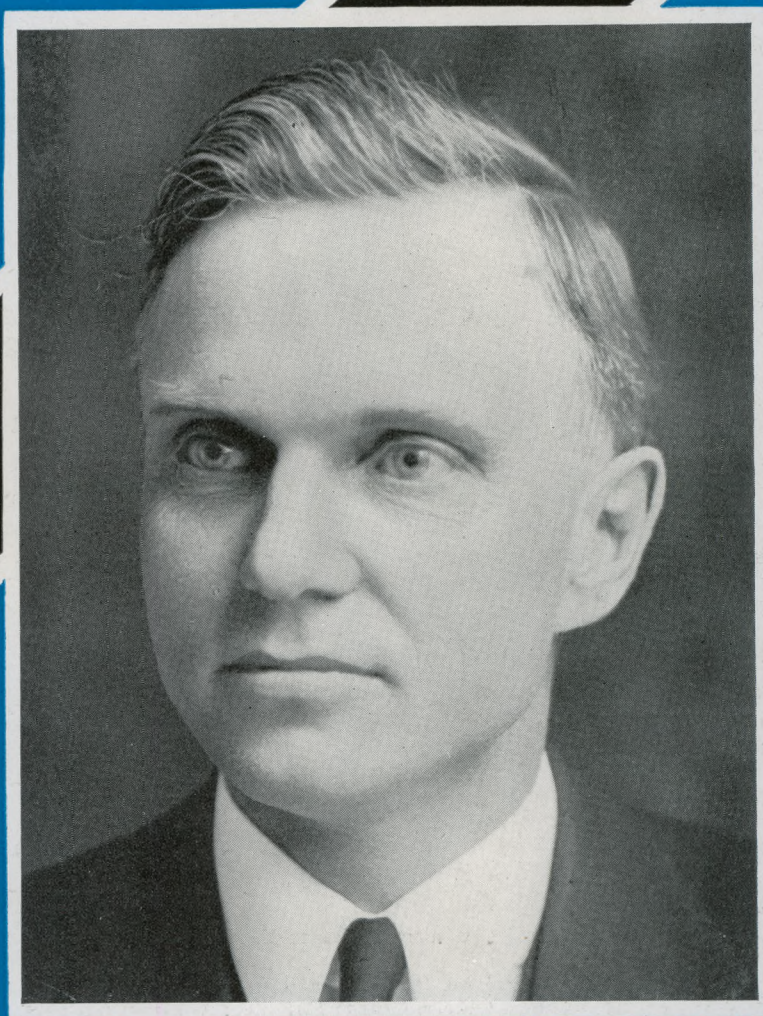


NORTHWESTERN *Banker*

AUGUST
1937

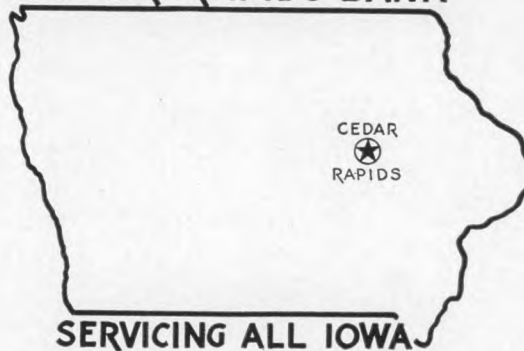


S. R. TORGESON
Cashier, Farmers & Merchants State Bank, Lake Mills
President, Iowa Bankers Association

"THE LION NO LONGER SLEEPS"



A CEDAR RAPIDS BANK



Dependable Service

Nothing gives a correspondent greater satisfaction than dependable day-to-day service. The Merchants National Bank is outstanding for the efficient way in which it handles the routine daily transactions of its correspondents. In addition, friendly counsel and information is always available through personal contact with our officers.

MERCHANTS NATIONAL BANK

OFFICERS

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

Cedar Rapids

Iowa

Member Federal Deposit Insurance Corporation

Northwestern Banker, published monthly by the De Puy Publishing Company, Inc., at 555 7th Street, Des Moines, Iowa. Subscription, 35c per copy, \$3.00 per year. Entered as second-class matter at the Des Moines post office. Copyright, 1937.

STATEMENT OF CONDITION

June 30, 1937

CENTRAL NATIONAL BANK AND TRUST COMPANY

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

RESOURCES

Cash and due from Federal Reserve and other Banks	\$6,908,552.31
United States Gov- ernment Securities	3,575,667.75
Municipal Securities	1,340,498.22
Short Time Securities	821,516.22
Market Bonds	513,471.93
Loans and Discounts	9,740,621.39
Overdrafts	1,984.43
Stock Federal Reserve Bank	40,500.00
Accrued Interest Receivable	106,762.09
Bank Premises and Equipment	298,439.25

TOTAL.....\$23,348,013.59

LIABILITIES

Demand Deposits	\$15,954,679.36
Savings Deposits	2,194,092.07
Public Deposits	3,358,316.17
Discount Collected	77,688.36
Reserves	128,092.18
Common Stock	\$550,000.00
Preferred Stock	450,000.00
Surplus	1,000,000.00
Undivided Profits	350,000.00
	285,145.45

TOTAL.....\$23,348,013.59

United States Government and other securities carried at \$540,868.75 are pledged to secure public and trust deposits as required by law.

DIRECTORS

G. E. BRAMMER
BRAMMER, BRODY, CHARLTON & PARKER
E. F. BUCKLEY
VICE PRESIDENT
J. M. CUSHMAN
PRESIDENT, CUSHMAN-WILSON OIL CO.
LYNN G. FULLER
VICE PRESIDENT
HARRY GOLDMAN
PRESIDENT, C. C. TAFT CO.
WM. J. GOODWIN
CHAIRMAN, BOARD OF DIRECTORS
H. F. GROSS
SECRETARY, IOWA MUTUAL TORNADO
INSURANCE ASSN.
JOHN A. GUNN
PRESIDENT, EMPLOYERS
MUTUAL CASUALTY CO.

GROVER C. HUBBELL
TRUSTEE, F. M. HUBBELL ESTATE
MARK L. JOHNSON
REAL ESTATE AND INVESTMENTS
GUY E. LOGAN
PRESIDENT, STANDARD CHEMICAL CO.
GRANT McPHERRIN
PRESIDENT
GEORGE A. PEAK
INVESTMENTS
JULIAN A. PEVERILL
PRESIDENT, HUDSON-JONES AUTO COMPANY
CHAS. N. PIERCE
VICE PRESIDENT, LANGAN PAPER CO.
W. E. TONE
PRESIDENT, TONE BROS.

"IOWA'S FRIENDLY BANK"

Member Federal Deposit Insurance Corporation

Northwestern Banker August 1937

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Statement of Condition, June 30, 1937

RESOURCES

CASH AND DUE FROM BANKS	\$ 685,719,656.00
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED	618,839,776.85
STATE AND MUNICIPAL SECURITIES	59,046,899.84
OTHER BONDS AND SECURITIES	160,690,742.31
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES	809,978,015.46
BANKING HOUSES	38,006,949.27
OTHER REAL ESTATE	4,901,381.97
MORTGAGES	11,965,269.58
CUSTOMERS' ACCEPTANCE LIABILITY	25,080,275.32
OTHER ASSETS	12,325,458.04
	<u>\$2,426,554,424.64</u>

LIABILITIES

CAPITAL FUNDS:

CAPITAL STOCK	\$100,270,000.00
SURPLUS	100,270,000.00
UNDIVIDED PROFITS	<u>27,949,972.58</u>
	\$ 228,489,972.58
RESERVE FOR CONTINGENCIES	17,747,941.65
RESERVE FOR TAXES, INTEREST, ETC.	1,810,642.17
DEPOSITS	2,136,387,408.97
ACCEPTANCES OUTSTANDING	28,401,309.96
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS	8,262,300.92
OTHER LIABILITIES	5,454,848.39
	<u>\$2,426,554,424.64</u>

United States Government and other securities carried at \$197,410,591.49 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

NORTHWESTERN *Banker* DES MOINES

FORTY-SECOND YEAR

NUMBER 601

*The Northwestern Banker, Oldest Financial Journal west of the
Mississippi River, with which is merged The Central Western
Banker of Omaha*

IN THIS AUGUST, 1937, ISSUE

Editorials

CLIFFORD DE PUY
Publisher

RALPH W. MOORHEAD
Associate Publisher

HENRY H. HAYNES
Editor

ROBERT C. HARTMAN
Associate Editor

J. A. (Joe) SARAZEN
Associate Editor

PAUL W. SHOOLL
Associate Editor

C. R. SHOOLL
Associate Editor

Across the Desk from the Publisher..... 6

Feature Articles

Frontispiece—"Springtime" 8
"The Sleeping Lion No Longer Sleeps"..... R. E. Gormley 9
What Their Statements Show..... 10
Put In a System of Reasonable Service Charges..... A. L. Vickery 11
News and Views..... Clifford De Puy 12
Where Do We Go From Here?..... Raymond Moley 14
In Washington Don S. Warren 15
Income and Expenses of Iowa Banks..... 16, 17
Iowa—This State of Ours..... John D. Adams 18
A. I. B. News..... 20

Insurance

Paint Word Pictures..... E. D. Swanberg 24

Bonds and Investments

Some Interesting Phases of "Hot Money"..... Fred I. Kent 26
Iowa Investment Banking News..... 34
Nebraska Investment Banking News..... 39

State Banking News

Nebraska News 41
What Nebraska Statements Show..... 41
Omaha Clearings 43
Lincoln Locals 45
South Dakota News..... 47
Minnesota News 49
What Minnesota Statements Show..... 49
North Dakota News..... 53
Montana News 55
Iowa News 57
What Iowa Statements Show..... 57

The Directors' Room

A Few Short Stories to Make You Laugh..... 66

NEW YORK OFFICE

FRANK P. SYMS
Vice President
330 West 42nd Street
Telephone Bryant 9-5490

MINNEAPOLIS OFFICE

F. S. LEWIS
Special Representative
506 Essex Building
Telephone Bridgeport 2523

SAN FRANCISCO OFFICE

J. LESLIE MEEK
Pacific Coast Representative
79 Post Street

JULY 1937							AUGUST 1937							SEPTEMBER 1937						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7				1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31	29	30	31					26	27	28	29	30		

MEMBER

Audit Bureau of Circulations
Financial Advertisers Association



Across the Desk from the Publisher

By Clifford DePuy

"Once a Banker, Always a Banker"

THIS is an answer to the article by Jay Franklin, newspaper syndicate writer of Washington, D. C., commenting on the "Stab in the Back" letter of Governor Herbert H. Lehman, of New York, opposing the Roosevelt Court-Altering Bill.

Jay Franklin, who writes a column for a number of newspapers throughout the United States, was Rexford Tugwell's right hand office boy before he became a glorified columnist.

In a recent article in the daily press, Jay Franklin took violent exception to Governor Herbert H. Lehman's letter opposing Roosevelt's Court-Altering bill which was voted down in the Senate 70 to 20.

He referred to this letter as a "stab in the back" and stated that one of Roosevelt's political associates, who had formerly been a "good right arm" had wielded a knife and politically stabbed Roosevelt in the back.

I am not so much interested here whether Governor Lehman was for or against the Court-Altering bill, but I am concerned with the fact that Jay Franklin, who is known as a radical New Dealer, should endeavor to impugn the motives and blacken the character of Governor Lehman in opposing the court bill simply because he, Governor Lehman, was described as "once a banker always a banker."

The fact that Governor Lehman for 20 years has been a successful investment banker in New York had nothing to do with the question, and it is the insinuations and aspersions that Jay Franklin places upon the banking profession that makes me have no faith in Mr. Franklin's deductions.

Mr. Franklin in speaking of Governor Lehman's previous record says, "He was in fact, a useful and honorable citizen as well as one of those 'good'

bankers who were so rare before the crash of 1929 and so conspicuous after it.

"He gave the state a calm, business-like, effective administration and does not seem to have considered that the roots of his political power imposed any obligation upon him."

Certainly his political power did impose an obligation upon him, and that was an obligation which as an individual citizen and not as a governor or a banker, was contained in his letter to Senator Wagner of New York, when he said, "I am writing you as a citizen of the State of New York which you represent in the United States Senate to voice my opposition to the Court Bill and to express my hope that you will vote against it. Several months ago I wrote to Franklin Roosevelt that I believed its enactment would not be in the best interests of the country. In the months that have passed since then, my convictions have become strengthened. Whatever immediate gain might be achieved through the proposed change in the Court would in my opinion be far more than offset by a loss of confidence in the independence of the courts and in governmental procedure."

Mr. Franklin further said, "Governor Lehman would immediately have discharged any banking subordinate who sold Lehman Brothers short, but he had no hesitation in selling the president's program short."

The only answer to that statement is tommyrot, because if a man of Governor Lehman's character, reputation, and ability hasn't the right to express his opinion as an individual citizen on any political subject without receiving the blasphemy of the New Dealers, then he is less of a man than I think he is.

In another paragraph Mr. Franklin says, "Last year, when Roosevelt and Farley were bringing

pressure on Lehman to run for the governorship of New York once more, this column publicly warned the New Dealers *against reliance on the conservative investment banker.*"

Certainly the New Dealers should not rely on a conservative investment banker, but rather upon one who *lacks* conservatism, one who believes in all the crazy, wild financial gyrations which have been perpetrated upon the American public in the last five years.

But skip the politics. The point is, that Governor Lehman was urged by Jim Farley and pleaded with by Franklin Roosevelt to run again for Governor of New York in order to carry that state for the Democratic party, although Governor Lehman himself had decided to retire from politics.

Then he was a *great man*—then he was a *power*—then he was an *outstanding representative* of the investment banking profession—then his motives were *high* and *altruistic*—then he was an *honor* to his party and to his country.

But, the moment he expresses an opinion adverse to the Jim Farley, Jay Franklin Court-Packing idea, he immediately ceases to be a banker with high motives, and becomes a "back stabbing" politician, and "sells the president's program short."

Let me say that if the citizens of the United States have to be "warned by the New Dealers" against reliance on the conservative investment bankers of Governor Lehman's type, that no higher praise could be paid to him or to the investment bankers as a group, because I am confident that the administration of the affairs of this nation, if placed in the hands of bankers of Governor Lehman's standing would be handled more expeditiously and more satisfactorily than they have been by the money miracle men of the Morgenthau mold, who pay \$35.00 an ounce for gold when it can be bought anywhere in the world market for less than this price.

"Once a banker always a banker" is a proud and honored title compared with the untrue utterances which obviously and overwhelmingly classify a writer as "once a demagogue always a demagogue."

Criticized for Not Paying Interest

I was very much interested in reading an editorial in the *Times and Herald* of Alliance, Nebraska, which was entitled "Coma in Banking" and reads as follows:

"The American National Bank of Kimball announces that it has more money than it can use and will, therefore, discontinue the payment of interest on time deposits. They say they have paid \$50,000 in in-

terest for money they have not needed in the past six months.

"Are bankers failing in their duty to their communities? Is it fair to Kimball and the Kimball area—or any other area, for that matter—to sit on the money bags and not lend money at a fair rate of interest for the development of the country? Western Nebraska wasn't built that way and so long as bankers take that attitude there will be no further development. If they can't bank they should quit the banking business."

What does this writer imply when he says, "If they can't bank, they should quit the banking business." What he should have said is, "If they can't loan money they will have to quit the banking business."

I do not know what the local loaning situation may be at Kimball, Nebraska, at the moment, but I am quite sure that the progressive officers of that institution are anxious and willing to loan money to every worth while borrower in that community.

The deposits of a bank are primarily represented by loans to individuals; by the purchase of bonds and securities, or by cash on hand.

If this bank discontinued the payment of interest on time deposits because they have paid \$50,000 in interest on money which they did not need, in the past six months, it is indicative of the fact that there has been no demand for local loans or that there have not been securities with a rate attractive enough to purchase.

I suggest that the *Times and Herald* should find out whether the American National Bank of Kimball has refused to lend money at a fair rate of interest, "for the development of the country" before they say the bank should "quit the banking business."

Twenty-five Years Ago

On July 17, 1912, Emerson De Puy, my father, publisher of the NORTHWESTERN BANKER, passed away and the first issue published under my supervision was that of August, 1912. Therefore, with this issue of August, 1937, I celebrate my twenty-fifth year as publisher of "The Oldest Financial Journal west of the Mississippi River".

I only make mention of these facts here in order to express my sincere appreciation to the many friends among the banking and investment fraternity, who it has been my pleasure to know during these past years.

While all of us are anxious to make a living, we must also live a life and the friends whom I have made, I count among my most treasured possessions during a quarter of a century in the financial publishing business.



Northwestern Banker August 1937

"The Sleeping Lion No Longer Sleeps"

Bankers of Nation Warned of Gradual Trend Toward Unification and Branch Banking

By R. E. GORMLEY

*Superintendent of Banks
Atlanta, Georgia*

WE HAVE at the present time some fifteen thousand banks operating in the United States, approximately five thousand national and ten thousand state.

These banks with resources of around seventy billion dollars, represent a capital investment by private individuals of over two and one-half billion dollars.

What is the answer to the question raised as to assurance of permanence or safety of banking in the future? Some thought in banking and in Federal legislative circles contends the solution lies in elimination of the present dual system and the centralization of supervision or control in Washington.

Others in branch or group banking and some even in government ownership.

The arguments of those favoring a unified system are that our present system, supervised in part by forty-eight states, with forty-eight different laws and sets of regulations, is not practical and that effective supervision has not been possible because of political domination of state supervisors.

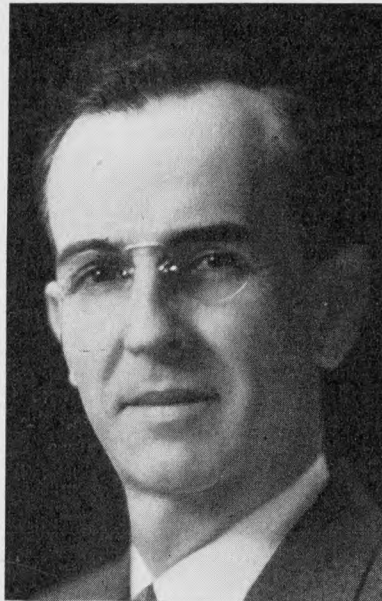
The contention of those favoring multiple banking is that concentration of banking resources in a few large organizations permits of superior capitalization and better management.

Those few favoring government ownership, that control of money is essentially that of the government and because of the public interest involved, the control of credit and banking should be the province of the government.

First, I would say to all of these. If we are to judge the future by history of the past, errors in banking have not been peculiar to any particular type of bank. National banks as well as state have failed and in the same proportion, big banks as well as small and branch and group systems along with independents.

To those who favor a single system, I would say in spite of abuses of the past, state banks have been one of the greatest factors in the development of this nation. Unless we accept the false promise "that the abuse of a good thing justifies its destruction," there is still a field and neces-

sary function for state banks to perform. It is essentially the bank of the smaller town. The latitude of operation permitted by state control and the adoption by each state of regulations to fit the peculiar economic needs of such states, has made possible the profitable operation of state banks in smaller towns where the success-



R. E. GORMLEY

ful operation of a national bank would be difficult. My thought is that in a nation so large as ours, with such widely diverse interests and pursuits, such a system is not only practical, but is far better adapted than a centrally controlled system, with uniform regulations applicable to the entire country.

Surely such a system is more in keeping with the principles on which this government was founded. In spite of the in-

creasing tendency of the federal government to direct the existence of its citizens, we of the South still hold to the traditional democratic principles of states rights, and that in these principles lies our security from the tyranny of imperialism.

To those favoring multiple banking I would say, experiences of the past ten years have pretty well exploded the theory that safety lies in bigness, or that there is any peculiar efficiency of management in such types.

From past experience, we can only conclude that concentration of financial power such as makes possible domination of the credit resources of an entire state or nation cannot be for the best, and that any further extension of branch banking can only tend to encourage the creation of a most dangerous monopoly, which will only serve to further tear down the old order of things, breaking down community life and subduing individual initiative.

Government Ownership

Government ownership can be dismissed with this statement: The history of this nation, of the various states and of every other nation with government ownership of banking, has been a record of political scandal and failure.

Now it is not my purpose to rattle any skeletons or to resurrect a past that had best remain buried. I have admitted no apology can be made for banking as it has been conducted. Our present banks, state and national, have carried on through good times and bad and have been no small factor in the development of our country.

We cannot afford to tamper with experiments, to throw into the discard the experience of years and to jeopardize an investment of over six billion dollars, over fifty per cent of which is represented by local capital in local institutions.

Your greatest threat lies in unification and branch banking.

The forces seeking extension of branch banking have been at work for years. Their power and influence are enormous. They are organized. With all this they

Northwestern Banker August 1937

have not been able to completely break down the barriers. Realizing the influence of state banks and that the division of control of the state system into forty-eight states, has made their task difficult if not impossible, the powers seeking branch banking have allied their forces with those seeking unification. Once the state system is broken down or the control wrested from the separate states, and vested in a central agency, the fire of these massive forces will be concentrated. The result: Unlimited branch banking privileges and the suffocation of independent institutions.

We see evidence of the fine hand of these forces in enforced Federal Reserve membership, in several regulations of the Federal Reserve Board and in discrimination against state banks in the Social Security Act.

A Subtle Force

There is a much more subtle force at work. As a result of the collapse of 1933 and to rebuild confidence of the depositing public in banks, a beneficent government created the Federal Deposit Insurance Corporation. That it has had a wonderful psychological effect on the public mind, is unquestionable. That every right thinking banker is desirous of placing every possible protection around his depositors is also true.

On the other hand, if we be frank with ourselves, we must admit deposit insurance is a reflection on our ability as bankers. An acknowledgment that we are unable to safely administer funds entrusted to us.

The F. D. I. C. as originally created was an insurance company. It was never intended the corporation should function as a supervisory agency.

Under the original act, every bank with sound assets equal to its liabilities was admitted. The reports of the Comptroller and of the Federal Reserve were used as a basis for determining admission of National banks and state member banks. Special examinations were made of non-member banks. No corrective authority was vested in the corporation. Not even

the right to cancel or deny insurance to any bank qualifying with the provisions for admission referred to above.

With the passage of the Banking Act of 1935, supervisory authority over state banks directly in conflict with that of state banking departments was definitely vested in the Board of the F. D. I. C. Title One of that Act gives to the directors of the corporation, not only the right to refuse and to cancel the insurance of any bank, but also the power to make such rules and regulations as they see fit. Not only to examine banks, but to require call reports of condition and publication of same, in such form as the Board may determine. To fix amount of burglary and fidelity coverage. To assess fines against banks and in the event of failure of the bank to comply with any direction given by the corporation, to publish all or any portion of reports of examination and correspondence between the corporation and such bank.

Thus we see an insurance company vested with the unusual power to make such rules and regulations governing the operation of banks as it sees fit. The power to enforce such regulations, with punitive provisions, such as fines, imprisonment of officers and threats to destroy confidence of depositors by advertising unfavorable information regarding the bank. This latter, I regard as nothing short of damnable.

When this bill was first introduced, I prepared a brief on Title One, pointing out the objectionable features. It was my purpose to immediately send a copy to each state bank in Georgia and to each state bank commissioner. I was called by the then chairman of the Legislative Committee of the A. B. A. and requested to withhold sending out the brief until a conference of banking leaders could be held. The outcome of this conference was that I was strongly advised against arousing individual bankers. That the Legislative Committee of the A. B. A. was then engaged in a study of the bill, and that the most effective way to combat the bill would be through the Legislative Committee of the A. B. A. rather than a bomb

bardment of Congress by individual bankers. I deferred to their advice. The result: When the report of the Legislative Committee of the A. B. A. was filed with the House Banking and Currency Committee, the substance of what they had to say about Title One was—"We approved in substance Title One of the Bill, although we understand there are objections to some features of same."

The fire of the A. B. A. was leveled at Title Two of the bill, which was very objectionable to the larger banks. The interest of state banks was lost sight of.

Careful Plans

In spite of the extraordinary powers vested by the Act in the Board of the F. D. I. C. it has not been their policy to crack down on state banks as yet. The gentlemen heading that corporation are much too astute for that. They are fully aware of the influence of ten thousand state banks. They have no doubt profited by the experience of the Federal Reserve in attempting to arbitrarily enforce par clearance. These gentlemen are approaching the task of Federalization with a great deal more finesse.

A magnificent campaign is under way to build up the F. D. I. C. in the eyes of the public and of our legislative forces, as the salvator of American banking. Publicity, press releases and radio are being used. They have the constant ear of our representatives and senators in Washington and believe you me, no opportunity is missed or expense spared to the end their case be properly presented at court.

Another thing, the powers that be in that corporation are reported to be ambitious to become the supreme banking authority of the country. From some source comes a proposal to eliminate the Comptroller's office, and a movement to clip the wings of the Federal Reserve Board. I have not heard of the F. D. I. C. opposing either of these suggestions.

To the contrary, we find, at an F. D. I. C. prompted meeting of bankers and state supervisors at the offices of that corpora-

(Turn to page 20, please)

What Their Statements Show

Figures Reported by New York and Chicago Banks According to Their Statements
of June 30, 1937

TOWN	BANK	Capital	Surplus and Profits	Loans and Discounts	Bonds and Securities	Cash and Due From Banks	Deposits
New York	The Chase National Bank	\$100,270,000	\$128,219,972	\$809,978,015	\$838,577,417	\$685,719,656	\$2,136,387,408
New York	Guaranty Trust Company	90,000,000	179,891,451	692,612,703	709,258,316	520,351,628	1,637,713,246
New York	Manufacturers Trust Company	42,776,960	43,503,345	244,982,558	231,131,927	186,170,407	612,494,252
Chicago	City National Bank and Trust Co.	4,000,000	2,462,712	38,204,223	38,268,454	51,051,311	120,643,679
Chicago	Drovers National Bank	1,000,000	890,262	3,566,405	11,323,812	15,842,855	28,357,163
Chicago	Drovers Trust and Savings Bank	550,000	364,885	4,132,908	6,206,110	1,073,330	10,514,044
Chicago	The First National Bank	30,000,000	31,812,573	283,165,433	346,162,306	308,813,887	884,943,361
Chicago	The Live Stock National Bank	1,000,000	1,434,133	3,031,464	11,703,992	10,717,520	23,632,485
Chicago	The Northern Trust Company	3,000,000	9,540,593	45,495,738	193,213,074	92,437,716	311,759,504

Northwestern Banker August 1937

Put in a System of Reasonable Service Charges

"Then Every Time You Have to Jump to Wait on a Customer,
You Have Earned Something"

By A. L. VICKERY

Assistant Cashier
United States National Bank
Omaha

*An Address made by Mr. Vickery at
the 1937 Nebraska Group Meetings*

WHEN we compare the methods used in a bank today with those of 10 or 15 years ago, we find that many changes have been made. Those changes however, were not made without much deliberation and consideration. It is only natural for bankers to look for some means of increasing their income. The solution seems to be found in making various service charges. So a change was made. I know that many of you will never forget the hours which were spent in trying to formulate an N.R.A. service charge code for the state of Nebraska. What a job that was—why it is almost impossible to get up a code for a city. Meeting after meeting was held and one item after another was discussed. Sometimes the whole evening would be spent discussing one item or part of one section. Just try and visualize the picture of bankers all over this country being told to get together and submit some kind of a schedule of charge for your county or district, and do it before a certain date. Now some bankers hadn't given much attention to that question up to that time, but there was the order and with it a little pamphlet with a long title, a sample code. What an explosion that caused. That was only natural. Many bankers felt that they had been through enough trouble without starting more. They had directed the affairs of their banks for years and they did not take very kindly to an order which told them that hereafter they must see that every account paid its own way. Now on the face of it, that order shouldn't have been so hard to adopt. Why shouldn't all accounts pay their own way? So the discussions started and even today, some bankers are always ready to take a pot shot at service charges.

Do you know why? I am sure that I don't—unless it is because such a thing was unknown years ago. That really should not make any difference. Some of you didn't close your banks at noon during lunch hours years ago either, but along came the automobile, a few ex-convicts with a machine gun, and a box of roofing tacks—so you were forced to make a change. And the size of the town made but little difference to those criminals. The

size of the town should have nothing to do with the question of service charges. If you operate a bank, every person who does business with you should pay for the service he receives. And you will find that he is willing to pay and that most of the adverse feeling which you fear will not materialize. Just because a customer asks you to explain your system of charges, does not mean that he does it in a complaining manner. He is entitled to know, and regardless of who he may be, or what the charge is, someone should explain it to him so he understands what it means. A few customers may tell you that the bank across the street does not charge their friends. Every city has that to contend with, but it is surprising how few people ever mention the question of service charges. As a rule, the prices of standard goods are just about the same in all stores. The service charges of banks should be uniform.

Paid-for Service

A lady went into a butcher shop. She asked the price of a pound of bologna sausage which the butcher said was a quarter. "That's too high," she said. "I can buy it across the street for twenty cents." "Well, why didn't you buy it there," snapped the butcher. "They haven't any today," she replied. "Well," said the butcher in disgust, "when I haven't any either, it is fifteen cents."

There is no more reason why a banker should not be paid for the service he hands over the counter, than there would be for that butcher not being paid for handing

out some of his bologna. Customers expect to pay the butcher and they should pay the bank—and that's no bologna.

