN

BANKS in Sioux county have installed a service charge of \$2.00 per year on checking accounts, and are well satisfied with the results. Depositors seldom complain, officers say, and know before hand

just what service charge they are to pay. So far as is known, these banks will continue to operate on this basis, and no attempt will be made to install service charges as suggested by the Iowa Bankers Association. The August issue of the NORTHWESTERN BANKER carried a complete story by Neal Mouw, president of the First National Bank, Sioux Center, regarding the flat charge of \$2.00 per year on checking accounts. It is understood that "too active" accounts are analyzed and pay a little higher rate.

THE MANSON State Bank, of which G. F. Scoles is cashier, celebrated their first birthday recently. Deposits were \$314,000 on that day. Mr. Scoles says he is very well satisfied with the progress his bank is making.

THE NATIONAL BANK of Rockwell City recently paid a dividend of 20 per cent on the 37 per cent trustee when the bank was reorganized. The bank is in a very liquid condition with deposits of \$316,000 and cash of \$310,000 and government and municipal bonds of \$50,000.

R. B. CLIFT was elected cashier of the Union State Bank, Rockwell City, at a special board meeting. Mr. Clift was formerly with the Iowa Banking Department. The last statement of the Union State lists total assets of \$471,000 and cash of \$243,000. Three per cent is being paid on deposits.

THE COMMERCIAL State Bank of Sioux City, which has been primarily a mortgage loan bank, has paid off all depositors and officers are now organizing a new mortgage loan company. D. N. Stewart and A. L. Olson are organizing a company, while J. L. Lafoon is working on a separate firm.

THE SECURITY Savings Bank of McCallsburg, of which M. H. Nelson is president, went into voluntary liquidation recently, and is paying 100 per cent on all deposits. No assessment was made on stockholders. The payment in full of all accounts was made possible by the united efforts of the directors.

E. G. UNTIEDT, assistant cashier of the Lytton Savings Bank, was married not long ago. Congratulations are extended by his many friends in the banking fraternity.

He Meant It

A gentleman from one of the foreign consular offices called the Commercial Bookkeeping department to look up a name which began with the letter "z." But the clerk was unable to make out the indistinct pronunciation. "Z," the caller repeated, "like in 'zoup'"—and he meant it.



The Omaha National Bank

Complete Banking Service

Northwestern Banker September 1934

Joins Davenport Investment Firm

Paul P. Krotzer has recently become associated with the investment organization of Priester, Quail & Cundy, Inc., Davenport, Iowa. He has had considerable experience in investments as an analyst and advisor.

After attending the public schools in Ottumwa, Iowa, Mr. Krotzer completed four years at Harvard College, from which he graduated in 1918 with the degree of A.B. At college he concentrated in the division of history, government and economics, with economics as the major study, and money and banking as the specialized subject.

He has had over ten years of experience in the banking and investment field in New York City, with several of the leading organizations there, including the National Bank of Commerce, 1919-1922, the Manufacturers Trust Company, 1926-1927, and the National City Company, 1927-1933. With the National City Company he was second man in charge of the investment advisory department.

NEW BANKING PROBLEMS

Continued from page 7

Searching Study

Mr. Hecht expressed the hope that President Roosevelt will appoint a mixed and non-partisan commission, as has been suggested by the American Bankers Association, to make a searching study of the many aspects of banking and economic problems, "not separately and piecemeal but together and in relation to one another," which could "give him the benefit of the views of the leaders in industry, commerce and finance on these subjects before another Congress convenes to consider further banking legislation." He added:

"Experimental legislation and palliatives had their place while the economic body lay ill and had to be kept alive at all costs, but we must now find the true remedies so as to be sure that the cure be as permanent as anything human can be made.

"One cannot compare the present conditions with those of last year without stimulating a degree of optimism. Substantial order has been brought out of chaos in that short space of time, and we are definitely back on the road to economic recovery.

"The events of the past few years have, as President Roosevelt so well expressed it, given us all a clearer understanding of the ancient truth that those who manage banks and other agencies handling other people's money are trustees acting for others. Bankers from Main Street to Wall Street have learned much from last year's debacle, and have a better conception of their duties and responsibilities in the adjustment of their business to the new con-

Over 60 years of Service to Iowa Banks and Bankers





First National Bank

Mason City, Iowa

Affiliated with Northwest Bancorporation

ditions and the rebuilding of public confidence in our American banking system.

"We may look with disapproval on much that the Government has done, and we may feel that the extent of the government's operations in the banking field has added greatly to the difficulties and perplexities of our business, but we do not have to be at all partisan to admit that on the whole the great powers which have been given the President have been used wisely and temperately."

To Head I. B. A.

Ralph T. Crane of Brown Harriman & Co., Inc., New York, has been nominated by the board of governors of the Invest-

ment Bankers Association of America as president of the association for the year 1934-35, it was announced through the association's office by George W. Bovenizer of Kuhn, Loeb & Co., New York, president of the association. The board of governors also nominated 23 members of the board from 13 cities. The nominations are subject to election at the association's forthcoming annual convention October 27-31, but, as nominations by the board have always been approved by the convention, nomination is considered equivalent to election.

