

# NORTHWESTERN *Banker*

APRIL  
1941



CLIFFORD S. YOUNG  
President, Federal Reserve Bank, Chicago

**BANK DIRECTORS WANT TO HELP**

Page 11

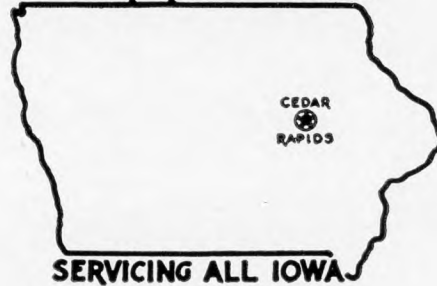


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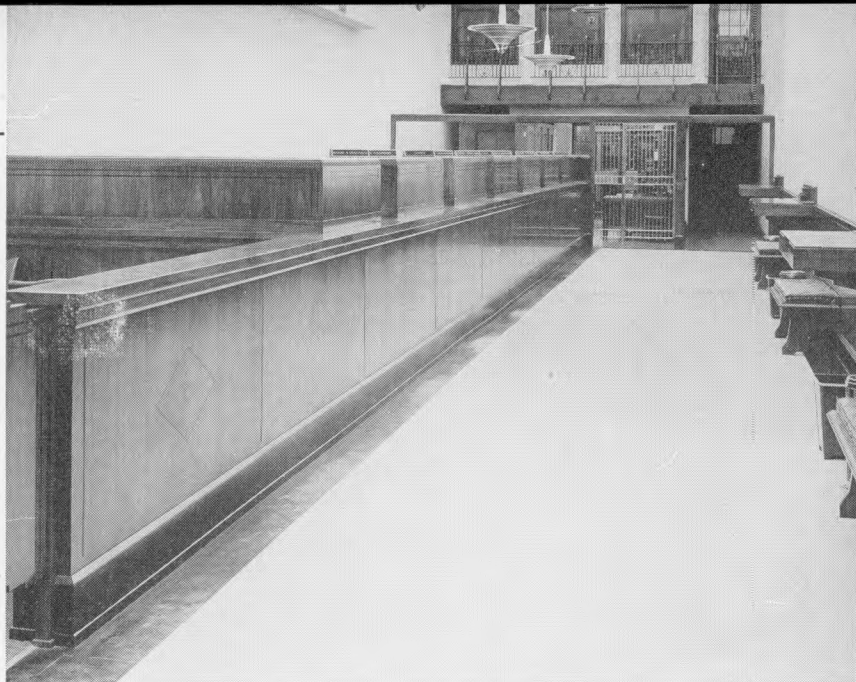
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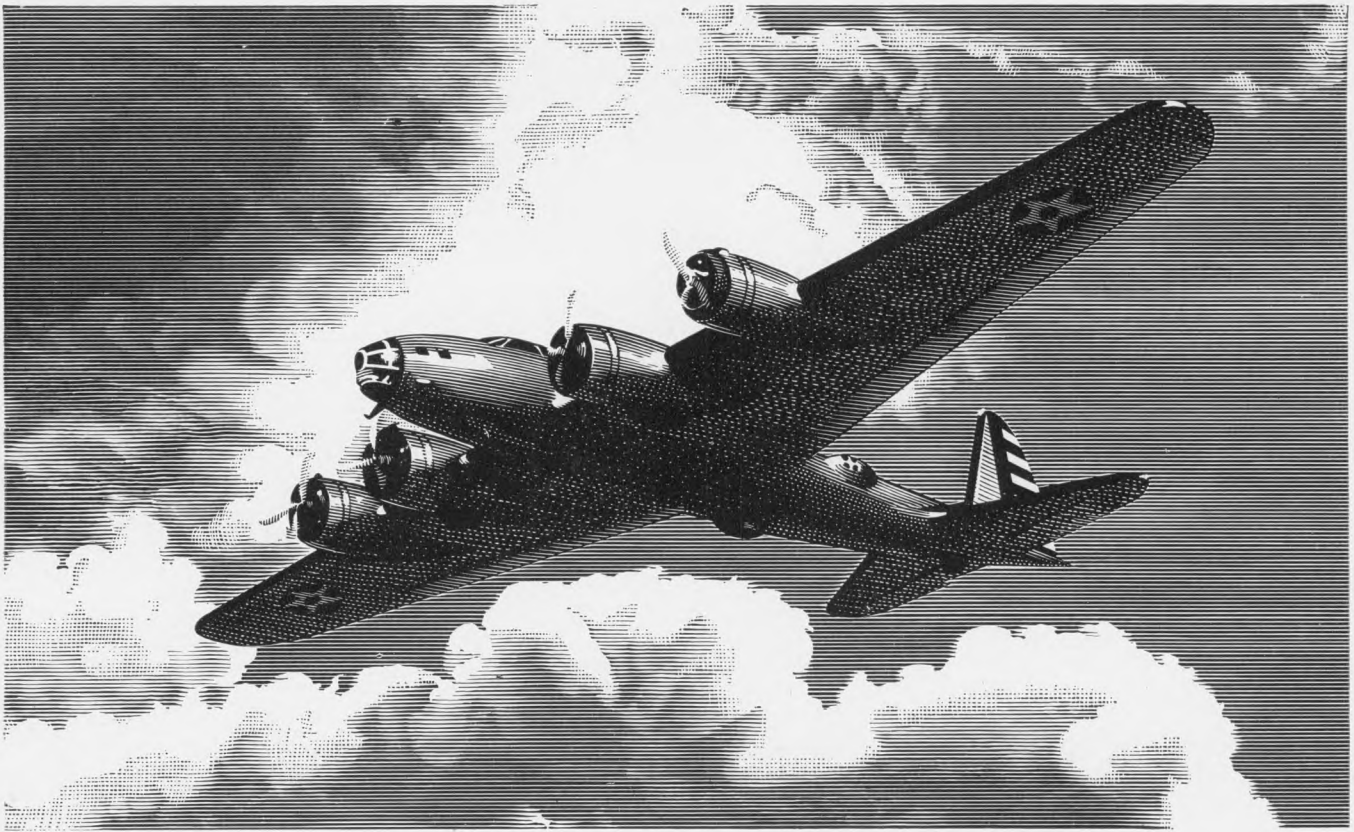
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*Charles City, Iowa*