Have you any idea of the number of accounts you had in your bank ten or twelve years ago with balances under \$10.00; between \$10 and \$50, and between \$50 and \$100? Well, in November, 1924, our bank had: 648 under \$10; 1,009 between \$10 and \$50, and 930 between \$50 and \$100. The total balances of those 2,587 accounts was \$98,710.67. Now these figures should surprise you. Those 2,587 accounts were more than one-third of all our personal accounts, but the total of those balances were less than 1 per cent of our total personal deposits on that day. Some of those people must have laughed up their sleeve when they gave any thought to the value their account was to any bank. They deposited just enough each month to pay their gas, water, telephone and electric light bills, and many of them would open and close their accounts frequently. You can't blame them however—it was our fault. We put up with it because we didn't know any better. How could any bank make any money on those accounts. It took a least three bookkeepers to handle them and you know something about the other expense involved, such as tellers, filing clerks, statements, etc. Well the service charge changed that. Today we have 766 accounts under \$100. You say we lost 1,811 accounts because of the charge. I say we never would have had that many small accounts if the charge had been made when an account became a loss to the bank.

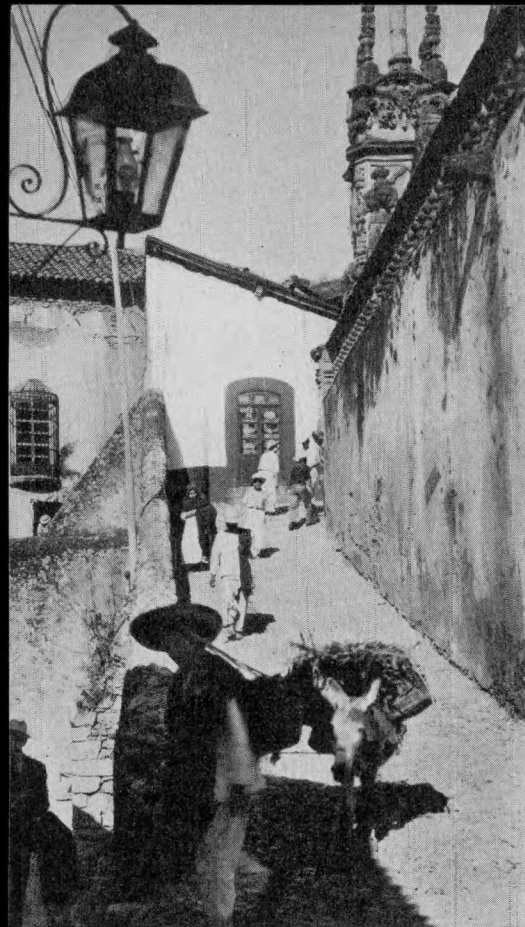
Out of Date

There is another very important feature in this picture of charges. Maybe you are all charging now, but like automobiles, those charges get out of date. For instance, the Federal Reserve System recently changed its reserve requirements and another change went into effect May 1st. Well, that changes your set-up in analyzing your accounts.

The Omaha banks have changed their system of charges several times. The last change was made at the time the N.R.A.

(Turn to page 39, please)

Northwestern Banker August 1937



NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

Mexico

IF YOU want to forget about overdrafts, charge-offs and low interest rates, just go to Mexico for a month. Every American dollar is worth \$3.60 in Mexican money the minute you cross the border at Laredo. Every day is as cool as October in the North and at night you always sleep under blankets.

The following items cover some of the interesting things I saw on a 5,000 mile motor trip to Mexico and I hope may be of interest to you.

Everyone from the "States" carries a card, furnished by the various merchants, showing the exchange equivalents of dollars and pesos as follows:

PESOS	DOLLARS
1.00	0.28
2.00	0.56
3.00	0.83
4.00	1.11
5.00	1.39
6.00	1.67
7.00	1.94
8.00	2.22
9.00	2.50
10.00	2.78

On the Mexican highways there are no

fences, and cattle, horses, goats, sheep, pigs and burros are all hazards of driving, but they jump aside for the sound of your auto horn except the burros which seem never to be perturbed, no matter how much you "honk."

Along each side of the paved highways are narrow foot paths, over which you see men, women and boys trudging or dog-trotting with a certain cadence, with big loads of wood, pottery, mats or rugs held on their backs by a band which goes over their forehead and fastens on to the load itself. How they can carry these packs for miles and miles is beyond belief, but they do, as they plod on toward the market in the next town where they expect to sell their wares.

"Nacional Monte de Piedad" in English means "The National Pawn Shop." This is one of the very interesting places in Mexico City, for it is here that all of the unredeemed jewelry, silverware, diamonds, furniture and household goods of every description are sold at auction if not disposed of after a certain length of time over the counter.

Many real bargains can be purchased here IF you know what you are buying.

Upper right hand picture: Mexican women doing their washing—they never worry about laundry strikes because there aren't any laundries where they live.

Upper left hand picture: Street scene in Taxco "The Silver City of Mexico."

Center picture: Looking into the "jaws" of one of the ancient carvings on La Ciudadela, or Citadel.

Lower left picture: View of the Xochimilco Gardens, better known as "Venice of Mexico."



They do not say "Air Conditioning" in Mexico, but they use, to my mind, a perhaps more significant term which is "Artificial Climate."

The taxis or "Libres" have no meters and you bargain each time with the driver as to how much it will cost you to go to the place you wish, and I might say that if you think the taxi cab drivers of Chicago, New York or Paris are fast, you should ride in one of these Mexican taxis, the drivers of which, are the fastest and wildest that I have ever seen.

In Mexico City, with its 1,300,000 population, there are 5,000 taxis, 1,000 of which have a one inch red stripe running all around the car, 1,000 have a blue stripe and 1,000 have a yellow stripe and so on. Only 4,000 of the 5,000 taxis are allowed on the streets at a time. That is, on Monday all the taxis with the red stripe will be off the streets, and on Tuesday all the taxis with the blue stripe will be off the streets and thus on through the week except for Saturday and Sunday when all 5,000 taxis are allowed on the streets at the same time. The theory of this alternating during the week days with the different groups is that each group may have an equal chance at the business.

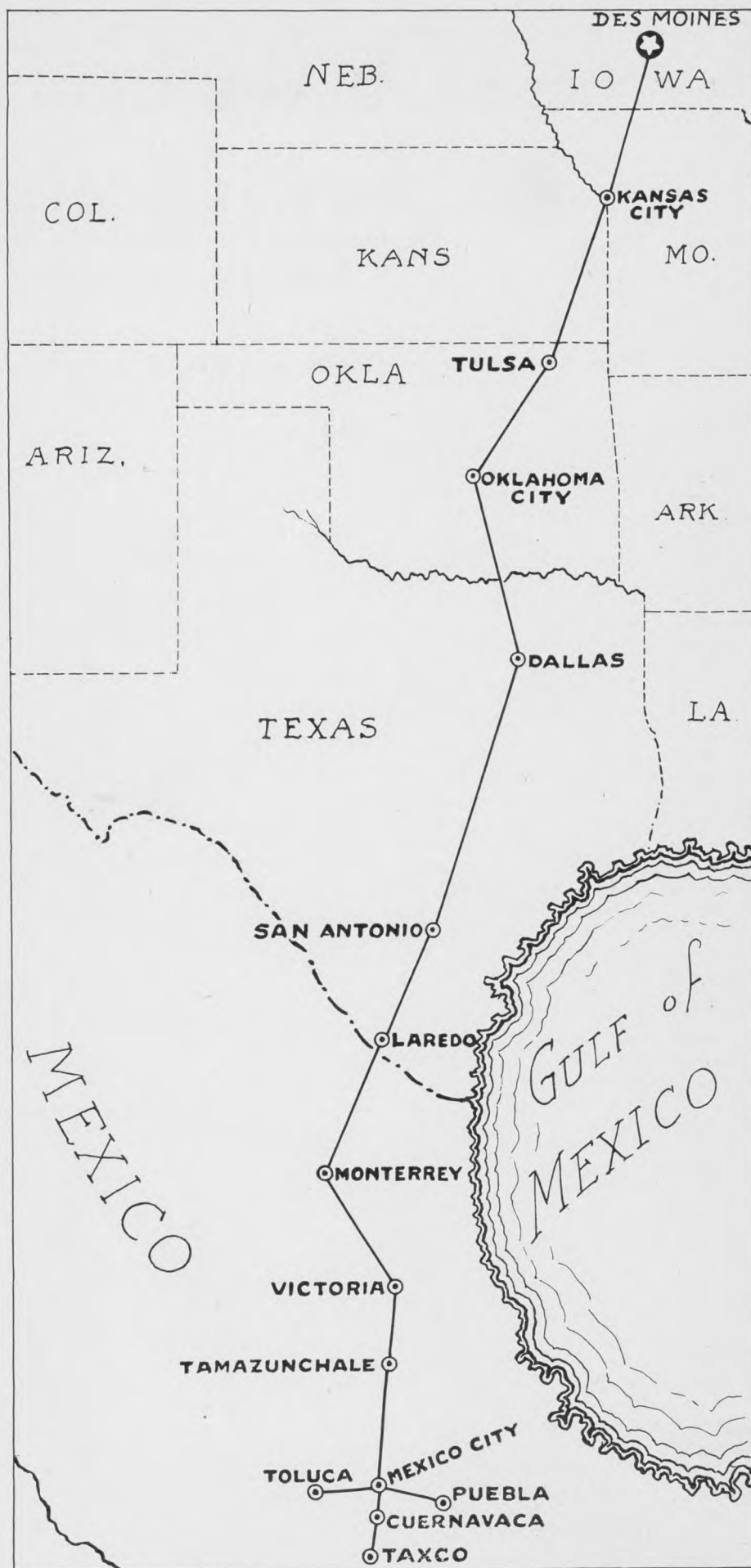
President Cardenas, of Mexico, in the last two years has taken lands away from the wealthy hacienda owners and has given these lands to 1,700,000 peasant families, or to 6,800,000 figuring 4 to the family.

I talked to several of these former land owners and asked them how the plan was working out as far as the farmers or peons were concerned, and they told me that in many cases they were displeased with the arrangement, because under the old system they were better cared for, higher paid and crops could be harvested more satisfactorily on a large scale, than from small, individual, separately owned farms.

The other side of this picture was presented in the magazine, "Mexican Life" when it said, "The revolution has coped with more than two-thirds of its gigantic task of basically transforming the medieval system of rural property ownership. The ideal of converting Mexico from a vast, partially developed feudal domain of the hacendado into thousands of prosperous rural communities, with a school, a theater and playground in the center, owning their lands in semi-communal form, tilling them collectively, working in unison for the good of the community and steadily evolving the basis for popular suffrage and democratic government, this ideal is no longer a remote dream. Emiliano Zapata did not fight and die in vain.

"We are literally beholding a new Mexico in the making."

(Turn to page 25, please)



Where Do We Go From Here?

"One Hundred and Fifty Years Are Looking Down Upon Us and Upon the Congress That Has Taken Oath to Sustain This Constitution"

ONE hundred and fifty years ago, on May 25, 1787, the Constitutional Convention in Philadelphia began its work. George Washington was presented by a delegate from Pennsylvania and the members of the Convention elected him president. That great man, who was to preside over the Convention during its four arduous months of labor, accepted the honor with that singular generosity and modesty so characteristic of him. The notes of a member of the Convention report that "When seated, he (General Washington) declared that as he never had been in such a situation, he felt himself embarrassed, that he hoped his errors, as they would be unintentional, would be excused."

It was a singular gathering over which General Washington presided. It is no mere expression of patriotic ardor to say that never in ancient or modern times had a group of men assembled who were by talents and experience so well equipped to weave the fabric of enduring law. Madison, Wilson, Hamilton, Franklin and Morris, to mention only a few, have in the cold estimate of history taken their places among the immortal law-givers of all time.

This was particularly true of Madison. He clearly recognized the great historical importance of the task that he was facing. He had prepared himself with infinite pains, having devoted his energies over a considerable period to a careful study of the forms of government and law of the ancient and modern world. He was seeking through his researches, as he had sought in his practical experience, to find a means by which a government might be established which, on the one hand, would preserve the essential liberties of the people, and, on the other, would provide the discipline and order necessary to prevent anarchy. It was due to his genius beyond that of any other—although he was brilliantly assisted by the outstanding members of the Convention—that the essential forms of the American Constitutional system were created. And the proof of his wisdom is the enduring character of the document to which he contributed.

It is easy to lose ourselves in mere oratorical expressions of the importance of

By RAYMOND MOLEY

Editor, *News-Week*
New York

The address of Mr. Moley before the 1937 convention of the Illinois Bankers Association, held in Chicago. In view of recent developments in the Supreme Court situation in Congress, a careful reading of this article is suggested.

the work these men did. But brushing aside all of the trite encomiums which have been made concerning the American Constitution by speakers and writers of the past, the hard fact remains that in dealing with the most difficult materials known to this world of ours they were able by their insight to create an arrangement of governmental power which substantially, although not perfectly, we must admit, performed the function that they sought. Their Constitution, despite what unthinking and shallow moderns may say, stood up in the face of a century and a half of social and economic change the like of which the world has not seen.

In these present days of fundamental debate as to the Constitution and the place of the supreme court, of the executive and of Congress in the constitutional system, it is not inappropriate to examine the document with some care. Above all, we should remember that the American Constitution did not, and was not intended to, detail all of the rights of the American people. There was an unwritten Constitution, shaped in England over centuries and in America over generations, which guaranteed human liberties as effectively as any written law. The American Constitution thus was only one step in the

history of constitutional government and constitutional rights. But it wrote some of them down and emphasized them and then created a form of government, in part new and in part old, which was essentially a design for the preservation of individual rights.

The fact that these rights existed before the constitution and that the constitution itself merely affirmed them can be proved by an examination of the Declaration of Independence. Look over that document with care sometime and see how throughout it there is implied recognition of the existence of a great unwritten but binding tradition in which the American as well as his English brothers share. It was the fact that the King had violated some of these rights that brought into being the Declaration of Independence. And it was in support of these rights the Revolution was fought.

I say this in order to establish a fact that must never be forgotten: in spite of the dissimulation with which we may interpret the written word, there exist in the American system of government and life, traditions and customs just as binding as the written word, and in the face of a present challenge to the custom of the Constitution it stands us in hand to learn that lesson and learn it well.

Not only in the Declaration of Independence but in the incomparable eloquence of the great friend of the American people, Edmund Burke, we find this same recognition of American participation in the rights of English freemen.

Two in One

The American Constitution, as has been pointed out by numerous commentators, is in reality two charters in one. It is a charter of liberty and a charter of order. The liberty of the citizen is guaranteed in many specific ways, on the one hand, and the form of government is defined, on the other. But each is dependent upon the other.

The charter of order itself is, in essence, known to every school-boy. It consists, first, of a division of power between the states and the nation and, second, of a division of the power of the national government among three coordinate branches.

(Turn to page 45, please)

Northwestern Banker August 1937

Agricultural Benefits to the Fore in Closing Sessions of Congress In Washington

UNCLE SAM'S money lending policies, especially with regard to agriculture, are playing a prominent part in the closing weeks of this session of Congress, which came in like a lamb but shows signs of going out like a lion.

The ordinarily docile House kicked over the traces recently by overriding President Roosevelt's veto of the bill to continue reduced interest rates to farmers on Federal land bank and land bank commissioner loans.

The final decision on the veto rests with the Senate, where a substantial block of democrats already has been at grips with the White House over the administration effort to add more judges to the Supreme Court. The overwhelming democratic majority in the upper branch may make it difficult to muster the two-thirds vote required to pass a bill over a veto, but farm legislation has been receiving strong support in that body also. The Senate vote was expected to be close.

While the veto message hung in the balance, both branches of Congress gave final sanction to the farm-tenant bill. This measure needs only the President's signature to launch the government on a new phase of aid to agriculture—an effort to make tenant farmers independent and self-sustaining with the help of long-term loans.

Meanwhile, there has just been introduced the new ever-normal-granary plan of farm relief, but unless Congress decides to prolong the present session indefinitely, this measure may not get through the legislative mill until the January session. It has not yet been considered in Senate committee.

By DON S. WARREN

*Washington Correspondent
The Northwestern Banker*

On top of these three agricultural financing proposals, the Senate Education and Labor Committee may bring forth soon the Wagner housing bill, to open up still another channel of Federal money lending, but this time primarily in the interest of city dwellers.

The death of Senator Joseph T. Robinson of Arkansas, democracy's popular Senate leader, has complicated the entire Congressional picture for the time being, adding a battle for the leadership to the list of legislative problems awaiting action. Developments during the next few

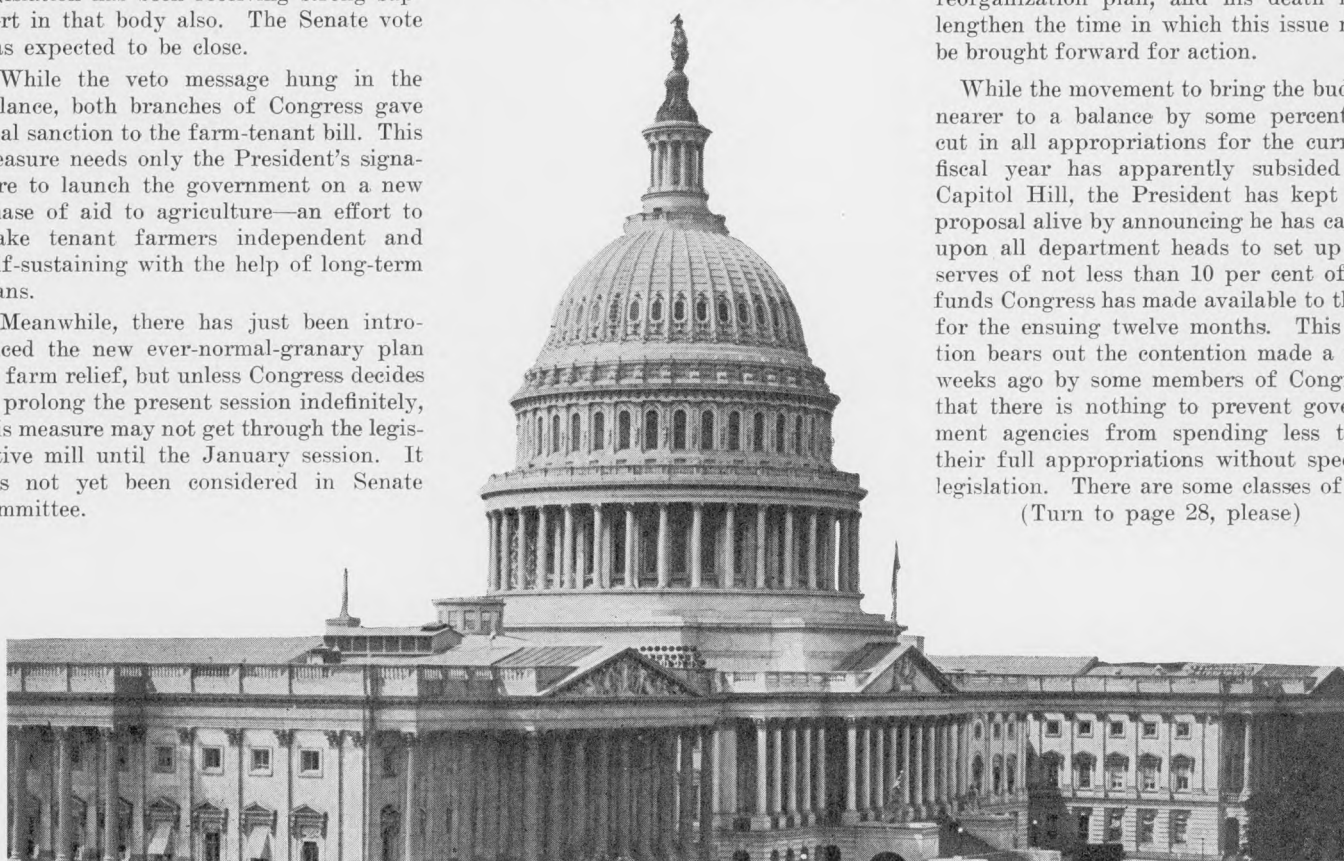
days on the leadership and the Senate battle over the Supreme Court probably will determine whether Congress will remain in Washington a few weeks or indefinitely. There is ground for belief that if the court issue should be laid aside or settled on some new basis of compromise, the lawmakers would try to close up shop within a fortnight and go home.

A drive probably will be made, however, to obtain action before adjournment on the bill to fix wage-and-hour standards for industries, the products of which enter into or affect interstate commerce.

Early adjournment probably would result in postponement again, as has occurred so often in past years, of proposed reorganization of government agencies in the interest of economy and budget-balancing. Only recently the late Senator Robinson had introduced the draft of a reorganization plan, and his death may lengthen the time in which this issue may be brought forward for action.

While the movement to bring the budget nearer to a balance by some percentage cut in all appropriations for the current fiscal year has apparently subsided on Capitol Hill, the President has kept the proposal alive by announcing he has called upon all department heads to set up reserves of not less than 10 per cent of all funds Congress has made available to them for the ensuing twelve months. This action bears out the contention made a few weeks ago by some members of Congress that there is nothing to prevent government agencies from spending less than their full appropriations without specific legislation. There are some classes of ex-

(Turn to page 28, please)



Northwestern Banker August 1937



Income and Expenses of Iowa Banks

ON THESE two pages are presented figures on Iowa's banking and economic resources. The Iowa map on the page opposite shows population, total wealth, total bank deposits, and number of state, national and private banks for each county as of latest available official statistics. The figures given below represent a study of operating expenses and earnings for Iowa state banks for 1936, showing a consolidated report for the nine districts into which the state was divided. The figures on the map and in the charts below were compiled by Ralph L. Bunce, Iowa deputy superintendent of banking.

INCOME ITEMS

Classification According to Total Resources	No. of Banks	INCOME ITEMS								Total Gross Income
		Loans and Investments	Invested Capital	Total Resources	Interest and Discount	Exch. and Coll.	Commis- sions	Service Charges	Other Income	
Under 200M.....	56	5,671,152	1,495,077	8,655,667	277,258	22,798	4,459	17,600	23,580	345,695
200M to 300M.....	105	17,589,866	3,434,184	26,521,041	817,655	68,490	22,152	67,500	61,363	1,037,160
300M to 400M.....	91	20,726,057	3,563,830	31,663,003	907,404	89,719	30,783	69,756	136,807	1,234,469
400M to 600M.....	109	35,216,236	5,186,219	54,240,537	1,589,448	124,264	51,814	129,863	163,411	2,058,800
600M to 800M.....	54	24,539,942	3,689,724	37,143,046	1,059,014	76,024	23,742	90,322	123,011	1,372,113
800M to 1,000M.....	34	21,276,584	2,923,560	30,011,033	862,806	49,548	26,511	93,776	129,949	1,162,590
1,000M to 3,000M.....	79	81,884,456	10,688,592	121,193,738	3,382,657	189,898	69,049	288,753	449,345	4,379,702
3,000M to 5,000M.....	10	29,426,402	3,253,839	40,219,744	1,119,556	34,229	14,994	68,210	112,951	1,349,940
Over 5,000.....	5	46,902,881	4,916,527	64,624,334	1,464,678	65,411	8,757	95,750	400,592	2,035,188
Total.....	543	283,233,576	39,161,547	414,272,143	11,480,476	720,381	252,261	921,530	1,601,009	14,975,657

EXPENSE ITEMS

EXPENSE ITEMS										Net Profit after Recoveries and Charge-offs
Classification According to Total Resources	No. of Banks	EXPENSE ITEMS				Net Operating Profit	Recoveries	Charge-offs	Charge-offs	
		Salaries	Interest on Deposits	Other Expense	Total Expense					
Under 200M.....	56	114,568	58,065	68,710	255,809	89,886	14,507	31,673	72,720	
200M to 300M.....	105	297,385	191,963	191,750	719,349	317,811	53,576	125,512	245,875	
300B to 400M.....	91	343,034	229,445	211,395	822,818	411,651	67,474	129,999	349,126	
400M to 600M.....	109	537,464	409,438	322,164	1,330,921	727,879	74,008	203,088	598,799	
600M to 800M.....	54	347,475	306,611	240,181	940,203	431,910	106,098	188,886	349,122	
800M to 1,000M.....	34	272,314	238,032	183,286	726,871	435,719	93,309	191,571	337,457	
1,000M to 3,000M.....	79	1,078,951	964,786	741,533	2,902,439	1,477,263	649,618	887,887	1,238,994	
3,000M to 5,000M.....	10	321,298	353,979	228,523	930,193	419,747	189,353	305,058	304,042	
Over 5,000M	5	378,861	497,202	303,150	1,207,672	827,516	169,484	384,041	612,959	
Total.....		3,691,350	3,249,521	2,490,692	9,836,275	5,139,382	1,417,427	2,447,715	4,109,094	

PER CENT TO TOTAL RESOURCES

Classification According to Total Resources	No. of Banks	INCOME ITEMS						EXPENSE ITEMS				
		Interest and Discount	Exch. and Coll.	Commis- sions	Service Charges	Other Income	Total Gross Income	Interest on Deposits	Other Expenses	Total Expense	Net Operating Profit	
Under 200M.....	56	3.2032	.2634	.0515	.2033	.2724	3.9938	1.3236	.6708	.7938	2.9553	1.0385
200M to 300M.....	105	3.0830	.2583	.0835	.2545	.2314	3.9107	1.1213	.7238	.7230	2.7124	1.1983
300M to 400M.....	91	2.8658	.2834	.0972	.2203	.4321	3.8988	1.0834	.7247	.6676	2.5987	1.3001
400M to 600M.....	109	2.9304	.2291	.0955	.2394	.3013	3.7957	.9909	.7549	.5939	2.4538	1.3419
600M to 800M.....	54	2.8512	.2046	.0639	.2432	.3312	3.6941	.9355	.8255	.6466	2.5313	1.1628
800M to 1,000M.....	34	2.8750	.1651	.0883	.3125	.4330	3.8739	.9074	.7931	.6107	2.4220	1.4519
1,000M to 3,000M.....	79	2.7911	.1567	.0570	.2382	.3708	3.6138	.8903	.7961	.6118	2.3949	1.2189
3,000M to 5,000M.....	10	2.7836	.0851	.0373	.1696	.2808	3.3564	.7989	.8801	.5682	2.3128	1.0436
Over 5,000M.....	5	2.2664	.1012	.0135	.1482	.6199	3.1492	.5862	.7694	.4691	1.8687	1.2805
Total.....	543	2.7713	.1739	.0609	.2224	.3864	3.6149	.8910	.7844	.6012	2.3743	1.2406

PER CENT TO GROSS EARNINGS

Classification According to Total Resources	No. of Banks	Salaries	Interest on Deposits	Other Expense
Under 200M.....	56	33.1413	16.7965	19.8759
200M to 300M.....	105	28.6730	18.5085	18.4879
300M to 400M.....	91	27.7879	18.5865	17.1243
400M to 600M.....	109	26.1056	19.8872	15.6481
600M to 800M.....	54	25.3240	22.3459	17.5044
800M to 1,000M.....	34	23.4230	20.4742	15.7653
1,000M to 3,000M.....	79	24.6352	22.0285	16.9311
3,000M to 5,000M.....	10	23.8009	26.2218	16.9284
Over 5,000M.....	5	18.6155	24.4302	14.8954
Total.....	543	24.6490	21.6986	16.6315

Northwestern Banker August 1937

IOWA

THIS STATE OF OURS

An Interview With John D. Adams, Secretary of the Des Moines Industrial Committee, and General Secretary of the Des Moines Chamber of Commerce. Mr. Adams Knows "All the Answers"

Why do we say Iowa is the most fertile spot in the world?

It is the center of the largest area of first-class farm land in the world.

Is that just a general statement designed by boosters, or are there facts to back it up?

The National Resources Board, a part of the United States Department of the Interior, in 1934, issued a report classifying the agricultural land of the nation. The report located 101,037,573 acres of Grade I land in the United States. Of the total, 25,983,110 acres, or more than 25 per cent, is in the state of Iowa. Of the total, more than 75 per cent is in a radius of 250 miles of Des Moines.

How does the total for Iowa compare with other states?

The next in order is Illinois with a total of 14,777,030 acres of Grade I land. Minnesota is next, with 12,022,243 acres.

How much Iowa land is in farms?

34,359,152 acres. The last census placed a value on the land and buildings of \$2,462,312,000.

How much does this Iowa land produce as compared with other states?

Last year Iowa's total farm income was \$561,430,000, and exceeded that of any other state in the nation, regardless of the fact that most other so-called farm states are larger in area than Iowa.

What is an average farm in Iowa?

The average Iowa farm has 153 acres.

The income of the average farm last year was \$2,463.

The average farm in the United States is 154.8 acres.

The average farm income for the nation is \$1,112.

You say: "How about California with its great fruit crops, and Texas, with its enormous size?"

California's total agricultural production, including fruit and livestock, was valued last year at \$546,588,000.

Texas, that enormous state, produced \$403,429,000 worth of farm products.

Illinois, usually considered our chief competition, produced \$436,680,000 worth of farm products.

But how about California oranges?

Last year the California orange crop sold for \$52,000,000.

Iowa hogs sold for \$195,000,000.

Iowa oats sold for \$ 68,021,000.

Hay crop last year was worth \$44,000,000 (but we don't sell much hay—we feed it).

Just what would that \$561,430,000 look like in real money—or say in gold?