Mr Crane was born in Montclair, N. J., May 22, 1878, and was educated in the Montclair schools. After obtaining his

early business training in New York he became an executive of the Montclair Savings Bank. In 1914 he became a member of the firm of Ludwig & Crane, a municipal bond house in New York, and during the war was loaned by that firm to the Federal Reserve Bank of New York. At the end of the war he became manager of the Member Bank Relations Department of the Federal Reserve Bank of New York. In 1921 he became associated with Brown Brothers & Co. and was admitted to partnership in 1929. He continued as a partner of the successor firm of Brown Brothers Harriman & Co. until the organization, in June, 1934, of Brown Harriman & Co., Inc., of which he is vice president.

Don't Disappoint

YOUR CUSTOMERS when they ask for a calendar—rather be pleased that they are willing to give you this space in their home and offices, that you couldn't buy at any price.

A good calendar is one of the easiest forms of advertising to use and distribute. Why not ask to see the Murphy line?

The Thos. D. Murphy Co.

RED OAK, IOWA

The Birthplace of Art Calendars

Pictorial Map

Inviting the tourist to the "Little Switzerland of America" and describing it as the richest 1,500 square miles in scenic and historic wonders in the midwest, the Northwestern Iowa Press association has just issued a pictorial map, showing the points of interest in the region.

The folder on one side shows the roads coming into the territory embracing McGregor, Lansing, Guttenberg, Elkader, Monona, Postville, Strawberry Point, Marquette, Lansing, Waukon, Iowa; and Prairie du Chien, Wisconsin. An artist's conception of the hundreds of attractions in the "Little Switzerland of America" shows the reader at a glance just what he will find.

On the reverse side of the map is a group of 15 photographs of most interesting points in the region, along with a brief description of the scenic and historic points in northeast Iowa and Prairie du Chien, Wisconsin, which territory is featured by the great Mississippi river.

The maps, 100,000 of them, are being issued by a co-operative plan of all the towns involved, and are available free by writing The Northeastern Iowa Press Association, Travel Bureau, at Elkader, Iowa.

A Satisfactory Answer

At a baseball game a young woman asked her escort: "Why does that man behind the hitter wear such a big bib?" He explained to her that it was to keep the catcher's shirt from getting mussed when the ball knocked his teeth out.

Eloquence may be found in conversation and all kinds of writings; 'tis rarely where we seek it, and sometimes where 'tis least expected.—La Bruyere.

Talking and eloquence are not the same: to speak, and to speak well are two things. A fool may talk, but a wise man speaks.—Ben Johnson.

State Secretaries Convene

Mrs. Olive Jennings, Chicago, secretary of the Illinois Bankers Association, was elected president for the coming year of the Central States Bankers Association, at a final business session of the twenty-third annual conference of officers of the associations, held recently in Rapid City, South Dakota.

F. W. Bowman, Topeka, Kansas, secretary of the Kansas association, was named vice president; C. C. Wattam, Fargo, North Dakota, secretary of the North Dakota association, was elected second vice president, and Don E. Warrick, Indianapolis, Indiana, secretary of the Indiana

group, was chosen secretary-treasurer. The business meeting included committee reports and a number of brief round table discussions of banking problems. The selection of a convention city for 1935 was postponed, and will be decided upon at a later date by members of the executive committee.

Following adjournment the visiting bankers were escorted on an automobile trip through the southern Black Hills, arranged by the Rapid City Chamber of Commerce.

Final registration figures showed that 67 presidents, vice presidents, secretaries and other officers, as well as speakers, from a dozen central states attended the two day convention.

Allow Fair Return

The railroads entered depression long before industry as a whole, largely due to the increase in waterway, truck and bus competition. Result of bad times among the railroads was much unemployment, a tremendous drop in purchasing power, heavy decreases in the value of railroad securities. The federal government regards the railroads as one of the main industries which must be rehabilitated before normal times can start to return.

Now the railroads propose revision of the national freight rate schedule. A new schedule will be presented to the Interstate Commerce Commission for approval. Maximum increases, with few exceptions, are about ten per cent; many classes of rates are upped less than that. It is forecast that the schedule would net the roads about \$180,000,000 a year addi-

tional. This is but 50 per cent of the increased expenses the railroads must pay, due to higher cost of supplies, higher pay rolls, etc.

The Interstate Commerce Commission will probably permit the rate increase; under the law its duty is to allow the carriers a fair annual return of about 5 per cent. The lines have not earned as much as that in the last 15 years.

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: Bank in Missouri town, good condition always. McKinney & Company, Springfield, Missouri. 9-10-11

Position Wanted—In bank in northern Iowa. Age 24. Five years' banking experience. Will invest some money. Write Northwestern Banker, No. 3221. 9-10-11

Position Wanted—22 years experience in Iowa and Illinois banks. 41 years of age. Married with family. Best of references. Write the Northwestern Banker, No. 3220. 9-10-11.

Position Wanted—As cashier or bank executive. Twenty-five years experience in country banking. Familiar with all phases of farm loans and writing insurance. Can make nominal investment. Write The Northwestern Banker No. 3219. 8-9-10.