BANK FIXTURE HEADQUARTERS

*Northwestern Banker* April 1941



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*Member Federal Deposit Insurance Corporation*

*Northwestern Banker April 1941*

...  
APRIL  
1941  
...

# NORTHWESTERN *Banker* DES MOINES

FORTY-SIXTH YEAR

NUMBER 645

Oldest Financial Journal West of the Mississippi River

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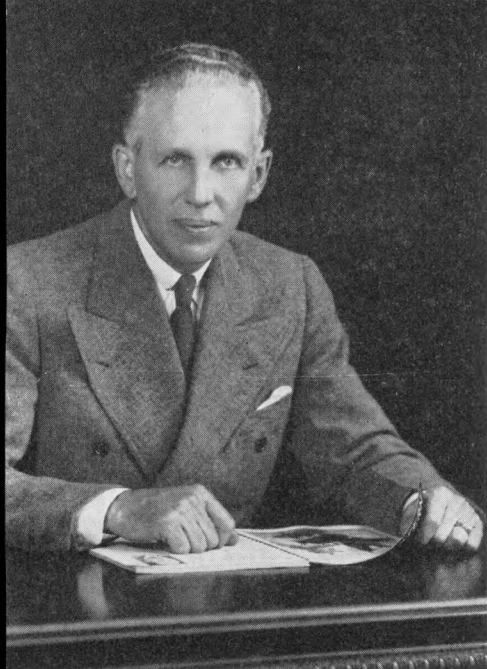
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# Across the Desk From the Publisher

*By Clifford DePuy*

## Let the Public Buy Bonds

With the tremendous burden of new government issues which are to be floated to finance our participation in the war, it is being urged by many economists and bankers that these new issues be absorbed by the general public.

The banks already have purchased billions of dollars of government securities, and it is argued that these new issues should be sold to individual investors.

If this is done, our economy will be on a sounder basis, and banks, on the other hand, should not be expected to carry the full load of the government debt.

At the meeting of the Central States Conference, composed of bankers from fifteen states, the following resolution was passed:

**"That it is our judgment that government securities being issued or to be issued by the billions of dollars to finance our vast rearmament program should be largely sold to the individual citizens in proportion to their actual ability to buy and to hold; that banks and other such corporations should not be asked nor expected to carry the brunt of this financing load; that the foregoing recommendation will help to vastly reduce the economic readjustment in values that must inevitably follow at the close of this emergency."**

We sincerely agree with this resolution and evidently the government believes also that its new securities should be sold to the public, because they have just announced that postal savings stamps in denominations of 10 cents are about to be issued, and that defense savings bonds will have a denomination as low as \$25.