Gold was discovered in Alaska in 1880. From 1880 up through and including 1936 (56 years), the total value of all gold produced in Alaska totaled \$469,989,680, or less than the value of Iowa's farm crop for one year—1936.

The total production of gold in 1935 in the United States (New Deal value) was \$128,671,384.

Then Iowa is the first state in the nation in agriculture?

Yes—Year after year Iowa ranks first

- in value of farms
- in value of livestock on farms
- in value of cattle on farms
- in value of hogs on farms
- in value of eggs produced
- in value of chickens produced
- in number of horses
- in number of hogs
- in number of eggs
- in corn harvested
- in oats harvested
- in total value of farm property
- in percentage of farm land improved

What does Iowa produce in order to get that more than half billion—surely not that much corn?

Iowa sells some corn as corn, but most Iowa corn is sold in the form of hogs. Some total values last year are as follows:

	Farm Value (dollars)
1936	
Corn	\$218,607,000
All Wheat	9,906,000
Oats	68,021,000
Barley	6,139,000
Rye	830,000
Buckwheat	22,000
All Tame Hay	43,725,000
Wild Hay	1,989,000

Soy Beans for Beans	2,632,000
Apples	1,460,000
Peaches	15,000
Pears	36,000
Potatoes	4,971,000
Sweet Potatoes	304,000
Sorghum Syrup	168,000
Flax	153,000
Alfalfa Seed	491,000
Timothy Seed	1,625,000
Sweet Clover Seed	186,000
Grapes	176,000

We made in Iowa 240,996,452 pounds of butter, or 4,142,126 cubic feet, 100 feet square and 400 feet high.

Iowa can and does produce practically all basic food products with the exception of tropical and semi-tropical fruits.

Is this Iowa's only income?

No. Agriculture accounts directly for approximately a third of the total income of the state and indirectly for much more.

What other income has Iowa?

Manufacturing and mining are other primary sources of income.

But is Iowa a manufacturing state?

Oh, yes, Iowa ranks sixteenth in the nation as a manufacturing state.

In 1935 (the last year for which official figures are available) Iowa manufacturing plants produced goods valued at \$561,334,379. Note that this figure is almost exactly equal to the value of farm products sold in Iowa in 1936.

But does Iowa have so many manufacturing plants?

Iowa has, according to the last census, 2,492 manufacturing plants scattered over 200 Iowa towns and cities.

More than 59,000 people were on the manufacturing payroll that year.

But are they big plants?

There are several plants in Iowa numbered among the first in size in the nation. The average plant in Iowa employs 25 people—in many cases neighbors in the many villages and towns of the state. That brings up the question of just how big factories are in this nation.

The last census enumerated:

(Turn to page 62, please)



STATEMENT OF CONDITION

June 30, 1937

RESOURCES

Loans and Discounts.....	\$14,337,294.81
Overdrafts	3,639.53
U. S. Government Obligations.....	6,580,000.00
State and Municipal Bonds.....	4,621,545.62
Other Bonds and Investments.....	4,573,823.68
Banking House	924,000.00
Furniture and Fixtures.....	1.00
Customers Liability Under Letters of Credit.....	14,713.37
Interest Earned But Not Collected.....	108,953.54
Cash on Hand and Due from Federal Reserve Banks and Other Correspondent Banks	16,059,659.11
	<u>\$47,223,630.66</u>

LIABILITIES

Common Stock	\$ 1,500,000.00
Preferred Stock	750,000.00
Surplus	750,000.00
Undivided Profits	201,607.46
Reserve for Contingencies.....	176,171.86
Reserve for Taxes, Interest, Etc.....	171,914.30
Reserve for Building Improvements Under Contract.....	61,780.94
Customers Letters of Credit.....	14,713.37
Interest Collected But Not Earned.....	60,172.11
Deposits	43,537,270.62
	<u>\$47,223,630.66</u>

**The Omaha
National Bank**
ESTABLISHED IN 1886

Member
Federal Deposit Insurance Corporation

Northwestern Banker August 1937

A. I. B. News

Des Moines Chapter:

IT WAS no surprise to the members of the Des Moines Chapter of the American Institute of Banking, when Dutton Stahl was appointed associate councilman for the state of Iowa. His training and preparation for this important position began ten years ago when he came to the Trust Department of the Des Moines National Bank from the position of deputy clerk of the Supreme Court of Iowa. Since then his record shows steady progress towards this honor.

Dutton received his pre-Standard Certificate from the A. I. B. in 1931; the same year he won the scholarship offered by the Des Moines Clearing House Association, which was a trip to the convention in Pittsburg that year. In 1933 he received his Standard Certificate. While his friends were congratulating him upon this achievement, he was made assistant trust officer of the Iowa-Des Moines National Bank & Trust Company. He was elected vice president of the Des Moines Chapter in 1934, which assured him the presidency in 1935, and an official trip to both the Washington, D. C., and Omaha conventions.

Des Moines Chapter is fortunate to have a member so trained and capable of handling this important national office and the good wishes of the banking fraternity over the state are with Dutton.

BOB PIERCE, the president of Des Moines Chapter, is busy with plans for appointments to committees and in making plans for the new courses to be offered this year in the A. I. B. Everything points to the largest enrollment for many years.

NEW STUDY GROUPS are being urged over the state for this year. Those near Des Moines last year were well attended and made a fine record. The Group Study Plan in towns too small for a Chapter was given a great deal of consideration at the national convention this year in St. Paul.

A NEW PLAN of grading was put into effect for the A. I. B. classes. From now on 50 per cent of the grade will be class work and 50 per cent for final examination, instead of 25 per cent for attendance, 25 per cent for class work and 50 per cent for final examination.

Northwestern Banker August 1937

Lincoln, Nebraska, Chapter:

SIX members of the Lincoln Chapter attended the national convention in St. Paul, Minnesota.

AT THE 1937 election the following officers were chosen to direct the Lincoln Chapter for the next year: A. C. Glandt, president; Linus Southwick, vice president; Ray Becker, treasurer; Harold Leinberger, secretary; and Leonard Van Horne, William Strateman, and Henry Crane as members of the board of governors.

AFTER BEING relieved of his duties as president of the local Chapter, A. W. Griffin has taken on new responsibilities in a matrimonial way, the lucky girl being Margaret Kelly of the First Trust Company.

THE LINCOLN Chapter closed its year with final examinations. All students who took the examinations received credit; several very high grades being recorded.

Sioux Falls Chapter:

AT THE regular annual meeting of the Sioux Falls Chapter, the following members were elected to the board of governors for a period of three years: Leo Olson, teller, and Wilmer Z. Utley of the personal loan department in the Northwest Security National Bank of Sioux Falls and E. T. Edwards, teller at the First National Bank and Trust Company in Sioux Falls. This meeting was attended by Chapter members from both the classes in Bank Organization and Operation and the class in Analyzing Financial Statements. An interesting resume of the year's activities was given in the form of reports from each committee chairman.

After the meeting, the new board of governors, nine in number, met to elect officers for the year 1937-38. From their ranks Robert M. Hahn of the First National Bank and Trust Company in Sioux Falls was elected president; M. I. Orms of the Northwest Security National Bank of Sioux Falls, vice president; Leo Olson, of the Northwest Security National Bank of Sioux Falls, secretary, and E. T. Edwards of the First National Bank and Trust Company in Sioux Falls, treasurer.

THE CULMINATION of Sioux Falls Chapter events was the annual banquet held in the Blue Room of the Chocolate Shop. Officials from Sioux Falls banks and members of the two chapter classes were in attendance.

The Chapter's outgoing president, Marion W. Loffer, acted as toastmaster, calling upon the Chapter's instructors, William Perrenoud and J. V. Lowe, for short talks, after which each instructor was presented with a gift from the Chapter by Robert M. Hahn, its new president.

Committee chairmen of eleven standing committees were named for the year 1937-38.

Of special interest to those in attendance was a travelreel presented by Leo H. Lippert, a former member of Sioux Falls Chapter. Shots of rural and urban life in the South were climaxed by a color reel of the Mardi Gras in New Orleans, and a film of "Hobo Day" on our own State College campus.

WHEN CLASSES are resumed in the fall, two courses will be offered: Commercial Law and Bank Management. Already much interest has been manifest, and Sioux Falls Chapter is anticipating another successful year.

"THE SLEEPING LION NO LONGER SLEEPS"

(Continued from page 10)

tion in Washington, D. C., in February, the heads of the corporation encouraged opposition to enforcement of Sub-section F of Regulation Q by the Federal Reserve Board, a proposition on which I was right with them and glad to have their co-operation. Like a well known churchman in my state, "If the devil is going my way, I'll ride with him."

Also, a meeting of the Executive Committee of the National Association of State Supervisors, at the same time and place, and at which resolutions galore were passed. Among these, a resolution requesting Congress to grant authority to the F. D. I. C. to make examinations of National banks.

The master minds of the F. D. I. C. represent themselves the friend of state and smaller banks. That the insurance has made the little bank just as safe as the larger bank, and that it has been the salvation of the state system.

Let's review the written record as to these manifestations of friendly interest.

The present chairman of the F. D. I. C. testifying in 1935 before a Senate subcommittee and being interrogated on the section of the Banking Act of 1935 compelling insured banks to become members of the Federal Reserve System. Quote: "I think this, Senator. If the government is going to insure deposits, and really this is a government fund, because the money comes from the government; if it is going to assume the responsibility, it should try to centralize control of these banks and that is the one way you can centralize control of state non-member banks." Again quote: "I think that is the first step in a unified banking system and I think in time to come that you have got to come to a unified banking system if you are going to reduce these losses materially."

I presume these statements represent the real views of the chairman on unification.

They have probably not changed except to the extent he now prefers the centralization in the F. D. I. C. rather than in the Federal Reserve Board or the Comptroller.

The fact is, we will have a system of state banks in name only, once the F. D. I. C. commences to exercise the full authority vested in it by the Banking Act of 1935.

I cannot see a great deal of difference in federalization through F. D. I. C. control and nationalization of all banks.

Your state banking departments are being gradually pushed into the background, as someone is evidently trying to do with the Comptroller's office. Permissive legislation is being sought in each state, authorizing the F. D. I. C. to make examinations in lieu of present examinations by state departments. The appeal to bankers; relief from multiplicity of examinations. The effect: F. D. I. C. is getting its name plastered on the statutes of the various states and becoming more and more recognized as the directive authority over all banks.

I cannot believe that a system of banks controlled by an insurance company, guaranteeing the deposits of banks, and whose primary concern will be its hazard rather than the efficient functioning of banks, will meet the needs of American business as have banks in the past.

Your state banking departments should be retained with full authority, if state banks are to continue a fact rather than just a name. I have every confidence in the present soundness of our banks. Profiting by experience, I believe sufficient care will be exercised in management and supervision, to maintain a system of banks which will justify confidence of the public and should deposit insurance live to protect the F. D. I. C. against extraordinary hazard, without surrendering your independence. Remember state banking has

been and will continue to be your very best bulwark against unlimited branch banking.

The Sleeping Lion

I was interested several weeks ago in a squib appearing in a certain banking weekly commenting on the meeting of the Executive Council at Hot Springs. This weekly published in a large city in the upper central region, devoted its columns two years ago, especially preceding the New Orleans Convention, almost exclusively to the activities of a certain far-western banker with known branch bank proclivities.

The squib—"Those who kept suggesting some sort of debate on the branch banking

issue (dead) at this or some subsequent meeting, met with a flock of cold shoulders. Let sleeping lions sleep, was the verdict."

But, gentlemen, the sleeping lion no longer sleeps. To the contrary, the lion now threatens to become a raging, roaring one. What course shall we pursue? Shall we sit idly by and see the efforts of a lifetime destroyed or shall we gird our loins and combat the danger which threatens us?

A few months ago at a meeting in Washington of bankers and state supervisors, a suggestion was made that there be organized an emergency council of independent bankers. Its purpose was to function in cases where it was not practical for the

AN UNBROKEN RECORD OF PROTECTION AND PROFITS FOR BANKS



—LAWRENCE SYSTEM *field warehousing*

For the more than 21 years of LAWRENCE SYSTEM operation, our warehouse receipts have withstood every test for validity and security against third-party claims. They have proved wholly adequate protection for loans under hundreds of cases of receivership and bankruptcy.

Moreover, LAWRENCE SYSTEM operations go beyond all legal requirements. A million-dollar insurance policy, the largest of its kind ever issued, is carried for the benefit of banks holding LAWRENCE SYSTEM warehouse receipts. You would be fully protected by this insurance if the validity of our warehouse receipts

were ever attacked or if we failed to establish and maintain bailment, or if we failed in any other way to live up to our legal liability as warehousemen. This policy is continuously in force, yet no bank has ever had to avail itself of this added safeguard.

Best of all is the fact that this superior service costs your bank nothing. It can be used in connection with almost any commercial account. For information on specific problems, consult Dept. BJ-1 of our nearest office. And write for free copies of the explanatory booklet, "Warehouse Receipts as Collateral."

Creating Commodity Paper Against Inventory

**LAWRENCE
SYSTEM**

A. T. GIBSON, President

Member: AMERICAN WAREHOUSEMEN'S ASSOCIATION—Since 1916

NEW YORK: 52 Wall St. • CHICAGO: One North LaSalle St. • BUFFALO: Liberty Bank Building
BOSTON: 49 Federal St. • KANSAS CITY, MO: Commerce Trust Bldg. • DALLAS: Santa Fe Bldg.
HOUSTON: 601 Shell Bldg. • LOS ANGELES: W. P. Story Bldg. • SAN FRANCISCO: 37 Drumm St.
FRESNO, CALIFORNIA: 2030 Anna Street • PORTLAND, ORE: U. S. National Bank Building
SPOKANE: 155 South Stevens • SEATTLE: 1014 Fourth Avenue South • HONOLULU, T. H.

CERTIFIED ON CHECKS...LAWRENCE ON WAREHOUSE RECEIPTS

Northwestern Banker August 1937



NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

ESTABLISHED MARCH 24, 1933 ☆ RESOURCES EXCEED \$400,000,000

Member Federal Deposit Insurance Corporation

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Statement of Condition, June 30, 1937

RESOURCES

Cash and Due from Banks	\$ 333,806,159.85
United States Government Obligations, Direct and Fully Guaranteed	487,180,823.91
Other Bonds and Securities	61,781,876.10
Loans and Discounts	229,617,069.52
Stock in Federal Reserve Bank	2,730,000.00
Customers' Liability on Acceptances	662,435.69
Other Banks' Liability on Bills Purchased	17,263.60
Income Accrued but Not Collected	3,144,868.95
Banking House	13,350,000.00
Real Estate Owned other than Banking House	3,947,403.78
	<u>\$1,136,237,901.40</u>

LIABILITIES

Deposits	\$1,015,616,004.01
Acceptances	682,089.02
Other Banks' Bills Endorsed and Sold	17,263.60
Dividend Declared on Preferred Stock, Payable August 2, 1937	525,000.00
Dividend Declared on Common Stock, Payable August 2, 1937	1,200,000.00
Reserve for Taxes, Interest and Expenses	5,378,649.90
Reserve for Contingencies	12,784,450.20
Income Collected but Not Earned	542,742.71
Preferred Stock	35,000,000.00
Common Stock	40,000,000.00
Surplus	16,000,000.00
Undivided Profits	8,491,701.96
	<u>\$1,136,237,901.40</u>

United States Government obligations and other securities carried at \$68,830,163.18 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

A. B. A. to perform. It was not the thought of those present to maintain a large or expensive organization. No one present was interested in creating a job either for themselves or anyone else. But rather to enlist the co-operation of even one or two dozen bankers in each state, of the type who would be willing to put out some work when an emergency arose, and to co-ordinate the work of these groups in each state.

I personally agreed to undertake a survey to determine the reaction of a few bankers in each state to this proposal. I accordingly prepared and mailed to a dozen or more bankers in each state a brief outline of the proposed organization; which was to form an emergency council of independent bankers in each state. These state groups to be tied together into district groups, probably along the lines of the Federal Reserve Districts, by a district council, composed of representatives from each state. These district groups in turn tied together by a national council composed of a member selected from each district committee. One of the members of the national council to be selected by the membership of the council as chairman. It would be the duty of the national chairman and council to maintain contacts with Washington to consider banking problems as they arise and to advise the district and state chairmen of any matter which would affect the interest of banks generally, or of any particular district.

The replies which I have received have been most encouraging. I have been surprised to note the number of replies expressing opposition to branch banking.

Must Organize

Now I believe in organization. The opposition is organized and has unlimited resources. The weakness of the independent bankers' position has been the disposition of individual bankers to place too much responsibility on the secretaries of our associations. To take for granted these men would look after our interest and leave the sometimes impossible burden on their shoulders.

Then too, we are too far removed from the center of activity. Legislative proposals generally have assumed concrete form and the sentiment of Congress determined before the country banker is aware such proposals are in the making.

In combating legislation I had rather have the support of a dozen aggressive bankers in each state than all the resolutions which can be passed by the A. B. A. and other associations from now to doomsday.

I have in the past advised bankers to remain aloof from politics. Our private existence has become so thoroughly saturated with and affected by politics, I have changed my policy.

The representatives and senators whom you send to Washington, as with the

members of your state assemblies, have to be elected each two or six years. These men keep an ear to the ground. They listen to the voice back home. The forces which make the most noise and can raise the biggest row, come nearer getting what they want.

Your strength lies in your number and the influence which you wield in your respective communities. This influence must be exerted and co-ordinated if you are to protect your interest from unfair legislation.

In the present emergency we have little time for organization. Neither do I feel it safe to depend too much on present organizations, hide bound with diplomacy. We are faced with an immediate threat. If your association membership is divided on this question, individual bankers in each congressional district should assume the responsibility of arousing each other banker in his district to the end that a protest go in from each individual banker to your senator and representatives. I have undertaken to arouse such opposition in each other state, by appealing to associations and to individual bankers.

To get back to the proposal of organizing an emergency council. I realize it is a very simple matter to draft a proposal for an organization, but entirely different to develop such a proposal into an efficiently functioning machine. The first requisite will be a leader.

I also recognize that in any organization of considerable membership, there will be conflict of views. For this reason it is my personal opinion the proposed organization would have only two purposes. Defense of independent banking and the dual system.

I feel there is a definite need for such an organization.

Chase National

The statement of the Chase National Bank for June 30, 1937, was made public recently. Loans and discounts amounted to \$809,978,000, showing an increase of approximately \$38,000,000 since December 31, 1936, and an increase of \$160,000,000 since June 30, 1936.

The deposits of the bank on June 30, 1937, were \$2,136,387,000 compared with \$2,286,209,000 on December 31, 1936, and \$2,083,326,000 on June 30, 1936.

Total resources amounted to \$2,426,554,000 compared with \$2,562,182,000 and \$2,356,357,000 on the respective dates; cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks, \$685,720,000 compared with \$669,418,000 and \$602,890,000; investments in United States Government securities, \$618,840,000 compared with \$780,030,000 on December 31, 1936, and \$735,987,000 on June 30, 1936.

On June 30, 1937, the capital of the bank was \$100,270,000 and the surplus

\$100,270,000, both amounts unchanged from December 31, 1936. Undivided profits on June 30, 1937, were \$27,950,000 compared with \$26,464,000 on December 31, 1936, and \$22,657,000 on June 30, 1936.

Branch Offices

Murdoch, Dearth and White has announced the opening of a St. Louis office as of July 15th, with George M. White as resident vice president. Mr. White has been in the investment business for about 15 years and in St. Louis for the past seven years as an officer and general sales manager for the firm of Scherck-Richter & Company.

The new St. Louis office is located at

240 Boatmen's Bank Building and will be connected with principal financial markets and the Des Moines office by direct private wire.

Murdoch, Dearth and White has also opened a branch in Davenport with permanent offices at 628 Union Bank Building, conducting a general securities business and being represented in that territory by Leon Riegel, Harold Sears, and Carl W. Davis, all of whom are well-known in that territory, having been connected with the investment business for a number of years.

The company further announces that Mr. Julian Brody will become associated with the firm as a sales representative in Des Moines as of August 1st.

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
June 30, 1937*

RESOURCES

Cash and Due from Banks	\$186,170,407.21
U. S. Government Securities	152,026,332.42
State and Municipal Bonds	16,270,865.04
Stock of Federal Reserve Bank	2,275,150.00
Other Securities	62,842,730.46
Loans and Bills Purchased	244,982,558.58
Mortgages	28,494,371.04
Banking Houses	14,319,700.00
Other Real Estate Equities	5,263,595.24
Customers' Liability for Acceptances	19,433,152.74
Accrued Interest and Other Resources	2,735,069.47
	<u>\$734,813,932.20</u>

LIABILITIES

Preferred Stock	\$9,778,520.00
Common Stock	32,998,440.00
Surplus and	
Undivided Profits	43,503,345.05
Reserves	14,215,786.77
Reserve for Preferred Stock	
Sinking Fund	1,435.50
Common Stock Dividend	
(Payable July 1, 1937)	824,957.50
Preferred Stock Dividend	
(Payable July 15, 1937)	244,463.00
Outstanding Acceptances	20,752,731.42
Deposits	612,494,252.96
	<u>\$734,813,932.20</u>

HARVEY D. GIBSON, President

Principal Office: 55 Broad Street, New York City

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

Both Common and Preferred shares have a par value of \$20 each.
The Preferred is convertible into and has a preference over the
Common to the extent of \$50 per share and accrued dividends.

Northwestern Banker August 1937

Paint Word Pictures

AMONG the ancient arts such as painting, sculpturing, metal-working and such, great emphasis was laid upon the beauty and naturalness of the work as compared to the subject under consideration. We have the famous works of Micheal Angelo and Da Vinci and we look upon them in awe as we see the detail and the natural human touch.

By **E. D. SWANBERG**

*The Swanberg Agency
Worthington, Minnesota*

Why are these things great? Because they are paintings? No. There are lots of paintings that are not great. Because they are old? Partly, but most of all because the artist has been able to impart to them a certain human touch or likeness of the original subject that makes us feel that it is real.

The same is true in the art of selling, only we paint our pictures with words, illustrations, models and demonstrations. In selling the insurance contract it is even more a case of word painting than is the case of selling most other commodities, for we can scarcely point at a policy and expect a prospect to be filled with a desire to own it, as is the case of an automobile or a house. So, after all, insurance is a commodity that has to be sold by means of a word picture and to do this it is necessary to visualize in the mind of the buyer a protection that he needs and tell this in a convincing manner.

SELLING by TELLING then is the basis of the insurance sale.

Selling by telling of the hazards that surround the buyer. If it is a fire or tornado contract it would be well to emphasize some recent loss that has occurred in the city or neighborhood. Stress should be put upon the fact that the buyer is not immune from such a loss. Also how hard it would be for him to recover his financial foothold if such a loss should occur to him and he did not have proper insurance protection. Plainly speaking, which of these two illustrations would you think is the most effective? A statement such as this—

"Mr. Doe, you should carry this coverage because it is a good business proposition to do so. You need it and you should not delay."

Or such as this—

"Mr. Doe, did you ever wake up in the middle of the night and hear the fire siren off in the distance? It comes closer and closer and you toss about uneasily wishing you didn't hear it. It comes closer—and you become startled—it is coming your way, louder and louder. You hope it goes on by—and no—it is turning the corner near your place and the headlights of the truck flare through the window and dance on the ceiling. The siren dies in a mournful wail. You get out of bed shiv-

ering from fright and smell the first whiff of smoke. A moment later amid the clatter of ladders and noise from the street you hear the cracking of fire. FIRE—in your own home.

"Then, Mr. Doe, it is too late to think of getting that policy that you wish you had. Assets that you have accumulated all your life going up in smoke and no extra income with which to replace them. Pitiful, to be sure, but not so if you get this policy *now* in one of our strong time-tested companies."

I believe you will agree that the second illustration or word picture awakens a stronger desire for Mr. Doe to act than the first illustration. The first is a plain statement of fact and true in every sense of the word. In fact it serves the purpose many times and it is only regretted that in our busy daily life we cannot put our story across with this brevity of expression and let it suffice. But we do not all think alike nor act on the same impulses so we fall back on the story method of selling by telling to fit the case, whether it be fire or casualty lines.

Selling by telling is especially well adapted in the casualty field by illustrating the exposures that everyone is subject to through accident, driving a car, operation of a business, sports, travel and all of the other liabilities that are imposed upon people by law which our casualty lines represent. Certainly there is plenty of leeway for the fluent talker to build up word pictures of local and national happenings that leave the buyer in an unquestioned frame of mind that awakens him to take action in the purchase of a policy or run the chances of having these losses burden him, perhaps for life. Why was "And Sudden Death" by F. C. Furnas such a popular article in the casualty field, and all over the country for that matter? Because it was real. A vivid word picture of actual cases that held the gripping interest of the reader. Of such is the selling by telling method of presentation and it holds tremendous possibilities in influencing buyers of insurance for the one who can master the art.

Selling by telling has another advantage and that is the advantage of repetition. Not that we want to become town criers and repeat the same story over and over but the fact that telling lends itself so well to flexibility in changing the words from one telling of the story to another. Repetition has perhaps a greater influence on our minds than we realize, for after all a series of small attacks often will break down resistance more effec-

Honoring N^WNL's Distinguished Directorate



SELDOM has a board of directors played so active and continuous a part in the history and development of a great life insurance company as the Directorate of Northwestern National Life Insurance Company has played in guiding this Company to its present position of leadership in its field.

Of the nine members of the Board, three are now in their 33rd year of service, and none has served less than nine years. All therefore, have sat on the Board through the entire period of the great depression during which N^WNL established a notable record of growth without sacrifice of strength or stability.

It is with the thought of paying tribute to the invaluable contribution which its Directorate has made to N^WNL's welfare and progress during the period in which the Company has risen to its present stature that the bronze medallion illustrated above has been prepared and is being distributed, in a limited way, to the N^WNL Agency Organization. Stamped from heavy bronze, the medallion makes an ideal paperweight, and is a distinctive, useful, and lasting ornament to any desk.

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

tively than a prolonged narration. It is like the Englishman said when discussing this matter of repetition: "It ain't the 'eavy 'auling that 'urts the 'orses 'oofs. it's the 'ammer, 'ammer, 'ammer on the 'ard 'ighway." So the matter of repetition skillfully put is the "hammer, hammer, hammer on the hard highway."

Selling by telling is something that can be acquired by everyone but it takes practice and imagination the same as any other accomplishment. Try it once and see how it perks up your own enthusiasm. Then try it again in another case and see if it does not come easier. In fact there is a saying that goes something like this: "If a thing happens once it is an accident—if it happens twice it is a coincidence—if it happens thrice it is a habit." So in time this expressive method becomes a habit and can be used at your command when the occasion requires.

I do not mean to imply that all of our contact with assureds should be long winded, dramatic sessions for this would be foolish as well as a waste of time, but I am suggesting this method as a good practice to cultivate and an angle of selling that is too often neglected.

NEWS AND VIEWS

(Continued from page 13)

The population of Mexico is 16,000,000 divided as follows:

White population50 per cent
Spanish32 per cent
Indian16 per cent
Miscellaneous 2 per cent

In Mexico the **right of franchise** is not held in very high esteem by the intelligent voters because they know that if 10,000,000 votes are cast for one candidate and 6,000,000 for the other, the candidate receiving the 6,000,000 votes will be elected, if he is in favor with whatever political machine may be in power at the time—it sounds like **Tammany** to me.

If you think that **John L. Lewis** is the only one who can ask for more than he deserves, you will be interested in the strike of the oil station employees, which took place in Mexico just a week before we were there. These gentlemen were far from modest in their desires, as they asked for 20 pesos a day, a polo pony, and a trip to Europe every two years. There is a mark for John L. to shoot at. The strike was settled before we got to Mexico and I assume satisfactorily for the companies, as I didn't see any polo ponies hitched outside the oil stations.

The present administration in Mexico is **anti-Catholic** and a large percentage of the churches, convents and monasteries have been closed. This was the strangest phenomenon to me in all Mexico, when

you consider that 90 per cent of the population are members of the Catholic church.

The bull fight for which we had bought tickets on Sunday afternoon, to be held from 4 to 6, was called off because of rain.

We had "Tea" on the roof garden at the **Hotel Reforma** with **Mrs. Wilbur Burkhardt**, whose husband is editor of the *San Francisco News*, and formerly lived in Des Moines.

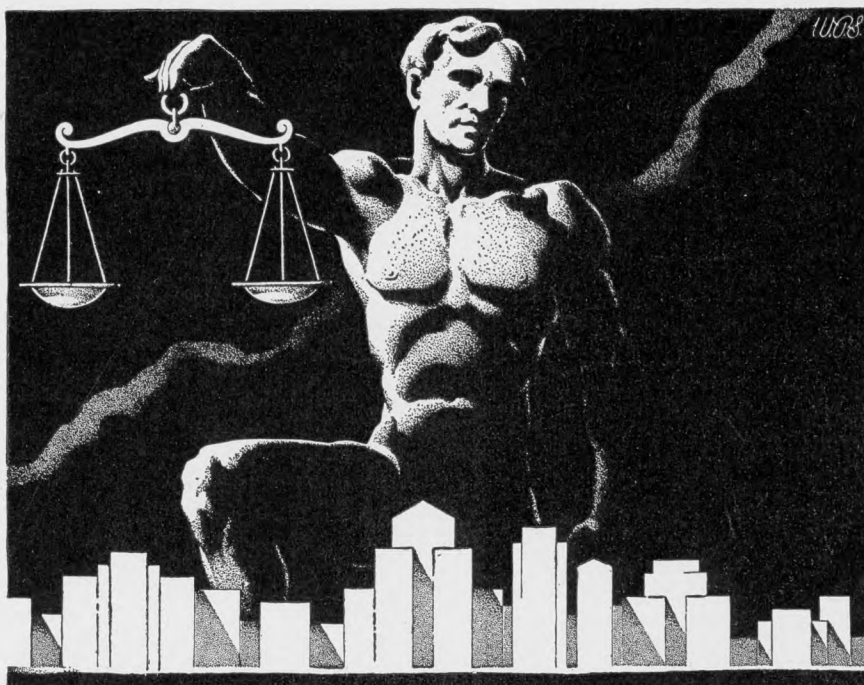
We were invited to have cocktails at the home of **Senor and Senora Carmen**

R. C. De Amor and enjoyed their philosophical outlook on life, after having their property and livestock valued at 1,000,000 pesos taken away from them by Villa.