HOTEL FONTENELLE OMAHA, NEBR.

As Omaha's welcome to the World, the Fontenelle is more than a hotel . . . it is an institution, the center of the city's social, business and civic life. Omaha's largest and finest hotel, the Fontenelle is famous for its hospitality. Convenient location. Excellent food.

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\$250 UP

EPPLEY HOTELS CO.

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IN THE DIRECTORS ROOM



Like a Rock

A young man had just applied for a job. As reference he had given the name of his former employer. The man to whom he had applied for work called the former employer and asked:

"Is he honest?"

"I found him so."

"Is he steady?" was the next question.

"Is he steady: I should say so—if he were any steadier he'd be motionless."

The Easiest Way

Jack Willing of Cleveland tells about a couple of golfers approaching the seventh hole. Across the way at the eighth tee, a woman was seated.

"Look at that!" exclaimed one of the golfers. "Did you ever see such an ugly woman?"

"Yes," replied the other golfer. "I've seen such an ugly woman—that's my wife."

The first golfer was somewhat overwhelmed with embarrassment, but recovered himself to say:

"I'm sorry—of course—had I known the lady was your wife I would never have spoken as I did. But, since I have my foot in it, I would like to know why in the hell you bring her to a golf course."

"Well, I like to play golf," replied the other. "And I have to choose between bringing her along or kissing her goodbye."

The Upward Trend

Confirming the suspicion that Irishmen have a keen sense of humor, a bank officer recently filed an interesting customer's relation report of a prominent church.

Excerpts from it read:

BUSINESS OR PRODUCTS? Saving souls, relieving troubles.

LARGEST BUYERS: All comers welcome.

IMPORTANT SOURCE OF SUPPLY? Humanity.

COMPETITIVE METHODS? Cooperative.

EFFECTS OF CODES, ETC.? Very good.

PRICE TREND IN MATERIALS? Moving higher.

IS PRODUCTION UP TO SALES? Birth rate holding its own.

EARNINGS? Improved over last year.

COLLECTIONS? Picking up.

LOANS? Plenty.

All There Was

The newcomer had been in town only a few days when his engagement to the sweet young thing was unexpectedly announced.

"The engagement certainly is sudden," observed a neighbor. "He couldn't have seen much of her."

"Oh, I don't know about that," replied the neighbor's husband. "He danced with her at the full-dress ball last night, and was in swimming with her this morning."

It's Your Move

The timid soul and his wife were at the movies.

"Is your seat quite comfortable, dear?"

"Very comfortable, indeed," he whispered in surprise.

"And have you a good view of the screen?"

"Yes—perfectly—dear."

"You are not bothered by the draught from the exit?"

"No, my sweetheart," he murmured.

"Then give me your seat—you selfish little weasel!"

Compliment

A well-known tenor had received an enthusiastic reception and was standing in the lounge after his performance. The people flocked around him, and he was hard put to it to acknowledge all the compliments showered upon him. His arm began to ache, owing to the severe treatment it received.

Finally, an elderly duchess simple overwhelmed him with praise, much to his disgust.

"Your singing took me back to my girlhood days," she enthused.

"Really," murmured the singer. "I had no idea my voice would carry so far."

Rules

There came a loud knock on the door. The doctor, who had just settled himself for a nap, got up.

"What is it?" he asked the man at the door.

"I've been bitten by a dog," said the man unhappily.

"Well, don't you know that my hours of consultation are between twelve and three?"

"Yes," groaned the patient, "but the dog didn't know. He bit me at twenty to four."

It's Hard Sometimes

To apologize,
To begin over,
To take advice,
To admit error,
To face a sneer,
To be charitable,
To avoid mistakes,
To keep on trying,
To keep out of a rut,
To obey conscience,
To profit by mistakes,
To forgive and forget,
To think and then act,
To smile in adversity,
To shoulder deserved blame,
To dispute underhandedness,
To make the best of a little,
To subdue an unruly temper,
To recognize the silver lining,
To accept just rebuke gracefully,
To value character above reputation,
BUT IT ALWAYS PAYS.—F. A. A.

Bulletin.

Justice

"I had the right of way when this man ran into me, yet you say I was to blame."

"You certainly were."

"Why?"

"Because your father is mayor, his brother is chief of police, and I'm engaged to his sister."

Dodge, You Dunce!

Little Eggknogg doesn't know an awful lot about ball games and the rules governing them. Jack McSprat took her to one of the local games last summer and she closely watched the pitcher endeavoring to put one across the plate. He wasn't having much success, and finally one of his wild ones hit the batter and keeled him over.

"Oh, look!" exclaimed Eggknogg, "he hit him at last. Does he now win the game?"

If someone says to a woman, "I can't tell you from your daughter," the one with the wry smile is the daughter.

It will be pleasant, too, when girls' finger-nails get out of the red.

In defense of the • BUDGET

... he faces
management's
demand for *PROOF*
of full value
per dollar



Somewhere, in an executive office, a director of advertising rises in his chair. The budget—his budget—is questioned . . .

Vigorously he moves in defense of media, of space requirements, of insertion timing.

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