The three groups of new securities which are to be offered the public are as follows:

**Postal savings stamps**—In denominations of 10, 25 and 50 cents, and \$1 and \$5.

**Defense savings bonds**—Almost identical with existing "baby" bonds, in denominations of \$25, \$50, \$100, \$500 and \$1,000.

**Series F savings bonds**—Similar to baby bonds except that denominations are \$100, \$500, \$1,000, \$5,000 and \$10,000.

**Series G savings bonds**—Same denominations as Series F, but sold at face value and bear 2½ per cent interest.

This program definitely is one to appeal to the public and we think it is certainly in the right direction as the banks have carried the heavy load of government financing so far.

## A Vast Wave of Centralization

In one of his recent addresses, P. D. Houston, president of the American Bankers Association, pointed out that:

*"We have been caught up in a vast wave of centralization which has swept away many of our old moorings and greatly complicated our operations."*

*"This centralization movement will probably continue during the war emergency."*

*"During the past 10 years, centralized, national controls have been set up over various aspects of banking. These federal controls have been superimposed on the existing state controls."*

*"With some of them we have to work; with others we have to compete. But we have to live with them all. And always we have to understand them and adjust ourselves to their existence and to their activity."*

It is quite true that bankers have had to adjust themselves in the last 10 years to a centralized government as well as competing government agencies.



Finally, we see no reason why bankers should not fight to repeal and rescind laws which are detrimental to their interests as well as to the public.

Bankers are certainly doing more to finance the government and to finance its defense activities in this hour of crisis than the striking labor unions who are using the emergency to fatten their treasuries and increase the pay of their loud mouthed labor agitators.

For 10 years the government has kicked the bankers around and patted labor on the back, and we think it is about time the proposition should be reversed.

### Income from Government Sources

It is very interesting to see what percentage of the total realized national income now comes from government sources.

The percentage has risen from 5.5 per cent in 1913 to 18.4 per cent in 1940, the peak being in 1938 when 20.1 per cent of the national income came from government sources. The figures for recent years are as follows:

- 1913— 5.5 per cent of total national income
- 1930— 9.8 per cent of total national income
- 1938—20.1 per cent of total national income
- 1939—18.6 per cent of total national income
- 1940—18.4 per cent of total national income

Recent figures compiled by the National Industrial Conference Board indicated that "13 billion 200 million dollars were paid in 1940 by federal, state and local governments for salaries, wages, bond interest, pensions, compensation for injuries, and relief, compared with 12 billion 700 million dollars in 1939." Thus more and more people become more and more dependent upon more and more income from government sources.

However, if the government is to have the income to pay these salaries and other expenses, we must maintain a free, independent American enterprise which can make the money and which in turn will thus be able to pay these terrific government expenses.

### How to Defeat Germany

A recent correspondent who has been stationed in Berlin ever since the beginning of World War No. 2, has just returned to the United States, and his statement of how Germany can be defeated is as follows:

"Germany can be defeated if (1) England can hold out, (2) the blockade can be tightened and (3) the war can be carried more forcefully into Germany. If these three conditions are met the

German confidence in victory will be undermined. If that confidence is removed, and particularly if something is done to give the German people a reason for thinking that defeat would be less terrible than protracted war, this great German illusion can be brought down and brought down much more quickly than seems credible now."

Whether these three primary conditions can be carried out remains to be seen.

The author above referred to and many other authorities believe that if the tide is turned against Germany, Hitler's "house of cards" will fall much more rapidly than people think, because in practically every conquered country there are thousands of people ready to take up arms against the Hitler menace.

### The New Banking Superintendent

Governor George A. Wilson of Iowa is to be congratulated upon his appointment of Melvin W. Ellis as State Superintendent of Banking to take the place of D. W. Bates, who retires on July 1, 1941.

Mr. Bates has not yet announced his new plans, but expects to do so very soon. As Superintendent of Banks Mr. Bates set an enviable record, and his ability was recognized nationally, as he was elected president of the National Association of Superintendents of State Banks.