Attended the "**Orquesta Sinfonica De Mexico**," in other words, the Symphony Orchestra of Mexico, under the direction of **Carlos Chavez**.

The program started at 9 p. m. and the best seats downstairs were 3 pesos, or 74 cents in our money. The conductor was good, but the orchestra only fair.

If you park too long in Mexico City,
(Turn to page 34, please)



NATIONAL SURETY TOWN

More than a Legal Residence

The law requires Fidelity bonds for many public and private trustees, guardians, and others charged with financial responsibility.

But thoughtful business men—experienced executives—do not need to be told that human nature is unpredictable, that men and women crack unexpectedly under temptation. They regard adequate Fidelity bonds as "life" insurance for business.

National Surety representatives everywhere—themselves picked men—are selling Fidelity bonds and blanket bonds; plus protection against burglary, forgery, and many other dangers.

NATIONAL SURETY CORPORATION
VINCENT CULLEN, PRESIDENT
Copyright National Surety Corporation, 1937
New York

Northwestern Banker August 1937

Some Interesting Phases of "Hot Money"

THE question of so-called "hot money" has some interesting phases which fall under three heads.

1. Need we fear that foreign interests which own American securities will dump them upon the Stock Exchange, upset prices and cause panicky conditions?

The fear that such a situation may occur is not worthy of consideration. Foreign holdings represent a great diversification of interests and such of the money that has come to the United States that is owned abroad shows flight from the foreign countries because of untoward conditions which exist in them. It is not conceivable that they will right themselves simultaneously, nor if they did do so, that it could be harmful to the United States.

Foreign holdings of American securities which have been estimated to run around four or five billion dollars only represent something like $4\frac{1}{2}$ per cent of the value of securities listed on the New York Stock Exchange alone. If we are going to become jittery for fear that there may be a dumping on the Stock Exchange we should apply it to American holders and not to foreign interests.

2. Need we fear that foreign interests will desire to return the funds which they have in the United States to their own countries simultaneously?

Again, there is no reason to expect that any large proportion of foreign owners of American dollars or securities would care to withdraw them all at once unless some character of emergency developed in which case under existing law the United States Treasury could take any steps that might be necessary to meet the situation. Our gold holdings which are now in excess of twelve billion dollars would be sufficient in any event to take care of any withdrawals that could be expected.

3. Need we be anxious about the continuation of the receipt of gold shipments from abroad?

This last phase of the matter requires greater consideration than either of the other two. We have put a price upon gold of \$35 an ounce which has increased the production of gold tremendously. Low grade ores that could not be mined on the former basis of \$20.67 an ounce are now in a number of places throughout the world running full blast. Other mines

By FRED I. KENT

Director

Bankers Trust Company, New York
Chairman, Commerce & Marine Commission
American Bankers Association

An Excerpt from the Address of Mr. Kent Before the Recent Convention of the Minnesota Bankers Association in St. Paul.

are also being worked at high speed. Prospecting has uncovered other gold fields and Russia has discovered in Siberia certain gravel territory that is exceedingly rich in gold. When gold received in the United States is sterilized the Treasury Department has to borrow to buy it in order that the Federal Reserve Banks will not have the gold in such form that it can be used as a reserve for deposits or currency. When gold is handled in this manner it represents an interest cost to the government and if it is not sterilized it increases the base of our credit structure.

Seemingly the best way to meet this situation is to come to an agreement with Great Britain and France at the first possible moment that will serve to fix the price of gold among the nations. Then if the price of \$35 an ounce is maintained by us, international adjustments will take place covering commodity prices, wages, etc., that will take care of every phase of the situation.

Such an arrangement, of course, would stop the competition between countries in reducing the value of their moneys as against each other with the hope that it would increase their exports. Competition of this character is futile, economically unsound and is harmful to international trade and the economic situation of the whole world.

Political conditions at home and abroad are acting to postpone such an agreement but it is to be hoped that some monetary agreement can be effected before too long a time has gone by that will accomplish

a better stabilization of the moneys of the world and of commodity prices.

Tomorrow would seem to fall into one of three classes or some combination of them, as far as business and living conditions are concerned in the United States.

First

a. If government spending is brought within bounds so that the budget can be balanced without increasing taxation and with the opportunity open for decreases in taxation fairly soon.

b. If no further laws restricting business are passed.

c. If laws which were intended to meet the emergency of 1933 and certain other laws that have been passed are reconsidered and only such provisions are maintained as are required for sound business regulation.

d. If the Social Security Act is amended in such manner as to make it effective for its purpose insofar as is possible.

e. If the Wagner Labor Act is amended so as to give the same protection to employers as to employees and put both in the same category as to responsibility—to the benefit of all concerned.

f. If the various governmental authorities concerned require those, who are trying to build a labor oligarchy, to live within the law and protect American workmen who desire protection as well as employers so that American workmen can take their proper part, as they have done in the past, in the furthering of our democracy, and not become the puppets of agitators.

g. If funds appropriated for flood control are used for flood control and not for government power building.

h. If government will turn back to private operators the great number of enterprises that it is carrying on in competition with the privately managed businesses and industries.

i. If the price of gold is fixed in the United States and between the nations, preferably at \$35 an ounce due to the fact so many adjustments have been made to that price already.

Should all of the foregoing developments take place, the restoration of confidence throughout the United States would be assured; new enterprises would be undertaken that play such an important part in making for the employment of the

younger generation that is stepping into adult life; production in many lines needed for replacements would increase; old machinery would be replaced by new; the standard of living would be raised and our country would be on the way toward a sound economic development that would benefit all classes of our people—those engaged in agriculture, those engaged in industry, those engaged in business, those engaged in the arts and sciences and those engaged in government.

There could be an attainment of social security that could be relied upon as it would arise from the firm foundation of great industrial production.

Government, in conjunction with agriculture, industry and labor, could work out methods of cooperation and of industrial and business procedure that could better control the progression of rising and falling curves of prosperity although it could never eliminate them while the characteristics of man as they are today prevail.

Should this be the procedure in the United States it will certainly help to lead the world toward peace.

Second

If government reduces its expenditure and balances its budget but does not take the steps necessary to restore confidence in the country that has been so shaken during the last several years, and, of all governmental bodies in the United States—federal, state and municipal—do not enforce the laws of our country and demand that they be lived up to, and, if the American workmen, who have been such a wonderful asset to our nation because of their desire to work, their skill and their really fine understanding of the nature of life, are led or forced into the expansion of power of agitators through their willing or unwilling backing or their passivity to conditions that they know should not exist, we can expect deflation, chaotic conditions that will serve no man and the necessity, when it can be brought about, of rebuilding a torn down economic and political structure in order to sustain the life of our people. It cannot be expected that there can be such a reconstruction unless the nation first goes through an exceedingly trying and chaotic period with a very much lower standard of living.

Third

If the expenditures of government are not stopped but are continued until there is no market for government bonds and government must print money to obtain the funds that it requires to meet its expenses and the relief that it will then be obliged to continue with growing costs due to higher prices of commodities and increased wages, we will certainly run into progressive inflation. This would cause the same great hardship and suffering that occurred in the European nations during their periods of inflation.

BONDS

Government

Municipal

Railroad

Utility

Industrial

Listed - Unlisted

STOCKS

Listed - Unlisted

Bought, Sold, Quoted

A Nationwide Service

for Iowa Banks

**POLK-PETERSON
CORPORATION**

Des Moines

BRANCHES AT SIOUX CITY, WATERLOO, CEDAR RAPIDS,
OTTUMWA, DAVENPORT, IOWA CITY, SIOUX FALLS, S. D.

We Offer . . . **SHORT TERM PAPER** Issued by the

FEDERAL DISCOUNT CORPORATION

Dubuque, Iowa

COLLATERAL TRUST NOTES

4 months Discount-----2 %

9 months Discount-----2½ %

Central National Bank & Trust Co., Des Moines
Trustee

LEO L. MAK, Inc.

INVESTMENT SECURITIES

302 NATIONAL BANK BUILDING Phone 720

WATERLOO, IOWA

A. G. Becker & Co.

Established 1893

Governments

Municipal and Corporate Bonds

Short Term Notes

Commercial Paper

*Offerings, quotations and statistical
information supplied gladly on request*

100 SOUTH LA SALLE STREET · CHICAGO

NEW YORK and other cities, including

MILWAUKEE · MINNEAPOLIS · INDIANAPOLIS

SIOUX CITY · DES MOINES

This development would take longer to come about than either of the first two.

The second possibility might take longer than the first to become effective.

The first procedure could begin to develop immediately upon the announcement by the administration that it would pursue such a policy.

This whole matter is up to our people to decide. Their Congressmen will follow their majority demands if they are presented to them properly and with the force of conviction.

Detrimental organized minorities need not prevail in the United States if the people so will.

The people must decide whether we follow the third way, the second way, or the first way—tomorrow.

Which shall it be?

IN WASHINGTON

(Continued from page 15)

penditure, such as interest on indebtedness, to which flat percentage cuts cannot be applied, and the President took notice of this by excluding from his announcement to department heads such funds as are not susceptible to such treatment.

The President's latest reference to the goal of a balanced budget came in his message vetoing the reduction of land-bank interest rates, when he wrote:

"Approval by me of the bill under consideration, involving as it does an additional draft upon the treasury in excess of \$30,000,000 during the fiscal year 1938, would be totally inconsistent with my purpose to bring about a balancing of the budget for that year."

But the chief executive did not limit his grounds for the veto to the bill's effect on the budget. He also contended that the ability of farmers to pay interest at the rates stipulated in their mortgages has been improved through the increase in the level of farm prices since the emergency period of 1932-33. Continuing, he stated:

"The reduction of the rates of interest on Federal Land Bank loans to 3½ per cent for the fiscal year 1938, and to 4 per cent for the fiscal year 1939, as required by the bill for loans made through national farm loan associations would, it is estimated, necessitate payments from the treasury in the amount of approximately \$31,700,000 for the former year and \$21,200,000 for the latter, a total of \$52,900,000. The effect of such an arrangement is that part of the individual borrower's interest is paid for him by the United States. In other words, it constitutes a gift to individual borrowers from the Federal treasury."

"The farm loans made by the Land Bank Commissioner on behalf of the Federal Farm Mortgage Corporation bears an interest rate of 5 per cent per annum," the President said in another part of his message. "In view of the circumstances

Federal Discount Corporation

Dubuque, Iowa

Automobile Finance

Time Payment Plans for Automobile Purchasers

Capital, Surplus and Undivided Profits
Exceed One Million Dollars

Statement of Condition

June 30, 1937

ASSETS

Cash on hand and in banks	\$ 449,601.63
Notes and Discounts	3,048,318.69
Suspense Account (Deals in process)	2,489.81
Accounts Receivable	3,331.94
Prepaid Interest and Discount	27,450.04
Real Estate less Reserve	11,916.63
Investment Account	31,700.00
Repossessions and Company Cars	24,180.53
Furniture and Fixtures	25,000.04

TOTAL \$3,623,989.36

LIABILITIES

Drafts Outstanding	\$ 148,005.48
Collateral Trust Notes	1,995,006.84
Other Notes Payable	213,971.05
Mortgages Payable	8,800.00
Deferred Certificates	42,626.70
Accrued Taxes	29,243.00
Reserve for Losses	48,046.49
Unearned Interest	122,073.36
Capital Stock—Preferred	\$747,450.00
Capital Stock—Common	150,000.00
Surplus and Undivided Profits	118,766.44 1,016,216.44

TOTAL \$3,623,989.36

Growth in Assets

December 31, 1934	1,024,812
December 31, 1935	1,880,260
December 31, 1936	2,585,786
June 30, 1937	3,623,989

A Responsibility

second only to careful management of bank investments, is assistance rendered clients of your bank in selecting their investments. Frequently "M. I. T." is found to answer the requirement.

BACKGROUND: Massachusetts Investors Trust, organized in 1924, is the oldest and largest Boston type mutual investment association with transferable and redeemable shares.

PORTFOLIO: The portfolio of investments, consists of a carefully diversified list of securities. The Trust functions on the principle that only by careful selection, balanced diversification and continuous supervision of securities by experienced and capable management, is relative safety truly achieved.

SHAREHOLDERS: Numbered among the 42,000 shareholders are over 900 trustees, and more than 600 colleges, schools, insurance companies, churches, associations, societies and corporations.

These shares embrace in one security: broad diversification — continuous income — assured marketability — and opportunity for appreciation.

Write for prospectus, which will be of interest to you and to the clients of your bank.

PRIESTER, QUAIL & CO.



INVESTMENT SECURITIES

902 Davenport Bank Bldg., Davenport, Iowa

Des Moines: Equitable Bldg.

Cedar Rapids: Merchants Bank Bldg.

Dubuque: B. & I. Bldg.

Fort Madison: 613 Seventh St.

PRIVATE WIRES TO PRINCIPAL FINANCIAL MARKETS

under which these loans are made, it cannot reasonably be said that a 5 per cent rate of interest is excessive. Comparison with Federal Land Bank loans may serve to illustrate this point. A majority of the loans made by the land Bank Commissioner are secured by second mortgages. Federal Land Bank loans may only be granted on first mortgage security. A Land Bank Commissioner loan may be made for an amount which, taking into account any prior liens, equals 75 per cent of the value of the property, including both land and buildings. A Federal Land Bank loan is restricted by law to a sum not exceeding 50 per cent of the value of the land and 20 per cent of the value of the improvements. Land Bank Commissioner loans are frequently granted upon farms which because of some physical or economic hazard would not qualify as security for a Federal Land Bank loan. Finally, Land Bank Commissioner loans lack the element of cooperative responsibility through stock ownership by borrowers of their national farm loan associations upon which the Federal Land Bank system is built. In view of the added factors of risk present in the average Land Bank Commissioner loan, I feel that the 5 per cent interest rate charged on these loans compares favorably with the 4 per cent rate of the Federal Land Banks. I have been unable to find any system in which second-mortgage loans have been made available to farmers generally on a basis as low as the present 5 per cent Land Bank Commissioner loan rate."

The President pointed out that the contemplated reduction from 5 to 4 per cent on the Commissioner loans would reduce the annual income of the Federal Farm Mortgage Corporation by approximately \$8,350,000, with no provision for reimbursement to the corporation from the treasury. Since the United States is the sole holder of the corporation's capital stock, losses ultimately fall upon the United States.

When the message reached Congress, however, the House took a different view of the matter. Chairman Jones of the Agricultural Committee pointed out that on the \$2,058,000,000 of land bank loans outstanding on March 31st, the interest rates would vary all the way from 4 to 6½ per cent, and that Commissioner loans to the total of \$833,000,000 would all bear interest at 5 per cent. Jones argued that if the loss to the government under the bill is figured as the difference between the rate stipulated in the measure and the old contract rates, the cost to the treasury would be the figures stated in the veto message. But he added:

"However, I anticipate that no one expects the 5 per cent, 5½ per cent and 6 per cent loans to be restored permanently."

From this he deduced that if the loss is figured at the difference between the

3½ per cent allowed by the bill for the current year, and the current contract rate of 4 per cent, the loss to the land banks would be about \$10,000,000 a year on land-bank loans. He said he did not believe anyone could figure exactly the loss on Commissioner loans, but pointed out the difference between a 5 and 4 per cent rate on those loans would be \$8,500,000.

The democratic floor leader Representative Rayburn of Texas, suggested that if Congress does this for the farmer it may be asked to do the same thing for the city home owner. After citing improvement in farm prices, he inquired what argument could be raised if the urban home owner should say he is paying an excessive interest rate.

"What argument are we going to make against him if the Committee on Banking and Currency brings out a bill affecting his interest rate?" Rayburn asked. "That would cost the government maybe \$25,000,000, maybe \$50,000,000, or maybe \$100,000,000."

Rayburn said he realized there are sections that have not in any great degree recovered from the dust and drought, but suggested that if the veto should be sustained the committees of Congress might be able to work out a plan that would protect the farmer "in a lower rate of interest than he has ever had except this 3½ per cent, and yet not take the money out of the general treasury."

When the debate was over, however, the House registered its will to override the veto, 260 to 98.

THE recently passed farm-tenant measure set up in the Department of Agriculture a Farmers' Home Corporation to make loans for periods up to 40 years at 3 per cent a year on the unpaid balance. Tenants, laborers or sharecroppers would be eligible. The bill authorizes appropriations of not to exceed \$10,000,000 for the current year, \$25,000,000 for the fiscal year 1939, and \$50,000,000 for each year thereafter. The corporation would operate through county committees of three farmers in each county in which the plan is utilized, the committee members to be paid \$3 a day for not to exceed five days a month in carrying on their duties.

The bill also authorizes rehabilitation loans for purchase of livestock and farm equipment, out of unexpended balances of prior appropriations. Still another section directs the Secretary of Agriculture to develop a program of land conservation, including retirement of sub-marginal lands. To carry out this feature of the plan, the bill authorizes not to exceed \$10,000,000 for the current year and not to exceed \$20,000,000 for each of the two fiscal years thereafter. In making farm-tenant loans, the agency is directed to distribute them equitably around

Underwriters and Distributors of IOWA MUNICIPAL and CORPORATE ISSUES

*Detailed Circular of Current Attractive
Offerings Forwarded on Request*

JACKLEY & COMPANY

INVESTMENT SECURITIES

EQUITABLE BUILDING

PHONE 3-5181

DES MOINES

Northwestern Banker August 1937

the country on the basis of farm population and prevalence of tenancy.

THE proposed new plan of farm relief just introduced has been labelled the Agricultural Adjustment Act of 1937 and has as its first objective parity prices to farmers for normal supplies of the five major products—cotton, wheat, corn, rice and tobacco. Parity is described as a price that would give these commodities at all times the same purchasing power, with regard to articles farmers buy, as these commodities had in the pre-war base period of 1909 to 1914. For tobacco the post-war period of 1919 to 1929 is used. The second objective is parity income for the farmer, or an income that bears to

the non-agricultural population the same relation as prevailed during the base period. The third objective is to establish an "ever-normal granary" for each of the major crops. The bill contemplates a maximum granary of 10 per cent of a normal year's domestic consumption, exports and commercial carry-over combined. It is believed, however, by sponsors of the measure that conditions will probably require the Secretary of Agriculture in most years to establish an ever-normal granary of $7\frac{1}{2}$ per cent of normal supply.

To accomplish the objectives, three lines of action are outlined by the sponsors of the bill, as follows:

"First, parity payments and surplus

reserve loans; second, acreage diversion, storage under seal and marketing quotas; and, third, release of stocks of the commodity held off the market as security for surplus reserve loans or under marketing quotas, and reductions in the rate of tariff duty on the commodity."

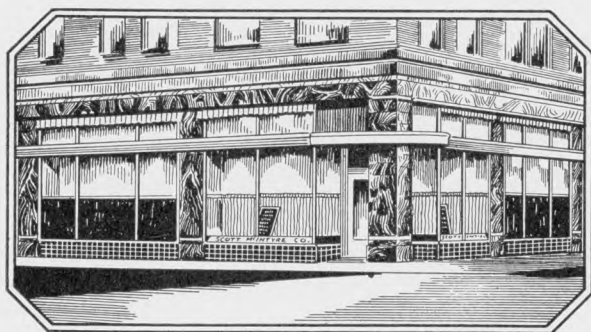
The theory is that the farmer has the burden of maintaining the ever-normal granary and thereby safeguarding the consumer from inadequate supplies and unreasonable prices in lean years. In return, the government provides the parity payments. When the supply is not over normal, the parity payments would bring the farmers' return substantially to parity, which, at present, would mean at the farm: 16-cent cotton; \$1.14 wheat (not including white wheat); \$1.09 white wheat; 85-cent corn; rice at \$3.77 a barrel; dark tobacco, 10.2 cents a pound, and cigar tobacco, 13.9 cents a pound.

It is contended, however, that in the operation of the plan the supply ordinarily will be above normal by reason of the ever-normal granary, and the parity payments would increase only about half as rapidly as the farm price decreases in the face of the larger supply. An explanatory statement issued when the bill was introduced points out that with a granary supply of $7\frac{1}{2}$ per cent above normal, the parity payments would bring the return per unit to the farmer up to a maximum of about 90 per cent of parity. A 5 per cent ever-normal granary would result in a parity return of 92 per cent, and a 10 per cent, or maximum ever-normal granary, would make an 87 parity return.

Surplus reserve loans for corn and wheat (other than white) are available at all supply levels, graduated in percentage according to the total supply of the commodity on hand at the beginning of the year. Because tobacco, rice, cotton and white wheat are on a world price basis, loans would be available only in case of extraordinarily large supplies. This, it is argued, would prevent the domestic price from falling to exceedingly low levels.

Those cooperating could be required by the bill to divert base acreage if at the beginning of the marketing year the total supply exceeds normal and the ever-normal granary supply is adequate. Cooperators also could be required to store under seal not more than 20 per cent of their harvest of the current crop, with surplus reserve loans available on the security of the crops so stored. Provision also is made for marketing quotas if the total supply of a major commodity at the beginning of a marketing year exceeds normal by more than certain amounts.

To protect the consumer, the bill provides that if the current average farm price of a commodity goes more than 10 per cent above the parity price, the following steps may be taken: Release of stocks stored under seal; release of stocks



INVESTMENT ANALYSIS

Many investors hold "pet" securities far beyond the point where their retention is justified. This is a costly indulgence.

A careful examination of your portfolio by competent security analysts will provide for the unbiased judgment your investment account may need.

Scott McIntyre & Co. offers this service to banks and bankers with no charge or obligation.

Quotations also cheerfully furnished on stocks and bonds.

Scott McIntyre & Co.

Cedar Rapids, Iowa

held off under marketing quotas; the calling of surplus loans, and disposal of the stocks acquired by the government in connection with such loans, and reduction of tariff rates on imports in the case of corn, wheat, rice and tobacco.

A Surplus Reserve Loan Corporation would be created by the bill, with a capital stock of \$100,000,000 to be subscribed to by the United States, and that amount is authorized to be appropriated. Aside from the foregoing appropriation, the sponsors explain, the appropriations required by the bill are those necessary for the soil conservation act payments, and parity payments. According to estimates of the Agriculture Department, the probable amount required annually for adjustment contract payments will vary from \$200,000,000 to \$500,000,000. But a large part of this cost will be met, it is stated, by discontinuance of payments on major commodities under the domestic allotment act. A statement issued when the bill was introduced sums up the requirements as follows:

"In view of the foregoing considerations, the bill authorizes \$400,000,000 to be appropriated annually and to remain available until expended. However, of this amount \$250,000,000 will be made available from the appropriation for the Soil Conservation and Domestic Allotment Act. This, together with the funds appropriated to the Secretary of Agriculture by Section 32 of the Act of August 24, 1935, and not required for other purposes, viz., \$50,000,000, will come close to covering all payments under the proposed legislation without increase in the authorized appropriations for Agricultural Adjustment Administration programs."

MONETARY cooperation between this country and two other governments was announced recently by Treasury Secretary Morgenthau. In one case progress was reported in the arrangements made a year ago between the United States and the Chinese Ministry of Finance. In the other announcement was made of an agreement with Brazil designed to promote monetary equilibrium between the two countries and to facilitate establishment by Brazil of a central reserve bank. Under the agreement this country will sell gold to Brazil as requested, up to a total of \$60,000,000. The United States will make dollar exchange available to Brazil under conditions which safeguard the interests of both countries, in order to promote exchange equilibrium.

In regard to China, the treasury announced that the conference held last year contributed to the successful functioning of the new Chinese monetary system, with benefits both to the internal economy of China and to American trade. Arrangements have now been made, it was an-

nounced, by which China will purchase gold from the United States to augment its gold reserves, and, in accordance with the Silver Purchase Act of 1934, this country will purchase an additional amount of silver from the Chinese government. The treasury also will broaden the scope of the arrangement under which the Central Bank of China has been able to obtain dollar exchange for currency stabilization purposes.

FEDERAL internal revenue collections for the fiscal year 1937 were estimated at \$4,652,503,174 by the Internal Revenue Bureau recently, a substantial increase over the 1936 fiscal year total of \$3,520,208,381. For June of this year collections

amounted to \$826,790,383, as compared with \$478,228,621 for June of 1936.

Attention Jim Farley

Old Lady (to little boy standing on his head): "Don't you know that if you do that, you'll never get to be president?"

Little Boy: "That's all right, lady, I'm a Republican."

Branded

Doctor: "Why do you have BF7652 tattooed on your back?"

Patient: "That's not tattooed, doctor. That's where my wife ran into me with the car when I was opening the gates."

Strength

A REVIEW of this balance sheet shows the excellent financial standing of the SAC. Steady growth has been maintained, and, with the opening of the Des Moines, Iowa, branch in March, SAC advances its leadership as the largest loan and finance company in the middle west.

SECURITIES ACCEPTANCE CORPORATION

Balance Sheet June 30, 1937

ASSETS

Cash	\$ 512,798.80
Notes receivable:	
Retail automobile installment notes	\$2,802,276.94
Dealers' automobile floor plan notes	1,023,295.39
Personal installment loans	848,327.84
Cash value life insurance	13,025.45
Sinking fund for redemption of debentures	18,933.95
Deferred charges and prepaid items	90,797.75
Other assets	49,327.37
TOTAL	\$5,358,783.49

LIABILITIES

Collateral trust notes and bonds	\$3,317,000.00
Accounts payable and accrued items	135,194.76
Dealers loss reserves—contingent	74,608.53
Reserve for credit losses	52,312.17
Deferred income	285,279.21
5 per cent convertible debentures, due June 1, 1946	490,000.00
Capital and Surplus	1,004,388.82
TOTAL	\$5,358,783.49

Securities
ACCEPTANCE CORPORATION
2nd Floor Insurance Bldg. Omaha, Nebr.

— BRANCH OFFICES —

NEBRASKA

Lincoln
Norfolk
Hastings

IOWA

Des Moines
Sioux City
Spencer

COLORADO

General
Credit Corp.
Denver



WINFIELD C. JACKLEY
President

IOWA Investment Bankers Association

Organized 1935



W. T. FRAME
Secretary

DATES for the annual Field Day of the Iowa Investment Bankers Association have been announced as Thursday, September 9th, with the event to be held in Des Moines at the Wakonda Country Club. Harold P. Klein, assistant vice president of the Iowa-Des Moines National Bank & Trust Company, is general chairman of the occasion.

Other committee chairmen are: Refreshments, J. C. Shaw; NORTHWESTERN BUNKER, Gene McGuire; golf, Arthur H. Keyes; entertainment, Frank R. Warden; sweepstakes, M. D. Dearth; prizes, C. A. Russell; invitations and badges, W. T. Frame; lunch and dinner, Winfield C. Jackley; special events, Allen Heywood; and transportation, Harry Graefe.

Join Polk-Peterson Corporation

Polk-Peterson Corporation has recently added two men to the personnel of their Davenport office.

Clarence A. Hahn, who resides at Muscatine, Iowa, was formerly connected with the American Savings Bank of that city. For the last three or four years Mr. Hahn has represented the Reconstruction Finance Corporation and Federal Housing Administration, in connection with promotion and publicity departments of those governmental agencies.

Eugene A. Springer of Davenport, Iowa, has been, for a number of years, engaged in credit work, formerly with Proctor and Gamble, and more recently as credit manager for Firestone Tire and Rubber Company at Davenport.

George P. Rush of Davenport has been connected with the Davenport office of Polk-Peterson Corporation for approximately two years.

Ed F. Grimm has recently been placed in direct charge of the Davenport office. Mr. Grimm formerly resided at Davenport, but for some time has lived in Des Moines, and is manager of the Institutional Department of Polk-Peterson Corporation.

NEWS AND VIEWS

(Continued from page 25)

the police take off your license plates, and you have to go to headquarters and get them back by paying a fine.

We visited the **Francisco Avalos Glass Factory**. When we were in Venice the glass factories produced most of their products by blowing, but here in Mexico City, it is done more by molding the hot glass and not so much by blowing.

The first two words with which you become familiar are "**Alto**" which doesn't have anything to do with music, but means to **STOP** and the word "**Siga**" which means to **GO**.

The only bank that can issue paper money is "**The Banco de Mexico**," which is owned by the government and has branches in the 27 Mexican states and was established in 1922.

The oldest bank in Mexico is the "**Banco Nacional de Mexico**" established in 1881 with French capital and which has branches in 15 of the states.

The third and only other Mexican bank, the "**Banco de Comercio**" is privately owned and has no branches.