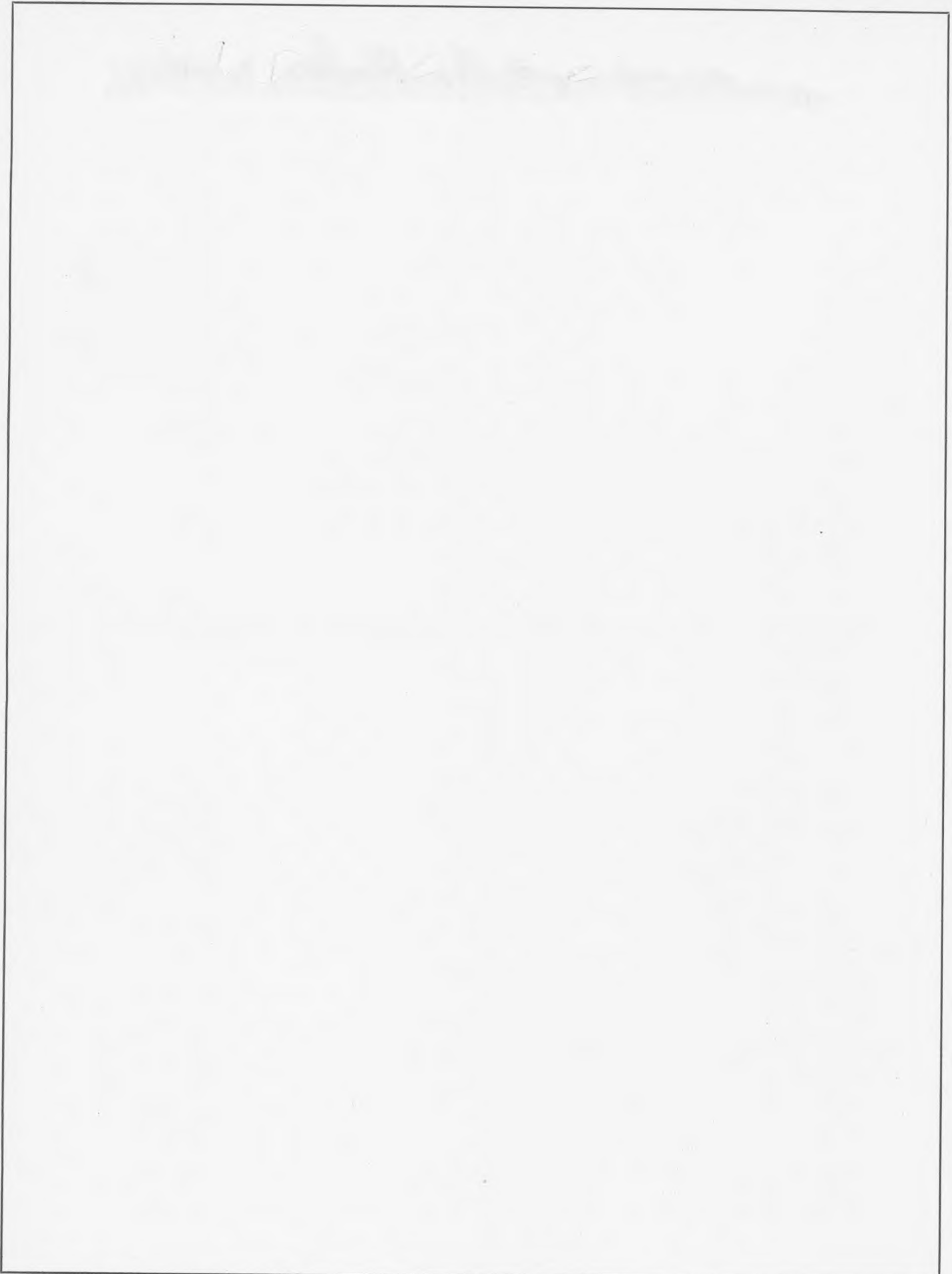
Mr. Ellis is president of the First Security Bank and Trust Company of Charles City, and will leave that position to take over the Superintendency. His bank has capital of \$100,000, surplus of \$50,000 and total deposits of over \$1,780,000.

In addition to knowing the problems of country banking, Mr. Ellis is also familiar with farming, as he is president and general manager of the family corporation known as Ellis and Ellis, Inc., which operates 4,000 acres of Iowa farm land, principally in Floyd County.

In 1935 Mr. Ellis was president of the Iowa Bankers Association, and has always been active in its affairs.

He is strongly in favor of the dual banking system, believing that the state banking system and the national banking system can work side by side for the benefit of both, and he has steadily opposed any Congressional action which would federalize our banking system to supplant the several state banking systems and locally-owned, independent banks.