Puebla was built by the Spaniards in 1532 and is located 86 miles from Mexico City. It is a beautiful drive over the mountains to this village as the mountains rise at some points to an altitude of 11,000 feet and on a clear day a good view may be had of the twin volcanoes, **Ixtaccihuatle** and **Popocatepetl**.

On the way we stopped at **Cholula**, which has more churches per inhabitants than any other city in the world, there being 365 or one for every day in the year.

Puebla is an ancient Spanish city and one of the foremost state capitals of the republic and has been called the "**Rome of Mexico**." The city is also known for its pottery and famous colored glazed tiles, used throughout the world.

In a high grade barber shop in Mexico City, you can get a haircut, shampoo and a tonic for 56 cents in our money, or 2 pesos in Mexican money.

Attended the **Palacio de Belles Artes** theater under the direction of **Expectaculas Roberto Soto** and I saw as fine a performance as at the **Follies Bergere** in Paris or at the **French Casino** in New York, and the best seats were 1.50 pesos or 42 cents. The Palace seats 2,000 and is modern and up to date including "artificial climate." The front curtain was made by Tiffany and is of steel and glass. A most magnificent piece of work.

Just to show you how much more con-

Bonds, Stocks and Grains

Bought and Sold

For investment or, on margin

Listed and unlisted securities. Odd lot orders given special attention. We will find a market for you on any security of value.

Telephone or wire at our Expense.

L. A. ANDREW, JR. & CO.

Members: Chicago Stock Exchange
New York Curb Exchange (Associate)

134 South LaSalle Street
Suite 619
CHICAGO

densed the English language is than the Spanish, the phrase, "No Parking" in Spanish reads, "Se Prohibe Estacionarse en esta calle".

The only foreign bank now located in Mexico City is the **National City Bank of New York**. I had a very nice visit with **E. J. Goddard** whose title is "Sub-Manager," as **William B. Richardson**, Manager, was on his vacation.

The hours of the bank are from 9:30 a. m. to 12:30. The bank is then closed and reopens again from 3:00 to 4:30 p. m.

I might say right here that all business establishments except the restaurants close from 1:00 p. m. to 4:00 p. m. and reopen again from 4:00 to 7:00 p. m.

"**Loteria Nacional para la beneficencia Publica**" is a national institution in which most every one participates.

There are three drawings each week and the government takes 10 per cent of the proceeds for the support of their charitable institutions.

I was quite amused at the fact that gambling is prohibited in Mexico, yet the government is in the lottery business in a big way. The lottery tickets are for sale everywhere and the boys come running to your car, when you stop, to sell you tickets as they would newspapers. A big neon sign in the heart of the business section of Mexico City says in English, "Buy lottery tickets and get rich while you are here."

Cuernavaca, 50 miles from Mexico City is the resort center of the Republic—and is comparable to Wiesbaden, in Germany. Here the wealthy citizens of Mexico City come for the week end, or live for seven months in their own private homes when the rainy season in Mexico City gets too wet for them. Surrounded by beautiful mountains, the climate is the most equable the year around of any place in Mexico. We stayed at a beautiful hotel with excellent meals, big rooms and a swimming pool for extra measure, for the cost of 9 pesos per person per day, or only \$2.52 for everything.

Taxco, pronounced "Tasco" is the **Silver City** of Mexico. **Don Jose de la Borda**, a Frenchman, developed silver mining here 180 years ago. He became very rich and built a beautiful cathedral in the center of the city which he gave to the community. Later on his son was the first priest to officiate in this beautiful structure.

The most famous silver shop and factory in **Taxco** is now operated by **William Spratling**, who was a former reporter on the **New York Herald Tribune** and came down to write a book on Mexico and stayed to make a success as a

designer of the most artistic silver jewelry anywhere in the country.

The city itself is built on the sides of the surrounding hills and all the roofs of the buildings are red tile, which contrasts most effectively with the green foliage of the mountains. There is no place I have been that reminds me as much of the **French Alps**, as this quaint and very interesting place, with cobblestoned streets over which the burros, dogs, pigs and citizens all go back and forth—and of course they get no "wrong numbers" in **Taxco**, because there has never been a telephone in the whole town.

Attended a reception and tea at the

American Embassy at Mexico City. Ambassador **Josephus Daniels** was in Europe, but his associates on the diplomatic corps performed perfectly and I recalled that it was here that **Charles Lindbergh** "wooded and won" **Anne Morrow** when her father, **Dwight Morrow**, was ambassador to Mexico.

In Oklahoma City I saw oil wells in the front yard of the **State Capitol** grounds pumping "black gold" which should help increase the surplus in the state's treasury and reduce the taxes.

One of the most interesting Mexican customs for "getting acquainted," I saw in **Monterrey** at 9 o'clock one Sunday

We Own and Offer....

\$10,000 Clinton County Primary Road Refunding Bonds

2 1-2%, Due May 1, 1943, 1.85%

\$26,000 Des Moines, Iowa Funding Bonds

3%, Due 1946-52. 2.55% to 2.85%

\$60,000 Sioux City, Iowa Waterworks Revenue Bonds

3%, Due 1942-47. 2.10% to 2.65%

We maintain an active market at all times in Iowa Municipal Bonds and are in a position to submit firm bids for your consideration on any such holdings you may desire to liquidate.

Shaw, McDermott & Sparks

Investment Securities

DES MOINES, IOWA

307 Equitable Bldg.

Phone 3-6119

evening. In the main square or plaza is a beautiful park and in the center of this the band commences to play at 9 p. m. Around the sidewalk going in **opposite directions** are the young men three or four abreast and the young women walking in twos or threes parading around this square during which time they look each other over while the band plays music suitable for the occasion. If a **Senor** sees an attractive **Senorita** with whom he would like to spend the evening, he takes her by the arm and if she is willing they then continue to walk together or leave the crowd and sit in the park or do whatever pleases their fancy.

You soon learn to figure distances in **kilometers**, remembering that one mile equals 1.6 kilometers and to figure your gasoline in **litros**, also remembering that 5 litros equals 1 1-3 gallons.

When we were in **Havana**, we failed to see "**the fastest ball game in the world**" known as **Jai-Alai**, so in Mexico City we enjoyed an evening watching this game which they call "**Fronton**" and which was played at **El Palacio de la Pelota**. The game is played with two men on each team playing in a court about a block long with walls two stories high on three sides and a wire netting on the side toward the audience. Each player

wears a curved scooped out basket called a "**Cuta**" which is strapped to his right hand. The ball is served with terrific force against the end wall by a **red** player and must be returned by a **blue** player against the end wall and this continues until one team has scored 35 points which is "game."

The speed and skill of the players is almost superhuman. All during the games, which begin at 7:45 P. M. and last until 1:00 A. M., red bereted ushers are yelling odds on the game. If you wish to bet, you put up your money with them and they give you a ticket. After the game, if you have won, you go down stairs to the cashier's window and get your money. During the evening there will be a dozen different teams taking part in the games.

If a person rents property for a **convent** or a **monastery** the property is confiscated by the government.

Along the highways of Mexico you will find frequent places where "**X marks the spot**." These marks show where a bandit who had been convicted of robbery, was taken back and killed at the place of his original crime. This might be a good idea for the U. S. A. Anyway, the highways of Mexico are becoming safer and safer and are now very well patrolled.

If you would like a brief history of Mexico with the various civilizations and individuals that have made an impress on this most interesting country, here they are in very brief form:

1. **Arcaic** (5000 years ago); 2. The **Nahoa Tribes**; 3. **Tolteca**; 4. **Azteca**; 5. **Spaniards** (1520-1821); **Cortez** came in 1521; 6. **Independence** (1810 to 1821).

The prominent names which have appeared from the beginning of Mexican Independence up to the present time are the following:

1. **Hidalgo** (1810); 2. **Iturbide** (1821); 3. **Juarez** (1857); 4. **Maximilian** (1864-1867); 5. **Juarez**; 6. **Diaz** (1880-1911); 7. **Madero**; 8. **Huerta**; 9. **Carranza** (1914-1917); 10. **Obregon**; 11. **Calles**; 12. **Cardenas** (1934 to date).

In 1847 Santa Anna sold Texas, New Mexico and California to the United States. The **Mexican Independence Day** is September 16th.

There are 5,000,000 Indians in Mexico who do not speak Spanish, but have their own language.

The **first bull fight** in America was held in Mexico in 1526.

We visited the **Shrine of Guadalupe** which is the most popular shrine in Mexico because the **Virgin of Guadalupe** is the **Patroness Saint** of Mexico.

The national drink in Mexico is **Tequila** and is made out of cactus.

About 30 miles from Mexico City is located the **Pyramid of the Sun**, which is 760 feet wide and 216 feet high and is the largest on the American continent, and was built about 1500 years ago by the **Tolteca**. We also visited the **Citadel** and the **Temple of Quetzalcoatl**.

And if you would like to mix the modern with the ancient, I might say that you can buy a bottle of Coca Cola at the foot of the Pyramid for 20 centavos or 6 cents in our money.

(Egyptian pyramids by comparison are the 1. **Cheops**, 755 feet in length and 481 feet in height, the 2. **Chephren**, 760 feet in length and 422 feet high, and 3. the **Mycerinus**, 346 feet long and 215 feet high.)

During the last two years there have been 100,000 tourists visit Mexico, which equals the number for the previous 25 years.

"**Eskimo Pies**" as we know them in the United States, are called in Mexico, "**Polar Cakes**" and cost 15 centavos or 4 cents in our money.

Just to keep in the spirit of 4th of July, we attended a celebration under the auspices of the **Allan Seegar Post No. 2 of**

Short Maturities

Short maturities are always desirable for the investment of your bank's funds and especially so at this time. Our Collateral Trust Notes give you **SAFETY, LIQUIDITY, and SHORT MATURITY**, and are backed by 120 per cent collateral consisting of automobile buyers' contracts deposited with our Trustee.

There has not been a single case of loss of either interest or principal on any of our Collateral Trust Notes and no note has ever been a day past due.

Established 1917

IOWA GUARANTEE MORTGAGE CORPORATION

JULIUS D. ADELMAN, *President*

SHOPS BUILDING

DES MOINES, IOWA



THE T. C. Henderson Company, Des Moines investment firm, has recently moved into new quarters on the second floor of the Empire Building. The firm occupies six rooms, all air-conditioned, comprising one general office, two private offices, a sales room, conference room, and a library. The illustration at the left above shows the sales force of the T. C. Henderson Company seated in the sales room. Reading from left to right they are O. B. Gift, K. C. Shreve, E. A. Petersen, T. C. Henderson, C. C. Plambeck, George Goldenson, and H. C. Erickson. At the right above is Mr. Henderson seated at his desk in his private office.

the American Legion at the Parque Espana, Calzada de la Teja in Mexico City. It was sort of a miniature Coney Island celebration and everyone seemed to have a good time.

On most any corner in Mexico City you can find boys or men offering to sell you flowers of various kinds. I purchased **orchids** for 15 centavos apiece or 4 cents.

I saw the house where **Trotsky**, the exiled Russian communist is living, the property being owned by the well known artist **Diego Rivera**, who was instrumental in inviting Trotsky to Mexico City. Rivera, who is himself a very active communist, you will remember, had his painting in Rockefeller Center torn down because of its anti-capitalistic portrayal.

The citizens of Mexico have not received the education in **sanitation** and **hygiene** to which we in the United States are accustomed, and perhaps that is the reason that between 75 and 80 per cent of the population are afflicted with social diseases and that infant mortality runs as high as 50 per cent.

One of the most interesting spots to visit on Sunday are the **Xochimilco Gardens** and we took a boat ride on the canal "A la Ven'ice" for a half hour at a cost of 2 pesos or 56 cents.

The "Gondolier" stands at the back of his boat and paddles you in and out among a hundred other similar crafts as the canal is not very wide. Each boat has its name in flowers in an arch at one end and a complete canopy covers the entire length of the boat.

During our trip men and women in small canoes came up along side to sell

us flowers, sandwiches or Coca Cola (the only reminder of the states).

Truly the whole canal with its boat loads of occupants, all out for a holiday of enjoyment, is as typically Mexican as anything we saw.

Zocalo, or **Plaza de la Constitucion**, has been the center of Mexico City since 1325. It was here that the wandering

Aztec tribes saw the eagle perched on a cactus plant with a serpent in its talons (this is the emblem of Mexico—an eagle with a serpent in its mouth) which they interpreted as a sign from the Gods to stop their wanderings and settle down.

The most gorgeous view of Mexico City I had, was from the **Castle of Chapulte-**

SHORT TERM COLLATERAL TRUST NOTES

INQUIRIES
INVITED

Commercial Investment
Corporation

Davenport, Iowa

Northwestern Banker August 1937

pec, which rises high above the city, crowning the hill of Chapultepec. The castle was begun in 1783, but was not finished until 1840 and was used by Maximilian as his residence in 1866.

Dined at the **Cafe de Tacuba** and enjoyed my "Enchiladas de mole con natas", which cost 1 peso or 28 cents and which is simply a rolled pancake filled with chicken.

In the corner of the cafe, I noticed a beautiful **Senorita** with her "boy friend" and her mother acting as chaperon. Many Mexican girls of social standing when they go out still have their mothers or official chaperones with them.

Attended the Alameda "**Cinema**", which is the finest movie theater in Mexico City. The movies are all "Made in the U. S. A." and at the bottom of each scene the dialog is printed in Spanish. Between pictures, current news events are announced by way of the loud speaker.

Of course every one dines at **Sanborns** in Mexico City, the restaurant being located in the "**House of Tiles**" built in the sixteenth century. In 1919 Mr. Sanborn,

who had lived in California, came to Mexico City, acquired the property and opened his now popular restaurant which is the meeting place for most of the Americans who visit the capital city.

In Mexico, they figure time from 1 hour to 24 rather than from noon to midnight as we do. For example, beyond noon, 1 o'clock is 13 o'clock, and 2 o'clock is 14 o'clock and so on. Thus 6 to 9 P. M. is 18 P. M. to 21 P. M.

Attended a meeting of the "**Club Rotario**" at the **Hotel Regis** at 13 o'clock where a special table was reserved for the "**Rotarios Visitantes**".

Driving through Texas you will see along the road:

"If you drive, don't drink.
If you drink, don't drive."

This is certainly a good slogan for any state.

In Claremore, Oklahoma, we dined at the "**Will Rogers Hotel**" and on the walls were numerous photographs of Will Rogers and the one that caught my eye especially was one of **Will Rogers** and **John D. Rockefeller, Sr.**

Toluca is the capital of the State of Mexico and has a population of 60,000 and is famous as a market for Serapes or blankets, baskets and Mexican hats. We lunched at the **San Angel Inn**, a very beautiful and picturesque spot.

43rd Birthday

Investors Syndicate, of Minneapolis, celebrated its forty-third birthday recently with the announcement that its resources have passed the \$100,000,000 mark. Through depressions, panics and booms since it was chartered July 10, 1894, the company has experienced a steady and consistent growth, as reflected by the figures released by the company.

The present management, under the presidency of J. R. Ridgway, acquired the company September 30, 1925, at which time it had total resources of \$12,240,924, with a capital, surplus and reserve of \$1,210,440. As of June 30, 1937, resources had reached \$101,184,527, with cash and marketable securities aggregating \$23,923,689, and capital, surplus and reserve of \$8,800,905.

Under the present management, the company's total resources have increased 7.6 times, and capital, surplus and reserve have increased five-fold.

During this same period since December 31, 1925, the company has disbursed to holders of its investment contracts a total of \$71,091,218.

FAITHFUL EXECUTION of both buying and selling orders is now facilitated by a direct private wire giving instantaneous contact with our New York office. This enables us to take advantage of competitive bids and offers in both markets.

F. A. CARLTON & CO.

NOT INC.
ESTABLISHED 1926
208 SOUTH LA SALLE STREET
CHICAGO
TELEPHONE CENTRAL 2610

FRANK H. STEWART
IOWA REPRESENTATIVE

NEW YORK OFFICE
115 BROADWAY

Complete Investment Service in Sound Securities

for Banks and Individuals

T. C. **HENDERSON** & CO.

INC.

Investment Securities

Cedar Rapids

Teletype D M 285

DES MOINES

Empire Building

Sioux City

Phone 4-4289

LAMSON BROS. & Co.

ESTABLISHED 1874

141 W. Jackson Blvd., Chicago
50 Broadway, New York

Our branch offices are equipped to render complete brokerage service in the handling of grain (cash and futures), stocks, bonds, cotton and provisions. Private wires direct to all markets.

BRANCH OFFICES

Des Moines, Iowa	Davenport, Iowa
Dubuque, Iowa	Cedar Rapids, Iowa
Marshalltown, Iowa	Mason City, Iowa
Sioux City, Iowa	Waterloo, Iowa
Storm Lake, Iowa	Iowa Falls, Iowa
Fort Dodge, Iowa	St. Louis, Mo.
Kansas City, Mo.	Lincoln, Neb.
Peoria, Ill.	Omaha, Neb.
Quincy, Ill.	De Kalb, Ill.
Galesburg, Ill.	Gilman, Ill.
Bloomington, Ill.	La Fayette, Ind.
La Salle, Ill.	Frankfort, Ind.

MEMBERS OF LEADING SECURITY
and COMMODITY EXCHANGES



MANNING E. HANDLER
President

NEBRASKA Investment Bankers Association

Organized 1920



E. T. VOLZ
Secretary

DIRECTORS of the Union Stock Yards Company of Omaha recently reduced the quarterly dividend on the common stock from \$1.50 to \$1.00 a share. The dividend was payable July 1st. M. L. Shawcross, stock yards company secretary, said the action was taken to conserve cash.

A LETTER received recently by Mrs. Arthur L. Loomis, widow of the former president of the Nebraska Investment Bankers' association, was a grim reminder of the airplane crash last January which cost her husband's life.

The letter was from Mr. Loomis' father, the late Howard G. Loomis, who mailed it at Los Angeles December 15th. The letter was recovered from the wreckage of another transcontinental airliner which crashed in the Utah mountains the day after the elder Mr. Loomis had mailed it.

After mailing the letter to his son in Omaha, the elder Mr. Loomis became ill and died. Arthur Loomis was enroute to Los Angeles for the funeral when his ship crashed, killing Loomis and three other persons.

ARTICLES of incorporation for the Conservative Securities Company of Omaha were filed recently by Herman E. Gebers, E. M. Gebers, A. M. Wilson and George K. Pfeiffer. Capital stock was listed at \$25,000.

DURING the first six months of 1937, seven Omaha savings and loan associations loaned \$3,607,196 on homes and paid dividends totaling \$383,431 to 52,500 stockholders, according to Leslie E. Martin, secretary of the Nebraska League of Savings and Loan Associations.

Assets of these seven Omaha associations total \$36,422,327, according to Mr. Martin's report.

LAWRENCE BRINKER, vice president in charge of the bond department of the National Company of Omaha, formerly the First Trust Company, recently announced his retirement because of ill health and left to spend several months at his summer home in Minnesota.

Mr. Brinker had been with the company ten years. Previously, he was associated

17 years with Burns, Brinker & Company, now known as Burns, Potter & Company.

DIRECTORS of the Occidental Building and Loan Association of Omaha recently declared a quarterly dividend to stockholders on a basis of 3 per cent annually, according to Ford E. Hovey, president. It is said to be the only building and loan association in Nebraska that pays its dividends every three months.

DIRECTORS of the Nebraska Savings and Loan Association of Omaha recently voted the organization's 104th consecutive semiannual dividend. The 3 per cent dividend was payable June 30th. According to Leslie E. Martin, association secretary, the payment brought the total for the year to date to 4 per cent, a special 1 per cent dividend having been paid April 1st.

EDWARD M. SPEAR of Genoa, Nebraska, father of Wallace E. Spear, trust officer of the First National Bank of Omaha, and of John Spear, treasurer of the Greenway-Raynor Company, Omaha investment bankers, underwent a major

operation at Clarkson Hospital in Omaha recently.

A SYSTEM OF SERVICE CHARGES

(Continued from page 11)

code was under discussion. Now every account pays its way and there are absolutely no exceptions. That is where you can get into difficulty making exceptions for this person or that institution. We make the charges against all accounts. It is now immaterial to us how many small accounts we have. All accounts are charged if a loss is shown.

The only answer to the problem of low income and high expense is to find new sources of income. We have all hoped for an upturn in money rates, but until that change comes we must substitute service charges which will help to yield a living income to the banks. The charges should be fair, yet high enough to convert the losses into moderate and reasonable profits to which any bank is entitled.

The time has passed when we were expected to sit or stand around all day prepared to wait on all customers alike, regardless of whether we made a cent on their account or not. That's asking too much. Put in a system of reasonable service charges and then every time you have to jump—well, you earned something.

Wasted Worry

A man on trial for his life was being examined by a group of alienists. Suddenly one doctor shouted at him: "Quick! How many feet has a centipede?"

The man came back in a dry voice: "Gosh! Is that all you got to worry about?"

BONDS [Municipal Public Utility Industrial]

A.C. ALLYN AND COMPANY

Incorporated

100 West Monroe Street, Chicago—Tel. Franklin 8400
New York Philadelphia Detroit Milwaukee Omaha



500 cows on hay in March, Nebraska Sand Hills Ranch.

Omaha, Nebraska, July 19, 1937.

Mr. Iowa or Nebraska Banker:

With crop prospects encouraging and pastures and feed crops favorable, there undoubtedly will be a restocking of farms and feed lots in this territory.

Anticipating such a movement and a corresponding demand for credit, we take this opportunity of suggesting that you consult us if there is an opportunity for us to be of service to you.

Very truly yours,

W. A. Sawtell,
President.

Stock Yards National Bank of South Omaha

OMAHA, NEBRASKA

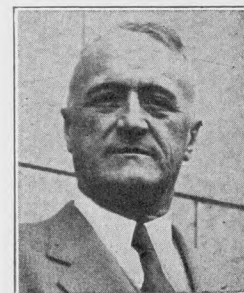
Member Federal Deposit Insurance Corporation

NEBRASKA

News



H. A. SCHNEIDER
President



WM. B. HUGHES
Secretary

OFFICERS NEBRASKA BANKERS ASSOCIATION

President.....H. A. Schneider
Plattsmouth
Treasurer.....James B. Owen
Omaha
Chm. Ex. Council.....R. I. Stout
Tekamah
Secretary.....Wm. B. Hughes
Omaha

What Nebraska Statements Show

Figures Reported by Nebraska Banks on Their Statements of June 30, 1937.
Statements Received Following Each Call Are Reviewed in
the Northwestern Banker as They Appear Below

TOWN	BANK	CASHIER	Capital	Surplus and Profits	Loans and Discounts	Bonds and Securities	Cash and Due From Banks	Deposits
Alliance	The Guardian State Bank	H. D. Wells	\$ 125,000	\$ 38,527	\$ 959,003	\$ 113,573	\$ 266,179	\$ 1,194,290
Beatrice	The Beatrice National Bank	Ed. C. Austin	100,000	113,256	956,554	1,110,997	978,110	2,858,406
Clarkson	Clarkson Bank	J. A. Kucera	40,000	6,107	97,676	106,700	97,999	259,130
Fairmont	Farmers State Bank	Chas. F. Tous	25,000	12,588	63,167	108,667	114,412	254,392
Fremont	The Stephens National Bank	J. G. Edloff	100,000	48,590	464,735	746,415	639,474	1,707,028
Hastings	City National Bank	Floyd A. Hansen	100,000	54,105	456,122	469,792	596,344	1,373,724
Lincoln	The First National Bank	Howard Freeman	850,000	445,567	3,413,076	9,812,882	5,930,282	18,423,745
Lincoln	National Bank of Commerce	B. G. Clark	300,000	375,725	3,281,556	4,341,300	3,812,447	10,750,918
Nebraska City	The Farmers Bank	J. R. Stevenson	50,000	114,771	208,905	1,631,726*	1,466,860	1,466,860
Norfolk	The National Bank of Norfolk	Edgar Scheips	100,000	25,048	332,644	492,763	345,427	1,043,984
Omaha	First National Bank of Omaha	J. T. Stewart, III	2,000,000†	609,198‡	8,407,424	10,360,579	8,441,884	26,414,430
Omaha	The Packers National Bank	L. Dale Matthews	200,000	52,458	1,148,565	502,993	941,205	2,366,387
Omaha	Live Stock Nat'l Bank of Omaha	R. H. Kroeger	450,000	324,499	2,902,141	5,980,378	4,212,937	12,261,707
Omaha	The Omaha National Bank	James P. Lee	2,250,000	951,607	14,337,294	15,775,368	16,059,659	43,537,270
Tekamah	The First National Bank	H. J. Wragge	110,000	22,938	410,343	224,010	362,481	896,921

‡Undivided Profits Only.

*Includes Cash and Due from Banks.

†Includes Surplus.

"50 Year" Club

To honor Nebraska bankers who have been in the business fifty years or more, the executive council of the association has proposed the formation of a 50 Year Club, the first meeting of which will take place at the coming 1937 convention of the association in Lincoln, on November 4 and 5.

The committee appointed by the council to promote the 50 Year Club idea consists of Perry Hendricks, vice president United States National Bank, Omaha, chairman; B. O. Campbell, vice president First National Bank, Lincoln; and Byron Dunn, executive vice president National Bank of Commerce, Lincoln.

Entertain

Dan V. Stephens, Fremont, banker and former congressman, entertained children of the Fremont Masonic-Eastern Star home, officers of the home and Masonic lodge and employes of the Stephens bank, Nebraska State Building and Loan Asso-

STATE CONVENTION LINCOLN

November 4th and 5th

Hotel Cornhusker

ciation, Fremont State Company and Hammond-Stephens Company at his annual picnic last month. The picnic was held at The Cottonwoods, summer home of Mr. Stephens.

Returns from Conventions

Alvin E. Johnson, president of the Live Stock National Bank, Omaha, recently returned from a western trip, attending the Colorado Bankers Convention, Estes Park, Colorado, and the Wyoming Bank-

ers Convention, held at Sheridan, Wyoming.

New Position

Edgar Scheips resigned his position as cashier of the National Bank of Norfolk last month to become auditor of the First National Bank of Fairbury. Both institutions are affiliated with the Northwest Bancorporation. Because of his new position, Mr. Scheips has resigned as secretary of Group Three of the Nebraska State Bankers' Association, a position which he has held for the past five years.

Merged

Ben N. Saunders, superintendent of the state banking department, recently announced a merger between the Pioneer Bank of Eustis with the Farmers' State Bank of Eustis. The consolidated bank is to have a capital stock of \$35,000 and a surplus of \$20,000. G. C. Heuftel, president of the Farmers' Bank, will remain as president of the new institution.

Northwestern Banker August 1937

Resigns

Miss Pauline Grantham of Lexington, who has been employed in the Federal Land Bank at Omaha the past few years, has resigned.

Attends School

Henry E. Ley, cashier of the State National Bank of Wayne, recently spent three weeks attending the Graduate School of Banking at Rutgers University in New Brunswick, New Jersey.

To Iowa

Harold Moes who has been with the First State Bank of Randolph for the past two years, has started work with a bank at Pocahontas, Iowa.

Loans Gain

Nine Omaha banks report loans totaling \$33,218,895 as of June 30 this year as compared with \$28,318,448 as of June, 1936.

To Kansas City

William B. Phillips, assistant cashier of the Federal Reserve Bank of Omaha, is now in Kansas City to manage the bank there on a two-months assignment.

Buys Bank

M. J. Ferguson of Polk recently purchased controlling interest of the First National Bank of Marquette. In the transaction M. C. Isaacson became owner

of Ferguson's stock in the Citizen's State Bank of Polk.

To California

Dick Eberly of David City has secured a position in the Bank of America in Long Beach, California.

Elected Asst. Cashier

John M. McCumber was elected assistant cashier of the Stock Yards National Bank of South Omaha at a regular meeting of the board of directors held recently.



JOHN M. McCUMBER

Mr. McCumber was born and educated in Omaha and has been continuously associated with the Stock Yards National Bank since January 7, 1914, at which time he started as messenger.

Stonier Honored

Harold Stonier, director of the Graduate School of Banking, was honored by Rutgers University at the close of the commencement exercises for the first graduating class of the school July 2, with the university's award for initiative and constructive endeavor in education, in recognition of his work in the organizing and development of the school. In presenting the award Dr. Robert C. Clothier, president of Rutgers, stated that it was made with the approval of the trustees of the university.

SELL YOUR BANK

The "Walters" Way
Without Publicity

Qualified, carefully investigated bank
employees furnished free
THE CHARLES E. WALTERS CO.
Omaha, Nebraska



"...friendship keeps no ledger..."

This bank's greatest asset does not show in its annual statement. Friendship keeps no ledger. It is an asset, nevertheless, which has a great deal to do with the bank's annual progress. We intend to continue to do everything a good friend ought, to let you know that your friendship is appreciated. We are here to serve you, and we want you to feel at home with us. Come in and spend the time of day with us when next you're in the city.

LAURANCE ARMOUR

President

AMERICAN NATIONAL BANK
AND TRUST COMPANY
of Chicago

LA SALLE STREET AT WASHINGTON

Member Federal Deposit Insurance Corporation

Northwestern Banker August 1937



T. R. DANIELL, 71, one of Sarpy county's most extensive farmers, was elected a director of the Packers National Bank of South Omaha, July 14th.

He owns eight farms, totaling more than one thousand acres, all just west of Fort Crook. He lives on one; his four sons and three daughters live on the others. He came to Sarpy county in 1869, when he was three. The home farm belonged to his father. The others he bought himself.

We get along, he said. A good many farmers didn't go broke.

His father-in-law, Amos Gates, who came to Sarpy in 1855, was one of the directors of the Packers National when it was formed in 1891. Mrs. Daniell's sister's husband, Fred Trumble, living near Papillion, Nebraska, is also a director of the bank. Mr. Daniell was on the board once before, years ago.

The bank also elected Russell E. Kendall, assistant cashier, to be a vice president of the institution, and L. Dale Matthews, assistant cashier, with the bank ten years, to be cashier.

MRS. INGRID CHRISTINE OLSSON, 91, mother of Anna T. Olsson, manager of the savings department of the Live Stock National Bank of South Omaha, died recently at the home where she had lived for 48 years in Sarpy county, near Omaha. She would have been 92 August 17th. Another daughter is Mrs. Arthur A. Schmidt of Montrose, Colorado.

SOMETHING new in bonuses was handed out July 1st by the First National Bank of Omaha to the bank's one hundred employes, who were elated over the surprise.

The bank announced a vacation bonus amounting to an extra week's salary for each employe.

F. J. McCAULEY, since 1928 cashier and a director of the Packers National Bank of South Omaha, recently announced his resignation, effective July 1st.

He planned to leave for Los Angeles to

be associated with a banking enterprise. A native of Omaha, Mr. McCauley began at the Packers National as a messenger 20 years ago. He is a bachelor.

AN INCREASE of nearly five million dollars in bank loans was recorded in Omaha during the past year, it was disclosed by figures in response to a bank call as of June 30th.

The loan totals were greater than at any time since 1928. Nine Omaha banks reported \$33,218,895 in loans compared with \$31,654,908 on December 31, 1936, and to \$28,318,448 on June 30th of last year.

Total deposits showed a decrease. The Omaha banks had \$117,454,841 on deposit June 30th this year as against \$128,657,956 on the same date last year and \$128,921,106 on December 31, 1936. The total for last December 31st was one of the largest ever recorded in Omaha.

June 30th totals reported by individual banks:

	Deposits	Loans
Omaha National	\$43,537,270	\$14,337,294
First National	26,414,431	8,407,425
U. S. National	24,069,694	3,702,634
Live Stock Nat'l	12,261,707	2,902,141
Stock Yards Nat'l	6,656,253	1,829,521
Packers National	2,366,387	1,148,565
South Omaha Sav	952,384	417,018
Douglas Co. Bk...	781,863	217,620
Bank of Florence	414,852	256,677

W. DALE CLARK, president of the Omaha National Bank, has been appointed a member of the committee on federal finances of the United States Chamber of Commerce.

ONE OF THE outstanding social events of early summer in Omaha was the reception given by Mr. and Mrs. W. Dale Clark for more than two hundred officers and employes of the Omaha National Bank, of which Mr. Clark is president.

The reception also was in the nature of a housewarming. The Clarks recently moved into a new residence at 225 South

Live Stock National Bank Omaha

Statement of Condition, June 30, 1937

RESOURCES		LIABILITIES	
Loans and Discounts	\$2,902,141.42	Capital Stock	\$450,000.00
Bonds and Securities	78,803.30	Surplus	300,000.00
Stock in Federal Reserve Bank	22,500.00	Undivided Profits	24,499.25
Banking House	16,000.00	Unearned Discount	27,576.52
Furniture and Fixtures	None	Reserved for Taxes,	
Other Real Estate	1.00	Interest, etc.	63,426.16
Federal Deposit Insurance Corporation	1.00	Dividend Payable	
U. S. Gov't Securities	\$5,901,575.38	June 30, 1937	6,750.00
Cash, Sight		Deposits:	
Exch. & Due		Public	
From Fed.		Funds—	
Res. Bank	4,212,937.11 10,114,512.49	Secured \$	1,412,127.15
		Other	
		Deposits	10,849,580.13 12,261,707.28
	\$13,133,959.21		13,133,959.21

Send us your **GRAIN DRAFTS**—Immediate Credit given

Member of Federal Reserve System and Federal Deposit Insurance Corporation

Northwestern Banker August 1937

Nebraska News

Fifty-fifth street, which they purchased.

Receiving with the hosts were Miss Jessie Millard, and Otis T. Alvison. Assistants were Mrs. Daniel Monen, Mrs. James P. Lee, Mrs. Alvison, Mrs. W. B. Millard, Jr., Mrs. David Davis, Mrs. Victor B. Smith, and Mrs. C. W. Mead.

Among the flowers sent to the Clarks was a cluster of white lilies and pale blue dephiniums and babybreath from Miss Millard.

A COMPARATIVELY new financial structure which reached its peak after the wholesale bank failures of the depression era still occupies a prominent position in Nebraska.

Co-operative credit associations, originally intended to provide loan facilities for industrial and business employes, are being used now in a number of "bankless" towns for banking purposes exclusively.

Of the 169 associations in Nebraska, 96 are in "bankless" communities. All that is needed to start one is \$150, with 15 members supplying a \$10 share each. Six per cent is the highest interest charge on loans, 4 per cent the maximum interest paid on deposits, and 6 per cent the highest dividend rate on shares. Assets and liabilities of the 169 Nebraska associations aggregate \$2,434,012, and total membership is 21,180. Last year, loans totaled \$2,212,575, and yet, by the end of the year, more than half had been paid back, leaving \$1,002,502 outstanding.

SHARON, small daughter of Mr. and Mrs. Robert Hall, recently underwent an operation for double mastoid at an Omaha

hospital. Mr. Hall is executive officer of the Bank of Florence, Omaha suburban institution. Mrs. Hall is the former Charlotte Smith of Omaha.

WHEN C. M. WILHELM, veteran president of Orchard & Wilhelm Company, retired recently from the Metropolitan Utilities district board at Omaha after 23 years of service, the board named W. B. Millard, Jr., vice president of the Omaha National Bank, as his successor. Nomination was made by former Representative Malcolm Baldrige, attorney. Mr. Millard will serve the remainder of Mr. Wilhelm's term which expires in January, 1939. Mr. Wilhelm was king of Omaha's Ak-Sar-Ben in 1930, and is a past president of the Omaha Community Chest. He was honored by the Omaha Chamber of Commerce in 1932 for his services to the community.

Mr. Millard in 1935 was given the Omaha Junior Chamber of Commerce award for being Omaha's outstanding young business man of that year. He is a member of the Ak-Sar-Ben board of governors, a director of the Nebraska Humane Society, and a member of the public library board.

OMAHA BANK clearings for the week ended July third totaled \$32,364,393. The figure was notable because it represented a gain of nearly \$3,500,000 over the same week last year and a gain of more than \$4,500,000 over the previous week this year.

HUGH R. McALEXANDER, 33, bookkeeper for the Federal Intermediate

Credit Bank of Omaha; his wife, Edith, 28, and his mother, Mrs. Fannie McAlexander, 71, died of burns and asphyxiation in a fire at their home in Council Bluffs, July 11th. Their bodies were found in a second-floor bedroom after the fire was brought under control.

Appointed

Frank Farr of the First National Bank in Aurora was recently appointed to the executive council of the Nebraska Bankers Association of that district for a three-year term.

Bankers Meeting

At a meeting of the Butler county bankers held recently at Brainard, F. F. Mundil of Linwood, was elected president of the organization and V. E. Dolpher, of David City, secretary.

Heads Two Banks

Louis B. Titus, who has been identified with the First National Bank of Holdrege for the past 40 years, was recently elected president of that institution to fill the vacancy created by the death of his brother, George H. Titus. Liscomb W. Titus was appointed vice president and cashier and L. Johnson Titus was named to the vacancy on the board of directors and will also serve as assistant cashier. L. B. Titus was also elected president of the First National Bank of Loomis, succeeding his brother, and L. W. Titus was appointed to fill the vacancy in the board of directors. W. H. Swartz is cashier

AUSTRALASIA and NEW ZEALAND

BANK OF NEW SOUTH WALES

ESTABLISHED 1817

(With which THE WESTERN AUSTRALIAN BANK and THE AUSTRALIAN BANK OF COMMERCE Ltd., are amalgamated)

PAID-UP CAPITAL	£ 8,780,000
RESERVE FUND	6,150,000
RESERVE LIABILITY OF PROPRIETORS	8,780,000
	£ 23,710,000

Aggregate Assets 30th September, 1936, £115,150,000

GENERAL MANAGER, ALFRED CHARLES DAVIDSON

HEAD OFFICE, George St., SYDNEY

LONDON OFFICES, 29 Threadneedle St., E. C. 2; 47 Berkeley Square, W. I.

780 Branches and Agencies in all Australian States, Federal Territory, New Zealand, Fiji, Papua, Mandated Territory of New Guinea and London. Agency arrangements with Banks throughout the U. S. A.

UNITED STATES CHECK BOOK COMPANY

OMAHA, NEBRASKA

*** BANKERS SUPPLIES ***

and W. B. Abrahamson, vice president, of the Loomis bank.

20th Anniversary

Last month the Security State Bank of Holbrook observed its twentieth anniversary in business. Deposits on June 18, 1917, were \$1,477.70, as compared with deposits of \$181,071.39 as of June 18, 1937.

WHERE DO WE GO FROM HERE?

(Continued from page 14)

The first principle of this charter was the subject of the great debates that preceded the Civil War. But it has apparently remained for men in this generation to challenge its second principle, the principle of a three-fold division of power in the national government. It was probably inevitable that this should happen at a time when republican forms of government were being threatened all over the world. But that the threat should have come here in so flimsy a disguise and with such brutal suddenness will remain for many years a fact of great historical interest. Perhaps it was the very flimsiness of the proposal and the lack of sincerity in the arguments advanced for it that have insured its defeat. For this, at least, we should be thankful. But that it is a challenge to the principle of divided power, which is the glory of the constitution, there can be no doubt.

The President has spoken of the dangers of a government of men. Well, there is something worse than a government of men; it is a government by a *man*. And in order to prevent that tragic circumstance the wise men of the ages have pondered and labored. No sooner had human government begun than the simple psychological fact appeared that human beings cannot be wholly trusted with power over other human beings. Restraint is needed because when that restraint is absent arrogant and cruel oppression begins. Most law and all constitutional government down the ages are really halts and check-reins upon this unlovely tendency in rulers to lose their heads in the intoxication of power. Every man who thought about government, from Plato to Madison, regarded this as the unsolved problem of the ages. Madison, in preparing for the work of the convention, reviewed all of the commentaries upon human frailty and human government and in common with other Americans of his time settled upon the great formula of Montesquieu, who stands in the history of government as does Newton in the history of physics. The idea of dividing powers was no mere gadget pucked from the imagination of the most convenient and persistent innovator. It was a prin-

(Turn to page 47, please)



Lincoln Locals

THE administrative receivership for failed banks under the state banking department, and the judicial receivership department, have come to a parting of the ways. Complying with a resolution adopted by the last legislature, E. H. Luikart has moved his judicial headquarters to a downtown office building.

The resolution of the legislature held that the judicial receiverships were not a state function. Therefore the judicial department had to be moved from the state house. Until now the employees of both divisions have been handling all failed bank affairs. The same has been true of bookkeeping machines, typewriters, and other equipment.

The fact that the same employees and equipment have been used in both departments looms as a bone of contention as a result of Luikart moving. He and Ben S. Saunders, head of the administrative department have agreed that Luikart shall take such office equipment as he may need.

Luikart insists, however, that when the affairs of the judicial department are closed, the equipment will be sold and the proceeds distributed to the banks from which it was taken. Saunders says it must be returned to the state.

Luikart was appointed director of state banking by former Governor Bryan, when the latter came into office in 1931. Under the then existing laws he was made receiver for all failed state banks.

When Governor Cochran became chief executive in January, 1935, he appointed Saunders head of the banking department. Luikart declined to give up his post, however, claiming he had been appointed judicially and not as head of the banking department.

Recently the courts held that Luikart has a right to retain the receiverships to which he had been judicially appointed.

LINCOLN BANK clearings for the first six months of 1937, amounting to



You'll Enjoy Our
Specialized
Correspondent Service

■ ■ ■

The Continental National Bank

LINCOLN, NEBRASKA

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

■ ■ ■

EDWIN N. VAN HORNE, *President*

T. B. STRAIN, *Vice President*

EDWARD A. BECKER, *Cashier*

W. S. BATTEY, *Asst. V. P.*

C. W. BATTEY, *Asst. Cashier*

ELMER DEKAY, *Asst. Cashier*

FRED S. ALDRICH, *Asst. Cashier*

Northwestern Banker August 1937

\$68,557,161, or \$800,393 under the 1936 aggregate for the same period, according to the June report of clearings by the Lincoln Clearing House Association.

June clearings of \$11,206,557 were lower than in May, and also below the clearings for June, 1936, the report shows. Lincoln bankers are not alarmed by the decline, however, asserting that the drop was expected because of a business lull awaiting the outcome of agricultural conditions.

A slight decrease in the demand for money, and a small decline in deposits

characterized the business of the downtown national banks on June 30, last past compared to the same date a year ago, according to the quarterly statements of the three institutions. Compared with the March 31 last past statement, June 30 deposits were off a little more than a million dollars. Loans, however, showed a gain of \$19,812 during the last three months.

Including the statements of the First National Bank at Havelock, and the Union Bank at College View, suburban institutions, loans on June 30 this year aggregated \$10,182,617, compared to \$10,486,-

127 on the same date a year ago. The March 31, 1937, statement showed loans of \$10,174,818.

The deposits totals for the three calls, as shown by the five banks: June 30, 1937, \$38,624,146; March 31, 1937, \$39,775,174; and June 30, 1936, \$42,156,615.

With the wheat crop in this part of the state and along the southern tiers of counties on the move, there has been a noticeable gain in deposits in all banks, that is expected to show still further gains as the harvest develops. It also is anticipated that the gain in money will result in a decided upturn in bank clearings.

No one will hazard a guess on what the demand for loans will be. There is a well defined belief, however, that with a good wheat yield moving to market, and into farmers' granaries, that just the minute a corn crop is assured there will be an upturn all along the line. "Farmers and business men are of the same mind," is the general verdict. "Everything depends now upon what corn does."

T. B. STRAIN, vice president of the Continental National Bank, and Mrs. Strain have gone to the west coast for a vacation trip expecting to be away a month. They will spend most of their time at Carmel by the Sea. Mr. and Mrs. Edward A. Becker have returned from two weeks spent at Estes Park, Colorado. Mr. Becker is cashier of the Continental National.

A RECENT order of the city council directing the city attorney to file action in the district court against Lancaster county, in which Lincoln is located, is being watched with unusual interest by banks, bonding companies, and attorneys. The purpose of the action is to collect from the county \$274.15 due the city for coal delivered on order of the county commissioners to families on relief. The commissioners have refused to pay contending that the obligations were not presented within 90 days as required by the statutes.

If the court upholds the contention of the county, the city attorney will then start suit against the manager of the muny coal yard at the time the deliveries were made, and his bonding company. His bond is for \$5,000.

The action is the outgrowth of a flareup in the affairs of the municipal gasoline station, operated in conjunction with the coal yard. The coal was delivered between November 1 and about March 31.

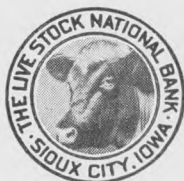
In late April the bookkeeper at the municipal station disappeared. An investigation, started at the instance of a letter he left for the city attorney, revealed that the station records were not in regular order, there being nothing, however, that would incriminate the bookkeeper.

Financing the Feeder

For forty-two years, the Live Stock National Bank of Sioux City has specialized in feeder and live stock loans. We are equipped both by experience and location (in the center of Sioux City's stock yards) to serve country banks in all their live stock items. Try our correspondent service.

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. W. Ross, Asst. Cashier



Live Stock National Bank

Sioux City, Iowa

"The Bank at the Yards"

Member Federal Deposit Insurance Corporation

The published statement of a strong bank is indicative of sound management. The figures speak for themselves.

And yet an impressive balance sheet does not tell the full story. It is both cause and effect.

The strength of this institution lies principally in the service it is equipped to render. Efficient management has attracted a large volume of business, and the record shows that this satisfied clientele has been retained.

...THE...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital and Surplus-----\$30,000,000

Member of Federal Deposit Insurance Corporation

men as the means of insuring a lasting protection for the people of America against the loss of their liberties through capricious or designing masters of temporary waves of public sentiment. In essence it meant that the way to prevent the unscrupulous use of power by individuals or groups was to divide that power. It is true that in such a division of power drastic and vigorous efficiency had, to some degree, to be sacrificed. But what it lost in energy is a thousand times compensated for in what is gained in wisdom and the preservation of liberty.

This idea was built into the very vitals of the constitution. The whole framework of the constitution was based upon it.

After the constitution had been written and placed before the people for adoption, Madison joined with Hamilton and others in the writing of *The Federalist*, the explanation and defense of the document they had created. Madison himself was the author of those chapters of *The Federalist* which deal with the three-fold division of power. It is therefore appropriate to permit Madison at this moment to state the case for the integrity and independence not only of the Supreme Court but of the Congress from the encroachment of the executive. Writing in *The Federalist* he said: "No political truth is certainly of greater intrinsic value, or is stamped with the authority of more enlightened patrons of liberty, than that . . . the accumulation of all powers, legislative, executive, and judiciary, in the same hands, whether of one, a few, or many, and whether hereditary, self-appointed, or elective, may justly be pronounced the very definition of tyranny."

Now at times in our national history when great national emergencies have presented themselves—and, I repeat, only when great and serious national emergencies have presented themselves—one or the other of the three branches of government has exercised dominating power. But these instances have been short-lived and in all cases, when the emergency has passed, balance has been regained. Not until the astonishing proposal of President Roosevelt to pack the supreme court has it ever seemed that this principle of balance would be permanently impaired. And make no mistake about it: the packing of the court through the connivance of the executive and legislative branches of the government would, in substance, destroy the nature of the constitutional system that Madison conceived to be the corner stone of American liberty. And it was made, and is still insisted upon, in a moment of domestic well being, with recovery in the air and with social conditions unmoved by serious disturbances. The only crisis that threatened was a rhetorical crisis—there was no reason to believe that a crisis existed except for the fact that the President said so.

(Turn to page 51, please)

MINNESOTA

News



H. C. MATZKE
President



WILLIAM DUNCAN, Jr.
Secretary

OFFICERS MINNESOTA BANKERS ASSOCIATION

President.....H. C. Matzke
Duluth
Treasurer.....G. A. Haven
Chatfield
Vice President.....Frank P. Powers
Mora
Secretary.....William Duncan, Jr.
Minneapolis

What Minnesota Statements Show

Figures Reported by Minnesota Banks on Their Statements of June 30, 1937.
Statements Received Following Each Call Are Reviewed in
the Northwestern Banker as They Appear Below

TOWN	BANK	CASHIER	Capital	Surplus and Profits	Loans and Discounts	Bonds and Securities	Cash and Due From Banks	Deposits
Blue Earth.....	Blue Earth State Bank.....	J. H. Gunderson.....	\$ 35,000	\$ 39,854	\$ 334,758	\$ 490,141	\$ 140,289	\$ 910,365
Duluth.....	The City National Bank.....	H. C. Matzke.....	600,000	329,343	1,883,149	2,509,754	3,893,222	7,452,980
Duluth.....	First and American Nat'l Bank.....	Willis A. Putman.....	2,000,000	938,920	6,992,286	14,289,337	16,220,255	35,645,411
Dunnell.....	First National Bank.....	G. E. Heyman.....	30,000	13,110	105,564	111,852	71,956	264,898
Fairmont.....	Fairmont National Bank.....	J. F. Haeckel.....	50,000	55,408	341,723	692,203	406,709	1,385,154
Minneapolis.....	The Marquette National Bank.....	Merth E. Mortenson.....	389,000	178,607	3,413,965	849,980	1,597,373	5,484,557
Minneapolis.....	Midland Nat'l Bank & Tr. Co.....	Cecil L. Keith.....	1,000,000	420,223	6,133,242	5,731,822	5,220,533	15,728,803
Minneapolis.....	Northwestern Nat'l Bank & Tr. Co.....	Guy E. Masters.....	7,500,000	3,066,607	37,861,472	45,374,409	36,706,146	111,466,370
Ruthron.....	Farmers & Merchants State Bank.....	Hans C. Pedersen.....	30,000	19,884	176,103	115,758	67,047	318,503

New Bank

The application for a bank charter applied for by a group of Ely men, has been approved by the State Commerce Commission. Applicants are Jacob L. Pete, Frank Jenko, Thomas J. Carey, Frank Zgone and Anton Lozar. The new bank will be known as the Security State Bank and according to reports will be organized with a capital of \$40,000 and a reserve of \$10,000. Plans for the organization and the sale of stock are being formulated.

Cooling System

The Northwestern State Bank of Dawson has installed two units of an air conditioning system.

Promoted

L. R. Hatten, who has served as cashier of the Union State Bank in Motevideo, was elected to the office of executive vice president of the bank at the semiannual

meeting of the board of directors held recently. Bertram Bonn, who has served as assistant cashier of the bank, was elected to fill Mr. Hatten's position as cashier, and K. P. Doffing was elected to the office of assistant cashier. Mr. Doffing comes to Montevideo from Browns Valley.

Install Fixtures

The Farmers State Bank at Pequot has been newly equipped with modern bullet proof fixtures throughout.

New Position

Howard P. Tierney has resigned his position with the Arlington State Bank and accepted one in the office of the Collector of Internal Revenue in St. Paul.

Changes

Harry Mackenzie, cashier of the Minnesota National Bank at East Grand Forks, has accepted the position of cashier of the

Red River National Bank of Grand Forks, with which institution he was associated for six years prior to assuming his present position. He was also elected to the Minnesota National board of directors.

He will be succeeded there by Claude M. Jones, experienced South Dakota banker.

These changes in the staff of the Minnesota National are part of a series of promotions incident to the acceptance of Evan D. Saltzman, vice president and director of the Red River National Bank of Grand Forks, of the presidency of the Union National Bank of Minot, N. D. In his new position Mr. Saltzman will succeed Frank T. Merrill, recently retired president of the North Dakota Bankers Association, who is leaving Minot to become vice president of the Midland National Bank of Billings, Montana.

To succeed Mr. Saltzman, F. C. Gustafsson, cashier of the Red River National, will be promoted to vice president and elected a director of the bank.

Northwestern Banker August 1937

New Equipment

The First National Bank of Deer River recently installed the bandit barrier system, and added a grade A vault protection to the burglar alarm.

Returns to Twin Cities

Alexander Highland, former vice president and treasurer of the Northwest Bancorporation in Minneapolis, has resigned as executive vice president of the First National Bank at San Diego, California. He will return to the Twin Cities to accept the presidency of the Empire National Bank & Trust Company of St. Paul, assuming his new duties September 1. D. C. Shepard, who has been president of

the St. Paul bank for the past 11 years, will become chairman of the institution's board of directors when the change is made. The bank is affiliated with the Northwest Bancorporation.

Dies

R. B. Hinkley, one of the founders of the Rock County Bank of Luverne, passed away in a hospital at Muscatine, Iowa, last month.

Dies

Eli C. Hellickson, a director of the Caledonia State Bank and the First National Bank at Harmony, Minnesota, died suddenly last month.



is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its worldwide affiliates: CADILLAC, LA SALLE, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL, OPEL, BLITZ — foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of \$80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK - BRANCHES IN PRINCIPAL CITIES



This is the fireproof building of the First State Bank of Zumbro Falls, Minnesota. Holdup protection is provided through a McClintock Bandit Barrier. An oil burner supplies heat to the hot water system. The directors' room is in the basement.

Dies in New York

A. C. Dent, a former vice president of the old Merchants Trust & Savings Company of St. Paul, passed away in New York City last month. He was assistant vice president of the Chemical National Bank & Trust Company of New York at the time of his demise.

30th Anniversary

Celebrating its 30th anniversary and renewal of its bank charter, the Backus State Bank recently held open house for friends and customers. The personnel of the bank include G. H. Murphy, president; Douris Bailey, cashier; and Aaron Zaffke, Jr., assistant cashier.

Remodeled

The interior of the Security State Bank of Hector has been extensively remodelled.

Dies in California

Frank H. Davis, president of the First & Farmers National Bank of Blue Earth, died suddenly at Van Nuys, California, last month.

So There!

The man at the theatre was annoyed by conversation in the row behind.

"Excuse me," he said, turning, "but we can't hear a word."

"Is that so?" retorted the woman behind. "Well, what we are talking about isn't any of your business."



The new building of the Security State Bank of Claremont, Minnesota. Victor A. Jaeb is cashier of the institution.

WHERE DO WE GO FROM HERE?

(Continued from page 48)

Will Need Explaining

If the court-packing proposal is beaten, as I believe it will be, a number of explanations will be made by those who proposed and sponsored it. Perhaps the most common one will be that it was intended as a gesture and that it produced the desired result—namely, a liberalization of the court and the retirement of at least one judge. This will be a sad commentary on the strategy that brought forth the plan. It is true that the fantastic nature of the proposal lends some credence to the idea that it was not seriously set forth. But responsible statesmen must abide by the proposals that they make solemnly and officially. Bluffing is not statesmanship. Those who wish to interpret a defeat as a victory may say that it is, but if they do, the answer to them will be devastating. The answer will be that after this, the people cannot be expected to take seriously the proposal which statesmen make and that the people will consider them to be mere gestures in a long and intricate game in which things are not what they seem and in which what is said is not meant. And this would be intolerable as a basis of civilized government, for there can be no government and no domestic peace without a recognition of good faith.

It is true, of course, that some of the decisions of the supreme court in the past few years have been the result of an unnecessarily narrow and strict construction of the constitution. That the dissenting minority of the court itself has charged. We must all recognize the human frailties of this institution composed of nine human

beings. We must admit that this is not the first time that the court has seriously subjected itself to legitimate criticism. All through the period of Jeffersonian democracy a violent controversy raged over the court. Jefferson's private letters criticize the members of the court in the most forthright terms. Monroe, long before he was president—in 1802, to be exact—bitterly criticized the court and suggested privately that the court ought to be destroyed by the repeal of the act of Congress by which, in accordance with the constitution, it was established. But Jefferson had eight years in which to make to the Congress an actual proposal to reorganize the court, and Monroe had eight more. And neither of them went so far

as to embody in an official recommendation his private antagonism to the court. They recognized what the sponsors of this present plan did not recognize—that the principle of the separation of powers, and its corollary, the independence of the judiciary, were such basic guarantees of freedom that the public would never permit them to be impaired. And that was over a century ago, a century in which the tradition of a limited government has grown still more among the American people.

Most of us who have consistently opposed this plan have frankly recognized a need for reform. To deny this need would be to impeach our own sincerity. But we have proposed and continue to propose

(Turn to page 55, please)



The First National Bank of Chicago

Statement of Condition June 30, 1937

ASSETS

Cash and Due from Banks,	\$308,813,887.04
United States Obligations—Direct and fully Guaranteed,	
Unpledged,	\$227,405,559.41
Pledged—To Secure Public Deposits,	21,899,860.30
To Secure Trust Deposits,	25,464,206.51
Under Trust Act of Illinois,	550,000.00
Other Bonds and Securities,	275,319,626.22
Loans and Discounts,	70,842,680.63
Real Estate (Bank Building),	283,165,433.16
Other Real Estate,	6,908,142.32
Federal Reserve Bank Stock,	1,783,470.29
Customers' Liability Account of Acceptances,	1,800,000.00
Interest Earned, not Collected,	2,027,218.18
Other Assets,	2,341,602.56
	225,212.40
	<u>\$953,227,272.80</u>

LIABILITIES

Capital Stock—Common,	\$30,000,000.00
Surplus Fund,	30,000,000.00
Other Undivided Profits,	1,812,573.75
Discount Collected but not Earned,	825,461.35
Dividends Declared, but Unpaid,	450,000.00
Reserve for Taxes, etc.,	2,772,919.00
Liability Account of Acceptances,	2,310,531.00
Time Deposits,	\$169,862,199.06
Demand Deposits,	615,501,816.36
Deposits of Public Funds,	99,579,345.70
Liabilities other than those above stated,	884,943,361.12
	112,426.58
	<u>\$953,227,272.80</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Northwestern Banker August 1937

"The Most Interesting"

"I can sincerely say that I read the **Northwestern Banker** every month and have found it one of the most interesting and informative publications of its kind. Perhaps the best evidence of what our bank thinks of your magazine is the fact that we advertise in it regularly."*

** Quoted from the original letter by a Vice President of a bank whose name will be furnished upon request.*

Number 3

NORTH DAKOTA

News



A. L. NETCHER
President



C. C. WATTAM
Secretary

OFFICERS NORTH DAKOTA BANKERS ASSOCIATION

President.....A. L. Netcher Treasurer.....Martin Aas
Fargo Fargo
Vice President..C. E. Cunningham Secretary.....C. C. Wattam
Williston New Rockford

Committee Appointments

The following committees were named by President Netcher of the North Dakota Bankers Association to serve for the ensuing year:

Bank Management and Service Charge Committee: C. E. Cunningham, Williston, chairman; F. R. Scott, Fargo; A. C. Brown, Hannaford; J. C. Hoffert, Carrington; J. F. McEntee, New England; Hans Fischer, Washburn; O. A. Refling, Drake; Monrad J. Olson, Sanish; A. C. Idsvoog, Grafton; H. M. Nash, Hatton.