With this excellent background and wealth of practical banking experience, Mr. Ellis should make an excellent Superintendent of Banking during the next 4 years for which he is appointed.



# Bank Directors Want to Help— If the Officers Will *Give Them a Chance*

**A**SIDE from the customary legal obligations of the outside bank directors there are a few things that come to my mind such as securing new business, better customer relations and assistance in connection with the lending functions of the bank.

The average outside director of a bank has more of the "will to assist" in the affairs of his institution than is ever utilized. This director is not on the payroll of the bank. He would like to be of assistance but invariably he doesn't know the "why, when or where."

Once a month this director comes to a meeting generally to approve what has been done during the preceding month. Occasionally he serves on an auditing committee and even functions as a wailing wall upon which the managing officers can cry out their troubles.

Some of these outside directors are chosen because of the business which they control or which they will presumably direct or influence into their institution. In fact, it is taken as a matter of course that a director will use such influence as he has toward increasing the business that his bank does in the community. It is assumed that each director will do his utmost to foster better public relations between his bank and the community. Such duties are fundamental. Some directors produce better results than others. Much depends on the primary occupation of the director and his particular ability along these lines. Nothing that any writer could say could change the situation of the director or do much toward altering his ability along these lines. Some directors, whose counsel around a directors' table is invaluable, would drive away business if he were to try his hand at public relations. If a man can't sing he had better stay out of the choir. If a bank director isn't good at fostering public relations or bringing in new business he shouldn't try.

Anyone whose position in the com-

By A. C. Sidner

**Director**  
**Stephens National Bank**  
**Fremont, Nebraska**

munity is such that he has been chosen as a bank director naturally realizes his obligation to assist his institution. There is no director but



A. C. SIDNER

that is willing. Why don't more work at it?

In the first place the director must know what his bank has to offer the public. How can he sell anyone on something he knows little about?

When a bank director is asked by a newcomer to his city in regard to his institution he generally fumbles around and winds up by saying that his bank is run by a swell bunch of fellows who will treat the newcomer right. This is good but not enough. If a director is to sell his institution to the public he must know what it has to offer. Nothing embarrasses either the bank or the director more than to have an overzealous director go out to a prospective customer and

advise him that he can obtain certain accommodations at the bank and then have the bank unable to back up the representation and promises of the director. Therefore if a director is going to encourage new business for his bank he should be quite certain that his bank is prepared to serve the business that he is soliciting.

This same situation holds true in regard to customer relations. Changed banking conditions have resulted in changed banking practices. Too frequently changes affecting vital public relations are adopted by banks without proper explanation to or consultation with the outside directors. When this has been done the outside director is unable to explain his bank's position to the public and soon quits trying. After a few weak attempts at justification of his bank's attitude, he gives it up. A few such instances and the director ceases to function as far as the customer relations are concerned.

A third sphere in which a director can assist his institution is in connection with the bank's lending policy. Frequently the outside director has information from sources not available to the bank which would greatly assist the officers in connection with the making, servicing and collecting of loans. In most banks of any size it is a physical impossibility to consult with all directors before a new loan is made. Because of this the first time the director knows of the loan is when he attends the meeting after it has been made. Consequently he gets the idea that his counsel is not needed in the formulating of a loan policy.

However, a director could make it his business to know the names in his institution's notecase and to pass on to the managing officers all information which may come to him in regard to these borrowers. Nine times out of ten the information which he has is already known to the managing officers but the tenth time is worth the effort.

(Turn to page 31, please)

*Northwestern Banker* April 1941

# NEWS AND VIEWS

## OF THE BANKING WORLD

By Clifford DePuy

YOU may not know it, but there is a **Pasadena Golf Course** at St. Petersburg, Florida, and just to show you that it is also a small world, **William Adams**, president of the First National Bank of Denison, Iowa, met **Frank P. Syms**, vice president in charge of the New York Office of the **NORTHWESTERN BANKER**, and they played golf together there.

Incidentally, Mr. Adams had a score of 84, and Mr. Syms' was 85, and on the 15th hole, which is a par 3, Mr. Adams got a birdie 2.

**Congressman Ditter** of Pennsylvania points out that business has earned \$1.05 for taxes against every \$1.00 of net profit during the present administration.

In a statement, he said: "This is the burden of public spending shown by a study of business taxes paid as compared to net profits for the period 1933-40."

**Charles C. Rieger**, manager of Jamieson and Company's Bond Department of Minneapolis, has associated with him his son, **Charles J. Rieger**.

The Bond Department of Jamieson and Company has been making a very substantial growth and is rendering a real service to its bank customers.

Young Mr. Rieger attended the University of Minnesota after graduating from St. Thomas College of St. Paul.

**Henry Ford** who still believes in the rights of the individual to join anything he wants, including a union, but who also believes that the Ford Company should deal with individual workers as such and not as a group of paying members of the C. I. O. or the A. F. of L. stated recently that

"A union is like a big spider's web, once inside the web, the workmen can't move.

"Freedom, freedom of speech and personal pursuits, is the keystone of our American government.

"American industry should be free to function; American workmen must remain free to do as they will, without being shackled by a few union leaders who are using the defense program to advance themselves.

"What have unions given for the initiation fees and dues collected of

men employed on defense projects, men who were compelled to join unions for the first time in order to secure jobs waiting for them and for which they are qualified?

"With thousands of our fine young men serving in the army, navy and marine corps for only a few dollars a month, how can unions justify strikes which are intended more to advance the cause of unions than to benefit the workers themselves?"

To all of which we say "Amen, Henry," and more power to you.

In looking over the annual report of the **United States Steel Corporation** for last year, which has just been issued, it shows that:

**"The average earnings on the Corporation's common stock for the five-year period 1936-1940 were only 3.1 per cent, while for the ten-year period 1931-1940, which included the deficit years of 1932, 1933, 1934 and 1938, there were no earnings on the common stock."**

Commencing May 1, the Treasury Department, under **Secretary Henry Morgenthau, Jr.**, will start selling "baby bonds" and a fund for that purpose of \$1,500,000 for printing and advertising has been appropriated.

**Secretary Jesse Jones** of the Commerce Department states that profits of American business corporations reached \$5,000,000,000 in 1940, making the year the most profitable since 1929.

The 1940 figure was about 25 per cent larger than that for 1939 or 1937, the two best previous years since 1929.

**As 33 different strikes are in progress** throughout the United States, thus impeding our defense program for ourselves and for England, the following story may be of interest:

"Officers of the army or navy, steamed up with the defense effort, get a severe jolt when they run up against labor union rules which remain rigid regardless of emergency.

"The Washington navy yard, for instance, is being expanded and improved. In the course of this work, some piles were being moved, and a pile-pulling 'rig' began to yank a pile from the river bed.

"Just then a union carpenter ran

up, waving his hands. 'Wait,' he said, 'wait, you haven't got enough men on that job! The rules say you've got to have five pile-drivers and a foreman.'

"The work was halted and the carpenter produced his book of union rules. He was right. The rules specified that regardless of the fact that a machine did all the work, there must be no less than six men, including a foreman, on the job.

"Result was that six carpenters were called off their work in an adjoining building and stood around, while the machine proceeded to pull the pile out of the river bed."

The life insurance companies of the country now hold \$5,500,000,000 of government bonds, which is seven times as much as after World War No. 1.

**The New Yorker Magazine**, which has, as one of its regular editorial features, the reprinting of typographical errors from newspapers throughout the country, published this one in its last issue:

"**Miss Emma Claus** of Gary, Ind., president of the Association of Bank Women, will speak on '**The Worthlessness of Our Association**' at the joint conference—to be held at the Palmer House.

—Chicago Daily News.

"Ever thought of dissolving?"

**Mrs. Mary Elizabeth Toy**, widow of James F. Toy, well-known Sioux City banker, who herself died last June, left an estate of over \$407,000 according to preliminary inheritance tax report just filed in the district court.

The principal heirs are her daughter, **Mrs. Grace Van Dyke**, and the Farmers Loan and Trust Company, trustee.

The principal item in Mrs. Toy's estate is 300 units of the **James F. Toy** stock trust, valued at \$204,000.

**J. P. Schutt**, president of the Valley State Bank of Rock Valley, Iowa, in a recent communication to us, said: "All of us here in the bank enjoy the **NORTHWESTERN BANKER** and read it through from cover to cover."

**Lehman Plummer**, vice president of the Central National Bank and Trust Company, recently sent out a direct mail letter in two colors—"green and red"—to prospective borrowers with the heading "Spring is just around the corner."