Legislative Committee: J. J. Schmid, Wilton, chairman; Geo. H. Leick, Hebron; Franklin Page, Hamilton; F. D. McCartney, Oakes; W. S. Davidson, Williston.

Insurance and Protective Committee: E. T. McCanna, Bismarek, chairman; W. A. Lilyquist, Lisbon; A. C. Thorkelson, Valley City; C. W. Burges, Edgeley; J. G. McClintock, Ruby.

Committee on Agriculture: F. A. Irish, Fargo, chairman; Roy Wolfer, Jamestown; F. A. Foley, Rolla; J. P. Wagner, Bismarek; F. D. McCartney, Oakes.

Finance Committee: H. D. Crosby, Fargo, chairman; Clarke Bassett, Fargo; R. H. Butterwick, Fargo.

Public Relations Committee: R. A. H. Brandt, Minot, chairman; Fred R. Orth, Grand Forks; O. J. Olson, Wahpeton; Howard Turner, Heaton; K. D. Bennett, Park River.

Banking Research Committee: Guy Cook, Carrington, chairman; K. O. Paulson, Neche; Lynn Schwoebel, New Rockford.

Merrill to Billings

Frank T. Merrill, president of the Union National Bank of Minot, N. D., announced this week that he had accepted the position of vice president of the Midland National Bank at Billings, Montana, and will leave Minot in the near future.

Northwestern Banker August 1937

to assume his new duties. He will be succeeded as president of the Minot bank by Evan Saltzman, at present vice president of the Red River National Bank of Grand Forks, North Dakota. All three banks are affiliates of First Bank Stock Corporation.

Arthur G. Bjerken, president of the Red River National Bank of Grand Forks, has announced several promotions in the staff of the bank incident to Mr. Saltzman's acceptance of the Minot position. F. C. Gustafsson, present cashier of the bank, will be elected vice president and director to succeed Mr. Saltzman. Mr. Gustafsson has been with the institution many years and has advanced to his new position on merit. Harry Mackenzie, now cashier of the Minnesota National Bank, First Bank Stock Corporation affiliate at East Grand Forks, will return to the Red River National of Grand Forks as cashier, succeeding Mr. Gustafsson. Mr. Mackenzie was assistant cashier of the Red River National from its formation in 1929 until September of 1935, when he became cashier of the Minnesota National of East Grand Forks. He will be elected a director of the Minnesota National and will be succeeded as its cashier by Claude M. Jones, experienced South Dakota banker. Mr. Jones was president of the Agar State Bank of Agar, South Dakota, when that institution merged with the Potter County Bank, First Bank Stock Corporation affiliate at Gettysburg, South Dakota, a year ago. For several months he continued with the latter institution as vice president, later joining the staff of First Service Corporation in Minneapolis.

Frank Merrill, in a sense, effects a home coming by returning to the banking business in Montana. He began his banking career in Great Falls in 1906. When the Montana National Bank of Havre was organized in 1918 he became its first cashier and later served the bank as vice president and president. In 1931 he left the Havre organization, which by that time had affiliated with the First Bank Stock Corporation, to become executive vice president of the Union National of Minot, North Dakota. In 1932 he was elected president of the Minot bank, succeeding the late Colonel E. S. Person. He has just completed a term as president of the North Dakota Bankers Association. Evan Saltzman, who succeeds Mr. Merrill at Minot, has been identified with the banking business in this area for the past twenty years. His early banking experience was gained at the Federal Reserve Bank of Minneapolis and with the National Examining Department. Since 1930 he has been connected with the First Bank Stock Corporation. In 1935 he became vice president and director of the Grand Forks bank, which position he has held since.

In Billings this week, Elroy Westbrook, president of the Midland National Bank, announced that Leslie Fischbach, long a member of the bank's staff, had been made assistant cashier of the bank.

Brief News

THE SECRETARY of State has issued a certificate renewing the corporate existence of the Farmers State Bank of Leeds for a period of twenty years.

THE SECRETARY of State has filed an amendment to the Articles of Association of the Merchants and Farmers Bank of Cavalier, decreasing the number of directors from five to three.

O. G. SMELAND has been elected assistant cashier of the Stock Growers Bank in Napoleon to succeed A. I. Theisen, who has resigned.

ERWALD FINK has been appointed bookkeeper of The Northwestern Bank of

North Dakota News

Langdon, succeeding Herb Slagerman, who has resigned.

THE SECRETARY of State has filed an amendment to the Articles of Association of the American State Bank of Williston, increasing the number of directors of that bank from three to five.

THE SECRETARY of State has also filed an amendment to the Articles of Association of The First State Bank of Park River, decreasing the number of directors from five to three.

A. G. BJERKEN has been elected president of The First State Bank of Park River, succeeding C. W. Clow, who has resigned.

HOMER MAY has accepted a position as bookkeeper and teller of the Bank of Scranton to succeed Helen Jean Christopher.

C. H. WIRTZ and V. A. HELBERG have been elected directors of the Farmers State Bank of Minnewaukan, succeeding O. M. and M. C. Gjermundson. Mr. Helberg succeeds O. M. Gjermundson as president of that institution, and C. H. Wirtz has been elected vice president. L. L.

Meyer, formerly teller of the bank, has been elected assistant cashier to succeed M. C. Gjermundson.

GUIDA HANSON has accepted a position as teller, bookkeeper and stenographer at the First State Bank of Gilby.

H. C. SLAGERMAN has resigned as teller of the Rolette County Bank of Rolla. Elgie Newman has been appointed teller and bookkeeper, and Millie Mae Olson has been appointed bookkeeper and stenographer of that institution.

Banker Dies

George C. Ottis, prominent Wyndmere banker and merchant, passed away last month.

Branch Bank Planned

K. O. Paulson of Neche is planning to open a branch bank in Pembina as soon as a suitable building is available. The bank will have a capital of \$10,000.

New Law

The new North Dakota Banking Act, passed during the last session of the legis-

lature, authorized the establishment of extension offices by state banks in communities where there are no banking facilities.

The law went into effect July 1.

Applications by state banks for permission to open these extension offices was acted on late last month by a representative of the Federal Deposit Insurance Corporation and representatives of the State Banking Board.

The new act allows setting up of extension offices of banks which would have authority to take deposits and cash checks. It does not authorize the loaning of money through these agencies.

Extension offices are not to be confused with branch banks, officials emphasized.

National banks are not eligible to apply for extension offices under the new law.

Apply for Charter

Applications for three bank charters in Mandan were reviewed by the State Banking Board late last month.

An application was filed by the First State Bank Stock Corporation of Minneapolis to consolidate the First National Bank of Hebron and Glen Ullin and move the consolidated bank into Mandan as the First State Bank of Mandan.

Other applications were by the Union State Bank of Dunn Center and the First Bank of Center, both of which applied for permission to move their institutions to Mandan.

Credit Men Elect

The new president of the National Association of Credit Men, elected at the annual convention in Chicago, is Paul Fielden of the Norton Company, Worcester, Massachusetts. Mr. Fielden has been in close touch with the affairs of the National Association, having been a director in 1934 and vice president in 1935.

As a credit man, Mr. Fielden has had a broad experience, having been engaged in credit work with the Norton Company for 17 years, 10 years as assistant credit manager and seven years as credit manager. The company with which he is connected manufactures grinding wheels, pulpstones, and a variety of abrasive products, grinding machinery, refractory ware and non-slip tile, and as a consequence Mr. Fielden contacts about every type of industry. Norton Company is the largest manufacturer of abrasive products in the world with branch factories located in England, France, Germany, Italy and Canada and sales contacts in every industrial center of the world.



Your unknown friends

Perhaps you must close a big deal, or get the doctor. Whatever your need, about 300,000 Bell System men and women are ready to help.

You probably know some of them as good neighbors. Though you've never met the other thousands, they too will do everything possible for you.

To all telephone users, the Bell System gives the same full measure of helpful service. And seeks to do it always as a friend.



BELL TELEPHONE SYSTEM



E. L. JOHNSON
President

MONTANA NEWS

OFFICERS MONTANA BANKERS ASSOCIATION

President.....E. L. Johnson
Plains

Second Vice President.....Axel Nelson
Sidney

First Vice President.....G. M. Robertson
Helena

Secretary-Treasurer.....Ethel W. Walker
Helena

The 1937 Convention

The 1937 convention of the Montana Bankers Association was one of the most interesting and instructive that the association has ever held. The meetings were well attended.

Election of State Association officers resulted as follows: President, E. L. Johnson, First National Bank, Plains; first vice president, G. M. Robertson, Union Bank & Trust Company, Helena; second vice president, Axel Nelson, Richland National Bank, Sidney; secretary-treasurer, Mrs. Ethel W. Walker, Helena.

The firm of John G. Brown and Wm. A. Brown was retained as association counsel and Frank A. Johnson of Helena was retained as consulting accountant. These gentlemen are glad to answer legal and accounting questions for members upon inquiry.

Montana Members A. B. A. Elected

At a meeting of the Montana members of the A. B. A. at Many Glaciers immediately following the adjournment of the state convention, the following officers were elected for the ensuing year:

Member executive council A. B. A. (3 year term)—Ralph W. Place, cashier, Metals Bank and Trust Company, Butte; state vice president for Montana—S. B. Wallander, vice president First State Bank, Froid; member nominating committee—E. L. Johnson, president, First National Bank, Plains; alternate member nominating committee—A. T. Hibbard, president, Union Bank and Trust Company, Helena; state vice presidents for national bank division—P. A. Fischer, First National Bank, Wibaux; savings bank division—F. S. Lytle, Western Montana National Bank, Missoula; state bank division—F. E. Rathert, First State Bank, Wolf Point; trust division—R. C. Hinze, Union Bank & Trust Company, Helena.

New Cashier

Last month Arthur C. Schruppf of Miles City moved to Glendive to become cashier of the Merchants National Bank of that city. Prior to his new position, Mr.

Schrumpf was assistant cashier of the First National Bank in Miles City and was also formerly connected with the Commercial National and State National Banks.

Promoted

Harry Grant, former assistant cashier of the Midland National Bank of Billings, last month took over the position of first vice president of the First National Bank at Mankato, Minnesota. Both the Billings bank and the Mankato bank are members of the First Bank Corporation of Minneapolis.

WHERE DO WE GO FROM HERE?

(Continued from page 51)

amendment to the constitution as a means toward this end. Personally, I would favor more than one amendment. I would compel retirement of judges at the age of seventy-five. I would establish two-thirds or seven-ninth of the court as the proportion necessary to declare an act of Congress invalid. I would change by constitutional amendment the meaning of the "due process" clause. But such changes should be made in conformity with the spirit and letter of the constitution. I can well realize that proposing such amendments and then subjecting them to the laborious process of public debate and action by the states is not as ingenious, dashing or hasty a method of change as that which was proposed by the President on February 5th. In surveying these two methods of reform, the one constitutional, the other violative of the spirit of the constitution, I am reminded of a profoundly moving passage in Edmund Burke's argument in behalf of the American people on the floor of the British House of Commons. His proposal, he said, "is the genuine produce of the ancient, rustic, manly, home-bred sense of this country. I did not dare to rub off a particle of the venerable rust that rather adorns and preserves than destroys the metal. It would be a profanation to touch with a tool the stones which construct the sacred altar of peace. I would not violate with modern polish the ingenuous and noble roughness

of these truly constitutional materials. Above all things, I was resolved not to be guilty of tampering,—the odious vice of restless . . . minds. I put my foot in the tracks of our forefathers, where I can neither wander nor stumble. Determining to fix articles of peace, I was resolved not to be wise beyond what was written; I was resolved to use nothing else than the form of sound words, to let others abound in their own sense, and carefully to abstain from all expressions of my own. What the law has said, I say. In all things else I am silent. I have no organ but for her words. This, if it be not ingenious, I am sure is safe."

Congress Awakened

It is most interesting to note now, as we look back at the events of the past months; that the defense of the integrity of the courts against invasion by the executive has at last awakened the Congress to the importance of its own place in our constitutional system. It must have been assumed by the President when he made his extraordinary proposal in February that such was his power over Congress that his will would prevail despite all opposition. This was certainly indicated by the day that the proposal was thrown at an astonished Congress. The leaders of Congress were not consulted; they were ordered. And at first it seemed as though the order would be obeyed.

Speaking not only for the executive but for Congress, an impropriety which Congress apparently overlooked, the President in March presented the homely fable of the three horses. Two of the three horses, he said, were pulling away like everything. The third, the judicial horse, was engaged in a sitdown strike (the first and last sitdown strike that apparently warranted executive notice). But the result of the proposal for joint action to compel the recalcitrant third horse to move is, at the end of three months, that the hitherto obedient Congressional horse is lustily kicking the executive. In seeking to dominate the court, the President has seriously impaired his control over Congress. Another fable, this time by Aesop, suggests itself—a fable the moral of which is: "All covet, all lose; which may serve for a reproof to those

(Turn to page 61, please)

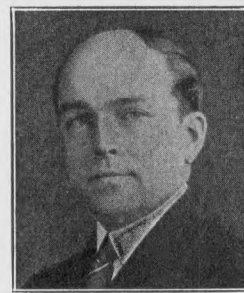
Northwestern Banker August 1937

IOWA

News



S. R. TORGESON
President



FRANK WARNER
Secretary

OFFICERS IOWA BANKERS ASSOCIATION

President.....S. R. Torgeson Treasurer.....A. E. Jensen
Lake Mills Creston
Vice President.....V. W. Johnson Secretary.....Frank Warner
Cedar Falls Des Moines

What Iowa Statements Show

Figures Reported by Iowa Banks on Their Statements of June 30, 1937.
Statements Received Following Each Call Are Reviewed in
the Northwestern Banker as They Appear Below

TOWN	BANK	CASHIER	Capital	Surplus and Profits	Loans and Discounts	Bonds and Securities	Cash and Due From Banks	Deposits
Ames	Ames Trust and Savings Bank	Clay W. Stafford	\$ 75,000	\$ 50,564	\$ 435,880	\$ 903,154	\$ 288,679	\$ 1,490,936
Algona	Iowa State Bank	H. L. Gilmore	50,000	72,645	733,345	102,360	1,063,485	1,795,456
Breda	Breda Savings Bank		50,000	7,785	270,765	79,200	89,689	386,926
Carlisle	Hartford-Carlisle Savings Bank	G. D. Schooler	25,000	19,765	305,380	89,884	61,260	416,095
Cedar Rapids	The Merchants National Bank	Mark J. Myers	500,000	1,403,646	8,390,506	12,085,412	10,353,014	30,099,992
Cedar Rapids	First Trust & Savings Bank	Frank J. Dvorak	100,000	22,937	589,373	359,867	219,076	1,078,625
Charles City	First Security Bank	Merten J. Klaus	100,000	54,513	819,129	299,482	553,825	1,516,431
Clinton	The City National Bank	J. H. Nissen	400,000	257,600	2,691,287	1,462,149	1,600,390	5,384,111
Colfax	First National Bank	H. E. Bell	25,000	34,327	226,945	264,083	144,130	587,989
Coon Rapids	First State Bank	Paul H. Kinnick	25,000	13,380	161,473	104,927	109,088	343,226
Coon Rapids	Iowa Savings Bank	Walter Buenneke	25,000	11,062	152,560	59,800	60,510	240,520
Crawfordsville	Peoples Savings Bank	K. A. Coates	20,000	6,296	172,459	84,993	68,866	305,053
Des Moines	Iowa-Des Moines Nat'l Bk & Tr. Co.	Harry G. Wilson	3,000,000	1,080,583	11,861,511	16,855,188	12,039,861	38,566,547
Dubuque	The First National Bank	Joseph V. Keppler	300,000	339,337	725,676	6,506,128	2,174,094	8,737,929
Dunlap	Dunlap Savings Bank	Glen H. Millard	25,000	18,076	142,318	120,908	82,660	310,598
Fort Madison	Iowa State Bank	Milton E. Lehning	100,000	36,490	423,436*		133,192	428,760
Garwin	Farmers Savings Bank	A. F. Agena	20,000	19,312	87,902	150,485	80,069	280,826
Grinnell	Grinnell State Bank	Hugh C. McCleery	60,000	18,887	339,435	271,875	344,408	895,014
Indianola	Peoples Trust & Savings Bank	M. F. Henderson	100,000	61,906	337,502	1,258,681	286,298	1,747,798
Iowa City	Iowa State Bank & Trust Co.	M. B. Guthrie	100,000	47,506	827,982	814,064	998,274	2,575,866
Jefferson	Home State Bank	Warren Garst	50,000	20,127	511,036*		111,080	565,987
Jefferson	Jefferson State Bank	Verne W. Miller	50,000	76,126	735,373	245,275	673,705	1,544,712
Kellogg	Kellogg Savings Bank	J. D. Roth	25,000	38,201	327,023	222,785	81,936	585,061
Marshalltown	Fidelity Savings Bank	A. T. Davis	100,000	180,241	1,021,319	1,403,831	2,101,226	4,310,761
Marshalltown	Security Savings Bank	G. B. Brown	50,000	39,461	343,224	525,253	574,361	1,505,728
Martelle	Farmers Savings Bank	Guy C. Martin	25,000	12,044	43,943	204,649	47,254	259,570
Mason City	United Home Bank & Trust Co.	R. A. Potter	100,000	50,000	631,918	59,931	326,900	925,240
Monticello	The Monticello State Bank	Halstead M. Carpenter	300,000	98,237	2,775,519	1,017,534	620,675	3,925,400
Muscatine	Central State Bank	Glen Downing	125,000	48,839	560,823	1,258,987	488,493	2,143,154
Newton	Jasper County Savings Bank	A. E. Hindorff	100,000	133,448	1,897,339	1,117,322	972,118	3,870,264
Oelwein	First National Bank	George W. Falk	50,000	78,016	103,699	671,316	450,706	1,330,998
Onslow	Onslow Savings Bank	Geo. H. Paulsen	20,000	31,591	211,485	159,000	124,084	442,978
Rippey	Rippey Savings Bank	D. M. Crumley	25,000	31,777	154,210	52,840	200,328	354,437
Sioux City	The Live Stock National Bank	M. A. Wilson	398,000	216,812	1,443,876	2,056,712	2,140,533	4,982,025
Sioux City	Security National Bank	R. Earl Brown	250,000	194,089	2,257,217	1,452,232	2,039,569	5,479,874
Stanhope	Farmers State Bank	S. R. Linn	25,000	10,198	111,053	134,195	110,230	322,781
Stratford	The Farmers Savings Bank	E. J. Johnson	20,000	8,135	219,648**		70,517	266,726
Toledo	The National Bank	P. C. Welle	50,000	40,408	399,550	280,689	409,709	1,007,913
Vinton	State Bank of Vinton	Joe C. Carrier	65,000	35,650	621,069	454,561	566,608	1,561,136
Waterloo	The National Bank of Waterloo	R. L. Penne	239,800	165,530	1,624,614	2,944,330	1,677,131	5,851,115
Waterloo	The Waterloo Savings Bank	J. J. Miller	175,000	148,481	2,034,821	3,058,818	1,132,325	6,015,490

* Includes Bonds and Securities.

** Loans and Discounts, Bonds and Securities.

Injured

Frank D. Peet, a pioneer banker of Iowa Falls, is in the hospital with a broken hip.

Resigns

E. J. Iverson, assistant cashier of the Northwestern Banker August 1937

Community Savings Bank of Edgewood since its organization, has resigned, effective August 1.

Isaac Thurn was elected president, Dr. T. W. Litcher, vice president; and P. H. Peterson, cashier. Directors include Thurn, Litcher and F. E. Welterlen of Edgewood, John J. Wiley and E. C. Pust of Little-

port, A. W. Hohman of Elkport, and Ben Funke of Greeley.

Picnic

One hundred fifty persons attended the picnic of the Webster County Bankers Association held recently at Dolliver Memorial state park.



Pulling Together

Strength alone does not set records. Equally important is teamwork—each horse pulling his full share at every step of the course.

According to Iowa bankers who work with the Bankers Trust, “teamwork” is a good word for the intelligent cooperation with which matters of correspondence are always handled at Des Moines.

BANKERS TRUST CO.

6th and Locust

Des Moines

Member Federal Deposit Insurance Corporation

Northwestern Banker August 1937

Resigns

P. H. Van Horsen, for the past two years vice president and a director of the Sioux County Savings Bank of Orange City, has presented his resignation to become effective September 1.

Annual Meeting

At the annual meeting of the First Trust & Savings Bank of Remsen, Emory H. Spiecker was named president to succeed the late James F. Toy, founder. Mr. Spiecker has served the bank as cashier

for the past 13 years. M. H. Niggeling, who has been with the bank for 26 years was promoted to the position of cashier.

Reelected

At the annual meeting of the stockholders of the First Trust & Savings Bank of Aurelia, all officers and directors were reelected for another year. Directors are J. M. Whitney, R. S. Whitney, A. E. Hickey, H. H. Deyloff, and W. H. Bischel. Officers are W. H. Bischel, president; J. M. Whitney, vice president; H. H. Dey-

loff, cashier; and G. R. Lamm, assistant cashier.

Elected

Ralph Brubacher of Sioux City was elected president of the First Trust & Savings Bank of Alta to succeed the late James F. Toy.

C. P. Corneliussen was named vice president. Directors reelected were W. H. Bischell, Eloy Nelson, Claus Lindlief, Otto J. Johnson and N. E. Dahl.

Retires

Frank E. Sheldon, for 45 years actively engaged in management of the Mount Ayr State Bank, has retired from business.

Elected

At the recent annual stockholders' meeting of the First Trust & Savings Bank of Anthon, James T. Van Dyke was elected president to succeed the late James F. Toy. J. M. Paulsen was elected vice president and Homer M. Boyd was reelected cashier. The board of directors include, besides those named, Arnold W. Petersen and Frank Hladik.

Observes Anniversary

Joseph F. Sartori, who as a young man practiced law in Le Mars, has completed 50 years as a banker in California. Mr. Sartori is now managing committee chairman of the Security First National Bank which he helped to found.

Promoted

Directors of the City National Bank of Council Bluffs elected Ira Hays, assistant cashier, to the cashier's position. He has been with the bank since 1909.

The office has been vacant since the resignation of Charles W. Parks last spring.

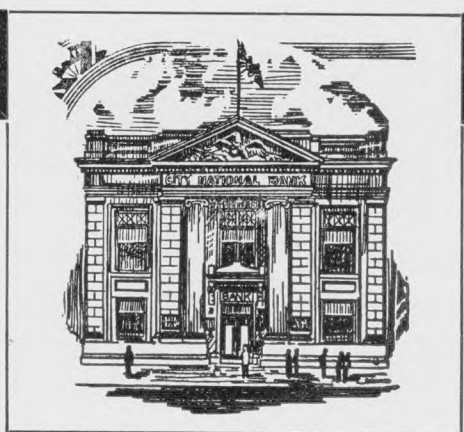
To Illinois

C. W. Riggs, assessor for the city of Fairfield, has accepted a position as cashier of the Libertyville Savings Bank.

Riggs will succeed A. L. Nelson of Libertyville who recently resigned his position to become cashier of the State Bank of Kirkland, Kirkland, Illinois.

New Bank

Articles of incorporation were filed by the State Bank of Worthington last month. The corporation has been set up with authorized capital stock of \$25,000, \$100 being designated as par value of shares of stock. Directors consist of Herman J. Burger, George N. Feltes, and John L. Kramer, all of Worthington,



Clinton County's Largest Bank

OFFICERS

E. L. MILLER
Chairman of the Board

E. M. WARNER
President

BRUCE TOWNSEND
Executive Vice President

MILO J. GABRIEL
Vice President

O. P. PETTY
Vice President

H. G. KRAMER
Vice President

OFFICERS

J. H. NISSEN
Cashier and Assistant Trust Officer

E. JOHANNSEN
Assistant Cashier

H. M. OLNEY
Assistant Cashier

F. H. HAMANN
Assistant Cashier

E. H. JORGENSEN
Assistant Trust Officer

No Vacation

THE City National Bank of Clinton takes no vacation from its policy of offering the very best of correspondent bank service. The year around we fill your needs in the most exacting and satisfactory manner.

THE CITY NATIONAL BANK

CLINTON, IOWA

Member Federal Deposit Insurance Corporation

DIRECTORS

C. A. ARMSTRONG
President C. F. Curtis Company, Inc.

G. L. CURTIS
President Curtis Companies, Inc.

MILO J. GABRIEL
Vice President
President Gabriel Lumber & Fuel Co.

W. R. HUSTON
Investments

E. L. MILLER
Attorney
Chairman of Board

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

E. M. WARNER
President

Iowa News

Joseph J. Drees, Farley, and Everett L. Wright of Hopkinton.

Vorse Dies

Blanchard B. Vorse, 55, Des Moines banker and investment expert died last month at Iowa Methodist hospital as the



BLANCHARD B. VORSE

result of a stroke. Mr. Vorse was vice president of the Bankers Trust Company from 1921 to 1934, at which time he resigned to engage in private work as adviser and consultant to several investment and financial corporations.

Plans New Bank

Initial steps leading to the organization of a new bank in Davenport were taken at a recent meeting attended by 75 Davenport business men and manufacturers.

Charles J. Johnson, vice president of the Independent Baking Company, was selected as permanent chairman of the organization committee, and Fred W. Zabel, a former vice president in the Union Bank, was named secretary.

New Employee

Court Morse has replaced James R. Kolp as assistant cashier of the Ida County Bank of Ida Grove.

Election Held

The Farmers Savings Bank of Joice at its annual meeting of stockholders elected the following directors for the coming year: K. S. Paulson, Knut Savre, Paul Dahlby, Theo Ramsey and Mrs. K. S. Paulson. The following officers were

elected: K. S. Paulson, president; Theo Ramsey, vice president; Carl A. Gran-skou, cashier; Kermit Paulson, assistant cashier.

Office Opened

Last month the formal opening of the Doon office of the Valley State Bank of Rock Valley took place. C. R. McDowell is manager of the office, and the officers of the bank are Herman Peelen, president; A. L. Halstead, vice president; J. P. Schutt, cashier; G. G. Vermeer, assistant cashier.

Resigns

W. I. Price, cashier of the Ira bank for many years, has resigned his position. Mrs. Bertha Tramel will succeed Mr. Price as bank cashier.

Stockholders Meeting

At the annual meeting of the stockholders of the Oakland Savings Bank the following men were named directors for the coming year: W. L. Spencer, H. H. Spalti, John J. Evans, W. L. White and E. E. Spalti.

The LIVE STOCK NATIONAL BANK of Chicago UNION STOCK YARDS

STATEMENT OF CONDITION

JUNE 30, 1937
BOARD OF DIRECTORS
FREDERICK H. PRINCE
F. H. Prince & Co., Boston

ROBERT J. DUNHAM
Investments

GEORGE F. EMERY
Vice-President

RICHARD HACKETT
General Manager, Central
Manufacturing District

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

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

JAMES A. McDONOUGH
Investments, Boston

WILLIAM J. O'CONNOR
Ass't General Manager, Union
Stock Yard & Transit Co.

DAVID H. REIMERS
President

CLYDE H. SCHRYVER
President, Chicago Merchandise
and Equipment Co.

THOMAS E. WILSON
Chairman, Board of Directors
Wilson & Company

RESOURCES

Cash and due from banks.....	\$ 10,717,520.63
United States Government Securities.....	7,762,979.37
State, Municipal and other marketable bonds.....	3,366,013.25
Commercial paper.....	575,000.00
Loans and discounts.....	3,031,464.19
Federal Reserve Bank stock.....	60,000.00
Bank building, free and clear of encumbrance.....	450,000.00
Furniture and equipment.....	1.00
Interest earned, not collected.....	94,340.86
Current receivables and other assets.....	28,399.79
	\$ 26,085,719.09

LIABILITIES

Capital.....	\$ 1,000,000.00
Surplus.....	1,000,000.00
Undivided profits and reserves.....	434,133.93
Unearned Discount.....	19,099.29
Deposits.....	23,632,485.87
	\$ 26,085,719.09

Member Federal Deposit Insurance Corporation
ESTABLISHED 1868

At the directors' meeting which followed, the regular dividend was declared and the following officers were reelected: W. L. Spencer, president; H. H. Spalti, vice president; M. H. Evans, cashier; J. J. Evans, assistant cashier; D. J. Spencer, assistant cashier; H. R. Spencer, assistant cashier.

Capital Increased

Under an amendment to the articles of incorporation of the First Trust & Savings Bank of Davenport, the authorized capital stock of the institution is increased from \$100,000 to \$135,000. The increase

is based on needs dictated by increasing business, according to R. O. Byerrum, executive vice president.

George M. Bechtel is president of the bank; Mr. Byerrum executive vice president; and F. A. Johnson, secretary. Present members of the board of directors, in addition to those three officers are Harold A. Phoenix, Dr. A. L. Syverud, Harold R. Bechtel and Al Lagomarcino.

New Equipment

The First National Bank of Clear Lake has recently installed modern Burroughs Adding Machine Company equipment.

New Director

C. F. Seibold was elected a director of the Woodbury County Savings Bank to succeed the late Weir Murphy.

Mr. Seibold is also president of the Farmers Savings Bank of Danbury, Iowa.