The letter was soliciting business for the **BUDGET LOAN DEPARTMENT** and the first two paragraphs of the letter are as follows:

**"Song birds, green grass, spring rains, all come in for welcome attention at this time of year. However,**

(Turn to page 48, please)

# Seven Reasons Why Banking *Isn't* a Serious Business

By C. W. Fishbaugh

Assistant Cashier  
Security Trust and Savings Bank  
Shenandoah, Iowa



"Take a half hour trying to decide which time-saving device to use first"

ONE thing about banking, there is seldom a dull moment. When there isn't a new law to cope with there is a past due note to collect. Then there is usually something happening that turns a bad day into a bright one. In the last thirty years there have been a great many things that have been slightly amusing to down-right funny. Some of these anecdotes I give below. These are all actual happenings in this or neighboring banks:

AT one of the bank meetings I attended back in 1928 the subject of small loans was brought up for discussion. Those were the days when banks loaned \$10 for a month and only charged twenty-five cents, and sometimes less than that if you stood in with the right folks. One of the leaders of the group was John Olson from a rich Swedish community. The chairman inquired: "Mr. Olson, what do you do when someone comes in and wants to borrow ten dollars for ten days?" Mr. Olson looked around solemnly and replied in all sincerity: "I let them wait ten days and then they won't need it."

MY grandfather was a great temperance man. He was against any form of intoxicant, but sad to say many of his customers were not above taking a snort now and then, sometimes a little more than a snort. One day grandfather saw a farmer on the street, a Mr. Brown. Mr. Brown, in spite of his fondness for the cup that cheers, was a great friend of grandfather. Grandfather greeted him heartily: "Hi, Jack, come on in I want to see you in the back room." Brown shuffled in and followed grandfather to the rear room. They sat down on the davenport and grandfather made ready to broach a land deal in which both he and Brown were interested, but before he could say a word Brown pulled a flask from his pocket, looked at grandfather accusingly, and said: "Chris, how in the sam hill did you know I had any on me?"

OUR latest addition to the force is a photographic machine to handle our remittances. In addition to this machine we have most of the other machines to speed up modern bank-

ing, everything from a late posting machine to an interest machine. One of our officials was not really sold on the machine age, and at times did not hesitate to express his dislike. After this latest machine was set up and we had advertised it in the local paper a customer said to this officer: "My, my, with all these new machines you must save a lot of time?" "Oh, I don't know," said our proud officer, "in come ways it takes quite a bit longer with all this equipment. You see we get down in the morning, look over all these new machines and then take a half hour trying to decide what time-saving device to use first. No, in some ways there is a big disadvantage."

WILL always remember when we first installed a transcribing machine to take the place of shorthand. We had a new girl that claimed she had had experience on the machine. The first week we doubted it and a short time later we were sure we were right. The president dictated into the machine: "Is there a judgment on the farm?" Imagine his surprise when looking over his letters that night he found the clause as: "Is there a dutch-

man on the farm?" Later he wrote an inquiry about the local riding academy and the letter turned up as an inquiry on a writing academy. The machine age and this young lady never did manage to click.

ONCE in a while we come across a customer that really amazes us. One of these made his appearance last fall. Like other banks we use what is called the one and a half cover fold check book. Which is a pocket checkbook with a cover of cheap cardboard already on it. We also use fillers for the regular leather check holders. The one and half covers are the ones that are generally used, and when a customer calls for a check book he is usually handed one of these unless he asks for a filler. This customer called for a check book, and the teller held up both kinds and asked which he wanted. The customer's eyes bulged and he said: "Let's see that one." and he pointed to the filler style. He examined it closely and then remarked: "Say, now that's what I call mighty handy." The teller didn't quite see what he meant and asked: "What?" "Why," he said, "this check book is sure handy; you can slip it right into your check cover without any tearing. Those other kind you have to tear the whole back off before you can make them fit." "You haven't been doing that, have you?" inquired the surprised teller. "Sure have, Bud, been doing it for years. Used to take me sometimes ten minutes. This new kind is sure a dandy. What won't they think of next?"

DURING the sealed corn season there was quite frequently a certificate copy received that was not very plain. Sometimes it was almost impossible to read the serial number. Then we would have to call the AAA office or the farmer to find the correct number. Last fall we had to call over a country telephone line to a rather deaf customer regarding a serial number which might be 8-S-152 or 8-F-152. We called Mr. Farmer and after explaining that we were having a little difficulty, asked if the letter was an F or an S. He couldn't get it and shouted back something like: "Did you say V or D?" We repeated several (Turn to page 42, please)

Northwestern Banker April 1941

# A Five-Point Program for Country Banks

A FIVE-POINT program for the improvement of the operating efficiency of country banks was advocated by T. Allen Glenn, Jr., president of the People's National Bank, Norristown, Pennsylvania, in an address before the Eastern Regional Conference of the American Bankers Association.