Keck Dies

Carl M. Keck, pioneer Washington, Iowa, banker, who for the last three years has been connected with the income and corporation tax division of the State Board of Assessment and Review at Des Moines, died last month.

Bank Moves

The State Bank of Wapello has moved to a building formerly occupied by the Commercial Bank. It was purchased by the State Bank in March.

Deceased

John W. Young, 72, president of the Modale Savings Bank since its organization and prominent Harrison county landowner, died last month.

Toy Estate

An inventory of the estate of the late James F. Toy, Sioux City, Iowa, banker, lists real estate at \$28,550 and personal property appraised at \$870,518.31.

New Position

Melvin Ingwersen of Anamosa is the new assistant cashier of the Onslow Savings Bank. He takes the place of J. R. Ramey, who resigned last week.

J. Minard Stevens, who has been employed in the Onslow bank for about six months, has also resigned.

New Bank

The Security State Bank of Mount Ayr was organized last month with H. O. Lovett of Leon, president; Carson Williams, vice president and cashier; and the following members of the board of directors: I. J. Dalby, Mount Ayr; Clyde Lesan, Mount Ayr; H. O. Lovett, Leon; B. M. McDonough, Leon; Carter Scott, Davis City; Carson Williams, Mount Ayr. The new institution is capitalized at \$30,000.

Resigns

Birchard Brush has resigned his position as cashier of the Osage Farmers National Bank. Mr. Brush has been a member or officer of the bank since 1902.

New Officers

At the annual meeting of the Delaware County Bankers Association the following

THE NATIONAL BANK OF WATERLOO



STATEMENT OF CONDITION as at the close of business, June 30, 1937

RESOURCES

Cash and Due from Banks	\$1,677,131.66
Loans and Discounts	1,624,614.67
United States Government Securities	1,170,589.16
State, County and Municipal Securities	1,226,537.06
Other Bonds	547,204.97
Stock in Federal Reserve Bank	8,700.00
Overdrafts	397.44
Furniture and Fixtures	6,158.37
Accrued Interest Receivable	28,709.98
	<u>\$6,290,043.31</u>

LIABILITIES

Capital	\$ 239,800.00
Common Stock	\$200,000.00
Preferred Stock	39,800.00
Surplus and Undivided Profits	165,530.81
Reserve for Taxes, Interest, etc.	26,651.81
Interest Collected But Not Earned	6,945.32
Deposits	5,851,115.37
	<u>\$6,290,043.31</u>

Member Federal Reserve System
Member Federal Deposit Insurance Corporation



OFFICERS

James M. Graham.....President	H. F. Hoffer.....Asst. Cashier
Chas. S. McKinstry....V. Pres.	R. L. Kilgore.....Asst. Cashier
R. L. Penne.....Cashier	A. J. Burk.....Asst. Cashier

Iowa News

officers were elected for the coming year: President, J. J. Burbridge, president of the Farmers and Merchants Bank of Manchester; vice president, Everett Wright of Hopkinton; and secretary and treasurer, Carl Laxson, cashier of the Earlville State Bank. A. A. Schmidt, cashier of the Delhi Savings Bank, has been president of the association during the past year.

Heads Bank

Levi W. Wiemer was elected president of the State Bank of Ledyard at the annual meeting to succeed the late Frank Wiemer.

W. E. Wiemer, son of the new president, was named cashier. A. J. Bilsborough continues as manager of the Swea City office, and Ed. T. Halvorson was re-elected as vice president.

The board of directors is as follows: D. A. Carpenter, Herman Goetz, Ed. T. Halvorson, L. W. Wiemer and W. E. Wiemer.

Gas Bombs Released

Glen J. Willhite, janitor at the National Bank of Waterloo accidentally touched off twenty-three tear gas bombs while cleaning in a teller's cage at the bank recently. Two operations are necessary to set off the bombs. The first flashes a red warning light and the second releases the gas. After he saw the red light, Willhite attempted to operate a "re-set" system which is supposed to restore the normal condition, but which, somehow, released the mechanism for the second state. Patrolmen guarded the bank during the ventilation process.

Redecorated

The Hedrick Savings Bank has been repainted and redecorated. The furniture has also been refinished.

Hollis Resigns

Charles M. Hollis, Waterloo, Iowa, who for twenty years has been secretary of the Leavitt & Johnson Company, has resigned his position. He came to Waterloo in 1917 from the Des Moines National Bank and during his service there has been traveling through northern Iowa viewing farm lands and assisting in servicing them for clients of the company. He is widely known in farm loan circles.

WHERE DO WE GO FROM HERE?

(Continued from page 55)

that govern their lives by fancy . . . without consulting . . . the justice of the case."

There are incidental factors that have contributed to the defeat of the President's proposal to violate in this way the spirit of the constitution. The change in the philosophy dominating the majority opinion of the court has helped. The scattering of the attorney general's insincere, insubstantial statistics by the chief justice is another. The retirement of Justice Van Devanter has helped too. But behind all this has been a slow and powerful surge of public opinion. The people prefer the stability of constitutional institutions as against the unpredictable will of leaders,

even very popular leaders. And they prefer this stability even in the face of their recognition that the court has in recent years closed its eyes all too frequently to the march of human events. A tradition of one hundred and fifty years is not lightly brushed aside, even by a leader with an overpowering popular mandate. People are governed by more potent forces than temporary affection for a president who has served them well.

This respect for the constitution, which is the embodiment of a great tradition, is not, as cynics would have it, a supersti-

A GENERAL BANKING SERVICE



WHAT DOES THIS TYPICAL FARM SCENE

Have to do with Drovers Service?

● A correspondent Banker recently said, "We like your advertisements and study them as they appear month by month. You use such homey, far-fetched photos which seem to have little to do with banking—yet your reading matter always succeeds in tying these scenes closely to Drovers Service."

It is true, as our correspondent notes, that we use homey scenes to illustrate our advertisements. But they are not

"far-fetched." In fact, they have a very close relationship with Drovers Service.

We select these photos carefully because they dramatize real life in Agriculture, Trade, Industry and Banking. The Drovers Banks serve these important groups faithfully. And this broad experience forms the sound foundation of our general banking service to a steadily growing number of Bankers and executives of business firms.

DROVERS NATIONAL BANK DROVERS TRUST & SAVINGS BANK

MEMBERS, FEDERAL DEPOSIT INSURANCE CORPORATION

UNION STOCK YARDS • CHICAGO

Northwestern Banker August 1937

tion. It rises from a profound instinct for self-preservation. Mr. Roosevelt, despite his long political experience and his unquestioned political skill, failed to see this basic fact.

To accept an amendment, if that be called a compromise, does not violate the letter and spirit of the constitution. But any legislation that involves packing the court with new judges, whether six, five, four, three, two or one, is a compromise of principle. It is a compromise of principle if judges are to be added this year or next

year or the next year, as Senator Logan's unfortunate suggestion would have it, without the express consent of the people. Anything is a compromise of principle that permits the President to change the fundamental rules of the game while the game is in progress. The American people must be on guard against all variations of such seductive and sinister proposals. They must remind congressmen of their feelings in this respect. They must insist that congressmen beware of compromises, however small, that impair the essential integrity

of the judiciary. One hundred and fifty years are looking down upon us and upon the Congress that has taken an oath to sustain this constitution.

IOWA—THIS STATE OF OURS

(Continued from page 18)

190,000 manufacturing plants
90,000 of them had less than 6 employees
55,000 of them had from 6 to 20 employees
44 was the average
Only 963 employed more than 1,000 employees
66.9 per cent had less than 100 employees.

How much income does Iowa have?

\$1,420,000,000

What of Iowa's wealth?

Iowa's wealth is given by the National Industrial Conference Board at a little over ten billion dollars, which figures out a per capita wealth of \$4,322 for Iowa as compared to \$2,685 for the nation.

What about Iowa people—how many are there—where do they live, and what kind of people are they?

There are 2,470,939 people in Iowa.
979,292 live in towns; and 1,491,647 live on farms or in small settlements.
99.1 per cent of them are white.
6.7 per cent are foreign born.
92.4 are native white.

What do these people do?

At the time of the last census 921,832 were gainfully employed—571,228 went to school.

The latest figures show

331,152 engaged in farming
72,708 engaged in retail establishments
19,387 engaged in wholesale establishments
59,354 engaged in manufacturing plants
3,961 engaged in banks
23,243 engaged in service establishments
3,234 engaged in hotels
9,258 engaged in mining industry
The rest are doctors, lawyers, teachers, governmental workers, etc.

What about the size of Iowa towns?

1—over 100,000
3—50,000 to 100,000
6—25,000 to 50,000
11—10,000 to 25,000
14—5,000 to 10,000
31—3,000 to 5,000
143—1,000 to 3,000
2,288—less than 1,000

How about the intelligence of these Iowa people?

99.3 per cent of them can read and write.



Our complete banking facilities in-

sure out-of-town banks and bankers

prompt, efficient and economical handling of ac-

counts in Chicago—we invite you to use our facilities.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)

A Real Service Bank in Southeastern Iowa

STATEMENT OF CONDITION

June 30, 1937

ASSETS		LIABILITIES	
CASH	\$ 608,558.92	DEPOSITS	\$3,091,237.78
U. S. GOV'T BDS. 1,268,038.28	\$1,876,597.20	Capital	100,000.00
Direct and/or fully guaranteed		Surplus	80,000.00
Collateral and Commercial		Undivided Profits	18,096.43
Loans	559,815.77	Reserve for Contingencies.....	6,187.50
Municipal and Other Bonds...	801,416.77	Letters of Credit.....	3,542.00
Federal Reserve Bank Stock..	5,250.00	Other Liabilities	2,438.32
Bank Building	42,597.00		
Furniture and Fixtures	11,649.55		
Overdrafts	113.05		
Customers' Liability on			
Letters of Credit.....	3,542.00		
Other Assets	520.69		
	\$3,301,502.03		\$3,301,502.03

A. J. Benner, President
Mortimer Goodwin, Cashier

Charles Irving Danforth, V. P.
W. C. Kurrle, A. C.

Deposits in this Bank are insured by the Federal Deposit Insurance Corporation to \$5,000 for each Depositor.

UNITED STATES DEPOSITORY

When You Think of a Bank, Think of

THE FIRST NATIONAL BANK

BURLINGTON, IOWA

Member Federal Reserve System

Under U. S. Gov't Supervision

Iowa News

Do Iowa people enjoy modern conveniences?

Last year Iowa bought 71,883 new cars. There are 645,759 cars in Iowa now.

They spent \$13,692,192 for gas tax, and traveled 6,904,471,480 miles on the 4,500 miles of paved roads and over 30,000 miles of graveled roads.

The 2½ million people in Iowa own more automobiles than the 3 million people of Chicago.

Chicago cars—409,517 (Pop. 3,575,000)
New York cars—630,107

(Pop. 7,624,000)

There are in Iowa—

635,704 families

645,759 automobiles

459,988 radios

370,761 resident telephones

398,191 homes have electricity

H. O. Edmonds Dies

Funeral services were held July 20 for Howard Owen Edmonds, who died at his home in Kenilworth. Mr. Edmonds, a vice president of the Northern Trust Company, Chicago, with which he had been associated since 1896, was born in Pottsville, Pennsylvania, on January 26, 1867. He attended public school in Washington, D. C. From 1886-88 he was a reporter



H. O. EDMONDS

on the Washington Evening Star. He came to Chicago in 1892, completed his law course begun in Washington, took his Bachelor of Law degree from Lake Forest University, and was admitted to the bar. At the close of the World's Columbian Exposition, of which he was secretary, he became connected with the estate of Cyrus

H. McCormick until June 1, 1896, when he became identified with the Northern Trust Company. He was elected an assistant secretary on January 4, 1897, and made vice president and head of the trust department on January 11, 1910, which office he held until his death.

Mr. Edmonds is survived by his widow, Mary Addison Edmonds, whom he married in Moline on October 3, 1894 a son, Thomas S.; one sister, Mrs. Carl Stoddard of Washington, D. C., and three brothers, Claude A., of Muscatine, Iowa, Harry C. of Chicago, and Dean S. of New York.

Named President

Announcement has been made by the national committee of the National Security Traders Association of the election of Arthur E. Farrell of H. M. Byllesby and Company as president of the association, to fill the unexpired term of J. Gentry Daggy of Philadelphia, who has resigned.

The annual convention of the association will be held in Atlantic City September 8 to 11, according to Mr. Farrell.

Mr. Farrell was one of the founders of the National Security Traders Association,

THE character of a bank is reflected in the character of its customers.

Central Hanover numbers among its correspondents a representative list of the nation's oldest and strongest banks and trust companies.

CENTRAL HANOVER
BANK AND TRUST COMPANY

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Northwestern Banker August 1937

which was organized in 1934, and includes in its membership security traders of principal investment banking and trading houses in the United States.

New Officers

At the regular meeting July 20 of the board of directors of the City National Bank and Trust Company of Chicago, K. K. Du Vall, Joseph F. Govan, and Ronald P. Boardman were elected vice presidents, and C. F. Boerger, assistant trust officer.

Mr. Du Vall was promoted from assistant vice president, in which capacity he has served since the inception of the bank.

Mr. Govan is well known in the financial circles, both in Chicago and San Francisco, having been identified for many years as vice president of the Bank of America, N. T. & S. A., at San Francisco and Chicago, and vice president of the Transamerica Corporation at Chicago, as well as holding other responsible positions in Giannini interests. Aside from his actual banking experience he also has an intimate knowledge of the investment field



K. K. Du Vall



Joseph F. Govan



Ronald P. Boardman

through his association with several of the large investment companies.

Mr. Boardman in resigning as an official of Marshall Field & Company, after serving them for twelve years, to become associated with the bank, leaves a brilliant career in the retail merchandising field. The development of the suburban retail stores of Marshall Field & Company is largely credited to his successful management. Mr. Boardman is director of the Community Fund, director and chairman of the finance committee of the Council of Social Agencies of Chicago, director and treasurer of the Illinois Society for Mental Hygiene, director of the Hospital Service Corporation, and director of the Central Department, Y. M. C. A.

Mr. Boerger has been with the bank for a number of years in the corporate division of the trust department.

Promotions

The board of directors of the First National Bank of Chicago at a recent meeting elected Elmer E. Schmus and W. F. Copeland vice presidents of the bank. The appointments were promotional, as both were assistant vice presidents of loaning divisions.

The board also declared the quarterly dividend of \$1.50 per share on the capital stock of the bank, payable October 1, 1937, to stockholders of record September 30. This is at the same rate, six per cent per annum, heretofore paid. Action on the quarterly dividend payable January 1, 1938, will be taken at the December meeting of the board.

Manufacturers Trust

The statement of condition of Manufacturers Trust Company as of June 30, 1937, shows deposits of \$612,494,252.96 and resources of \$734,813,932.20. This compares with deposits of \$618,917,748.91 and resources of \$741,544,109.73 shown on March 31, and with \$613,311,274.63 and \$721,544,494.63 one year ago. Cash and due from banks is listed at \$186,170,407.21, as against \$167,360,477.79 on March 31, and \$129,183,071.96 on June 30, 1936. U. S. Government Securities stands at \$152,026,332.42; three months ago it was \$214,713,934.42 and twelve months ago it was \$257,426,861.88. Loans and bills purchased is \$244,982,558.58, an increase of over \$35,000,000 for the quarter and over \$53,000,000 for the year. Preferred stock is \$9778,520.00, and common stock is \$32,998,440.00. The changes from the previous quarter, due to conversion of preferred stock as well as the purchase of preferred stock in the open market and

OMAHA'S
FINEST • MOST MODERN
HOTEL
FONTENELLE
NOW AIR CONDITIONED
SLEEPING ROOMS
VISIT THE BOMBAY ROOM
The Nation's Smartest Cocktail Lounge
Three Air-Conditioned Restaurants
400 ROOMS
from **\$2.50**
AN EPPLEY HOTEL
AIR CONDITIONED BED ROOMS NOW READY



Iowa's Largest Business Training School
Many banks, bond-houses, insurance companies and other financial institutions employ A. I. B. graduates. Write or telephone when you need efficient office employees.
E. O. FENTON, President
American Institute of Business
DES MOINES
10th and Grand Tel. 4-4203

UNITED STATES CHECK BOOK COMPANY
OMAHA, NEBRASKA

« « « BANKERS SUPPLIES » » »

consequent retirement, has resulted in an increase of 16 shares of common stock and a reduction of 3,020 shares of preferred. Surplus and undivided profits stands at \$43,503,345.05, as compared with \$42,428,981.52 three months ago. Adding common stock dividends paid, and allowing for addition to undivided profits resulting from preferred stock conversion, indicates net operating earnings for the quarter of \$1,839,247.03, after allowing for dividends on preferred stock. This compares with \$1,752,300.80 shown for the first quarter. Reserves is \$14,215,786.77. With the addition of the three offices that were placed in operation on June 30, Manufacturers Trust Company now has 64 banking offices in Greater New York.

Continued Improvement

A continued improvement in the condition of state chartered banking institutions, with an increase of about three billion dollars in a year in total resources, is shown in the annual survey of resources and liabilities and earnings and expenses of state banks, issued by the committee on State Bank Research of the State Bank Division, American Bankers Association, under the chairmanship of W. S. Elliott, vice president and cashier, Bank of Canton, Canton, Georgia. "Resources of 10,299 state supervised banks in the nation amounted to \$38,652,726,000 at the end of 1936, a gain of 8.2 per cent over 1935, and total deposits were \$33,184,292,000, a gain of 8.7 per cent," the report says.

"Comparison of the figures of condition for total state supervised banks for the period from December 31, 1932, to 1936," the report adds, "reveals that total resources of these banks reached their lowest figure on December 31, 1933, standing at \$30,617,808,000, and that since the end of 1933, they have continued to rise during each consecutive year, showing a gain of 26.2 per cent on December 31, 1936, over the low year 1933.

"Loans and discounts for the first time in five years increased during 1936, showing a gain of 3.5 per cent over 1935. Investments, steadily increasing during recent years, rose by 9.7 per cent in 1936, 12.6 per cent in 1935, and 14.5 per cent in 1934.

"Total deposits in 1936 aggregated \$33,184,292,000, representing a growth of 8.7 per cent, in comparison with an increase of 11.8 per cent in the preceding year, an increase of 8.9 per cent in 1934, and a decrease of 7.4 per cent in 1933."

The report shows details of resources and liabilities in tabular and graph form for state (commercial) banks, loan and trust companies, private banks, stock savings banks, mutual savings banks, and total state supervised banks.

The survey of earnings and expenses revealed that in state banks which do a

Index To Advertisers

A	I
A. C. Allyn & Company..... 39	Iowa-Des Moines National Bank & Trust Company..... 68
American Institute of Business..... 64	Iowa Guarantee Mortgage Corp..... 36
American National Bank & Trust Company..... 42	J
American Telephone and Telegraph..... 54	Jackley & Company..... 31
L. A. Andrew, Jr., & Company..... 34	L
B	Lamson Brothers & Company..... 38
Bank of New South Wales..... 44	Lawrence System..... 21
Bankers Trust Company, Des Moines 57	Live Stock National Bank, Chicago... 59
A. G. Becker & Company..... 28	Live Stock National Bank, Omaha... 43
C	Live Stock National Bank, Sioux City 46
F. A. Carlton & Company..... 38	M
Central Hanover Bank & Trust Co... 63	Leo L. Mak, Inc..... 28
Central National Bank & Trust Co... 3	Manufacturers Trust Company..... 23
Chase National Bank..... 4	Scott McIntyre & Company..... 32
City National Bank & Trust Company, Chicago..... 62	Merchants Mutual Bonding Company 65
City National Bank, Clinton..... 58	Merchants Nat. Bank, Cedar Rapids 2
Commercial Investment Corporation 37	N
Continental-Illinois National Bank & Trust Company..... 22	National Bank of Detroit..... 22
Continental National Bank, Lincoln 45	National Bank of Waterloo..... 60
D	National Surety Corporation..... 25
Drovers National Bank..... 61	Northwestern Banker..... 52
E	Northwestern Nat. Life Ins. Company 24
Eppley Hotels..... 64	O
F	Omaha National Bank..... 19
Federal Discount Corporation..... 29	P
Financial Advertisers Association.. 67	Philadelphia National Bank..... 48
First National Bank, Burlington... 62	Polk-Peterson Corporation..... 27
First National Bank, Chicago..... 51	Priester, Quail & Company..... 30
G	S
General Motors Acceptance Corp... 50	Securities Acceptance Corporation.. 33
H	Shaw, McDermott & Sparks..... 35
W. D. Henderson & Co..... 38	Stock Yards National Bank, Omaha.. 40
	U
	United States Check Book Co. 44, 47, 64
	W
	Charles E. Walters Company..... 42

commercial business gross earnings from current operations showed an increase of 13.4 per cent in 1936 over 1935 and that more than 15 per cent of gross earnings was turned into profits after current operating expenses in 1936, compared with 2.3 per cent in 1935.

An observant schoolboy once defined flirtation as "attention without intention."

Bankers' Wants

This department of The Northwestern Banker is at your service. A charge of five cents per word is made for all insertions. In answering key numbers, please enclose postage for forwarding purposes.

For Sale: Mosler time lock and combination Bank safe, Screw door, Mangnese steel, medium size. J. B. Wasson, Asst. cashier, Box 109, Newton, Iowa.

Wanted: Cashiership or executive vice president in Iowa bank, town pop. 2,500 to 5,000, will take some stock, banking experience, four years state bank examiner in Nebr., several years liquidation work, can furnish best of reference. Chas. S. Stone, P. O. Box, 262, Hastings, Nebr.

MERCHANTS MUTUAL BONDING COMPANY

Home Office
VALLEY BANK BUILDING
Des Moines, Iowa

© ©

This is Iowa's own bonding company, the only Iowa company writing bonds.

A progressive company with experienced, conservative management. We are proud of our seventy-five bank agents in Iowa.

To be the exclusive representative of this company is an asset to your bank.

© ©

Write to

E. H. WARNER
Secretary and Manager

Northwestern Banker August 1937

IN THE DIRECTORS ROOM



Hot Stuff

"Doctah," asked a lady of colour, "Ah's come to see if yo' am going to order Rastus one o' dem mustard plasters ag'in to-day?"

"I think perhaps he had better have one more," answered the medico.

"Well, he says to ax yo' kin he have a slice o' ham wid it, 'count of it's a mighty pow'ful perscription to take alone."

Sign Language

English Visitor to Canada for the first time, on seeing an Indian chief, said: "White Man glad to see Red Man. Hope Red Man feels tophole this morning."

The Chief turned and shouted to some Indians nearby:

"Hey, come over and listen to this bozo, he's good."

There was a girl who was so dumb that she thought assets were little donkeys.

The Clue

An irate customer entered the butcher's shop, and threw down a piece of metal on the counter, and indignantly exclaimed:

"What do you call that sir? I got it in one of your sausages."

The butcher put up his hand and rubbed his double chin, "Well," he drawled, "I must have forgotten to take the collar off."

Lucky

First Prof: "Do you believe a rabbit's foot ever brought good luck?"

Second Prof.: "Yes, I do. My wife felt one in my pocket and thought it was a mouse."

Lazy Plus

A friend of mine who traveled through the Ozarks tells this story on one of the hound dogs he met there.

His attention was attracted to this dog because of the howl which the animal emitted at frequent intervals. After being interrupted repeatedly by the howls of the dog, my friend asked one of the natives what was the matter with the dog.

He said, "Nothing is the matter with him. He is sitting on a cockle-burr."

"Well, why doesn't he move?" I asked.

The native answered, "Oh, he'd rather howl than move."

Northwestern Banker August 1937

Look Natural

The rich farmer was paying a visit to his son at the university, and thought it might be a good idea if they had their photograph taken.

The photographer suggested that the son should stand with his hand on his father's shoulder. The farmer objected.

"It would be much more life like," he said coldly, "if he stood with his hand in my pocket."

Viper

Cowboy: "My podner and I are taking a trip through the desert next week. He's taking along a gallon of whikey for rattlesnake bites."

Visitor: "And what are you taking along?"

Cowboy: "Two rattlesnakes."

Essay on Cats

Cats that meant for little boys to maul and tease is called Maultese cats. Some cats is reckernized by how quiet their purrs is, and these is named Purrsian cats. The cats what has very bad tempers is called Angorie cats. I don't like cats.

That's Hell

First Devil: "Ha, ha. Ho, Ho."

Satan: "Why the mirth?"

First Devil: "I have just put a woman into a room with a thousand hats and no mirror."

An Object Lesson

The teacher was trying to impress on the children how important had been the discovery of the law of gravitation.

"Sir Isaac Newton was sitting on the ground looking at the tree. An apple fell on his head and from that he discovered gravitation. Just think, children," she added, "isn't that wonderful?"

The inevitable small boy replied: "Yes'm, an' if he had been settin' in school lookin' at his books he wouldn't never have discovered nothing."

Cellar Seller

One: "What does your son do in your store?"

Two: "He sells toys and pets in the basement."

One: "What a way to learn a business."

Rain, No Game?

Two ladies stopped at a livery stable and asked for a gentle horse to drive. The liveryman brought out one saying: "This horse is perfectly gentle so long as you don't let the rein get under his tail."

Three hours later they returned.

"How did you get along?" the liveryman inquired.

"Oh, we got along just fine. Had a couple of showers while we were out, but we took turns holding the parasol over the horse's tail."

Poor Excuse

A certain banker was being called upon by a delegation from a charitable institution. He instructed his secretary to make up some excuse for not seeing them.

"I'm sorry," she informed the delegates, "but Mr. Smith can't see you. He has a sprained back."

"Well," said one of the delegates, "go back and tell Mr. Smith that we don't come here to wrestle with, but to speak with him."

Speaking Likenesses

A man who was wanted by the police had been photographed in six positions, and the pictures sent out to the state police.

In a few days headquarters received this from a small-town chief: "I duly received the pictures of the six miscreants wanted. Five of them have been captured and we are on the trail of the sixth."

He Was Right

A young man walked up to one of the clerks at the Employment Exchange. "Is this where you pay out eternity benefit?" he asked.

"My good fellow, I presume you mean maternity benefit, do you not?"

"No, I mean eternity benefit."

"Do you know that eternity means the hereafter?"

"That's right. I'm here after it, ain't I?"

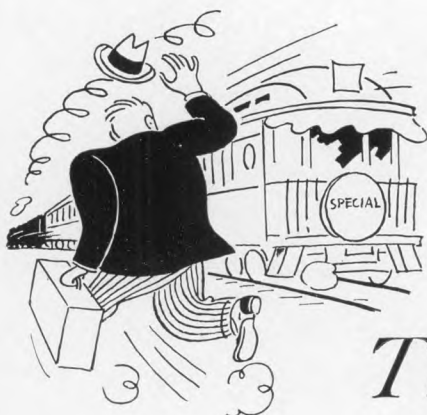
Fresh Eggs

"That new farm hand is terribly dumb."

"How's that?"

"He found some milk bottles in the grass and insisted he had found a cow's nest."

On to Syracuse!



THE stage is set for the outstanding event of the year in financial advertising circles. A program has been arranged that will eclipse, in scope and variety, any previous get-together meeting of executives of representative banks and investment houses, advertising agencies and financial publications. The occasion, time and place will be:

The 22nd *Annual* **CONVENTION** *of the* **FINANCIAL ADVERTISERS ASSOCIATION**

HOTEL SYRACUSE

SYRACUSE, N. Y.

September 13-14-15-16

A 4-DAY CONCLAVE DEVOTED TO BETTER PUBLIC RELATIONS TECHNIQUE

The factors that influence mass psychology and public opinion will be explained in daily lectures by Dr. Hepner, nationally known psychologist. Morning sessions will be devoted to the improvement of technique in advertising, customer cultivation, new business, etc. Other strong features of the program will be the informal afternoon bull sessions and forums on such subjects as "Radio Advertising", "The Development of Personal Loans" and "Pay-as-you-go Checking Accounts".

Nothing has been overlooked by the Directors of the F. A. A. and the Program Committee to make this convention a big success. Both morning and evening sessions will be distinguished by features of great practical value and interest to the entire membership. Everyone who attends will be afforded the opportunity to "go to school again" at Syracuse and get up-to-date on the subjects of financial advertising and public relations.

In addition to the practical and constructive side of the convention there will be a golf tournament on Monday afternoon; sightseeing parties to while away leisure hours; social attractions for the ladies; get-acquainted opportunities galore through informal gatherings . . . climaxed by a gala banquet on Thursday night at which the Committee promises to present one of the most prominent and interesting speakers in the country.

Special train arrangements have been made for delegates from New York, Boston and Chicago. All F. A. A. members planning to be among those present should notify—

PRESTON E. REED, Executive Vice-President

FINANCIAL ADVERTISERS ASSOCIATION

231 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS



DEVOTED TO THE CAUSE OF A BETTER UNDERSTANDING OF FINANCIAL INSTITUTIONS BY THE PUBLIC



“Truly . . .

A Picture Is Worth 10,000 Words”

SAYS AN OLD PROVERB

It would require over 10,000 words to describe the beauty of Iowa's countryside this summer . . . and many more to tell how bright the prospects are for a bumper harvest of all crops.

Since 1875 . . . when this Bank was founded . . . we have never had reason to waver in our conviction that Iowa is a great State to live in . . . to work in. That seems truer than ever in 1937.

IOWA-DES MOINES NATIONAL BANK & TRUST COMPANY

Member Federal Deposit Insurance Corporation