Mr. Glenn classified the main features of the five-point program as dealing with improvements in management, accounting systems, credit records, operation of bond accounts, and budgetary control and cost analysis.

"Under the heading of management, we consider the functions of the board of directors, the officers, and other personnel of the bank. In connection with the board of directors, they should be men active in the community, both in civic and business affairs," Mr. Glenn declared. "Broadly speaking, the prime duty or responsibility of a board of directors should be to formulate the policies of the bank. Such policies include, among other things, the matter of types of services that will be rendered, the method of rendering them, and the cost of them to the public.

"Too often in a small bank it is conceived to be the duty of the board of directors merely to pass upon loans and investments and to give little thought, if any at all to the matter of public relations program and other general broad policies of the bank itself. These things are many times left to the discretion of the executive officer of the bank and he is not given the benefit of advice and counsel of his board in making his decisions.

"As to the officers and other personnel, it again goes without saying that the officers should be active in community affairs, and should keep themselves well informed as to current economic conditions, either through reading all available journals on the matter, or the regular attendance at conferences and meetings of various banking associations. As to the clerical force, these should be chosen with great care and new employees added to the staff only after a thorough scrutinizing of their education and social background. By this latter qualification I do not mean that we should

## Management

## Accounting

## Credit Records

## Bond Account

## Cost Analysis

pick only employees from the upper crust of our community, but I do mean that our staff should include only people who bear a good reputation for behavior and come from sources which would not prove objectionable to any of our depositors.

"Now as to the accounting system, which is the second point in our inside program; such system should be devised to include the following elements: First, the system should give a clear, complete and accurate record of all of the bank's transactions and it should give details as to the assets and liabilities at any particular time; second, the system should include facilities for the conducting of a continuing internal audit; third, the system must not be cumbersome or contain any elements of duplication of effort but, on the other hand, through the utilizing of modern machinery and up-to-date accounting methods, should be conducted with the least amount of expense and in a manner to consume the least amount of time.

"The third phase in the program is the matter of adequate credit records. I know that the smaller bank has not the facilities to maintain a credit department in the same manner as such a department may be conducted in a large institution. However, it is perfectly possible, without adding very much, if any, time consumed by the personnel of the bank, and without adding very much to the cost of operation, to have a credit file and a cross reference system which will enable any of the officers at any time to know the exact status of any borrower or

proposed borrower of the bank. Such a file is a great help to the examining authorities when they visit the institution since complete information is then available to them to enable a proper classification of a particular loan in question," Mr. Glenn asserted.

"The credit file itself should include not only such financial statements as I have already referred to, but also adequate appraisals of the land involved. Correspondence relative to the loans and memoranda from the officers as to pertinent conversations with the borrower, should also be included. It requires little time for an officer to dictate a short resume of a conversation with a borrower, giving the salient facts brought out in that conversation. Such memoranda should be included in the credit file and thus information which ordinarily is in some one person's head is made available permanently to others in the institution.

"The operation of the Bond Account is the next phase in the inside program of a country bank which I wish to mention. I would like to present an idea which I have in connection with the bond account of a small bank at the present time. Since 68 per cent of our commercial banks have total assets of less than \$1,000,000 and 92 per cent have total assets of less than \$5,000,000, it would appear that, comparatively speaking, very few of our banks have very much more than a fund of about a million or two million dollars which should be invested in bonds. It goes without saying that no bank wishes to take an undue risk in connection with its investments and therefore should confine its investments to only the highest grade bonds available. Because of present economic conditions, it seems imprudent for any bank to purchase bonds with maturities longer than medium term. If we confine our bond investments within those limitations, we find that high grade corporate bonds of medium or less maturity yield only an infinitesimal amount more than do government bonds of similar maturity if they yield any more at all. If we take the tax feature into consideration, we will find that governments yield

(Turn to page 42, please)

# The Present and *Future* of the Private Investment Market

By George L. Harrison

*President*  
*New York Life Insurance Company*



GEORGE L. HARRISON

**M**Y purpose is simply to make a few personal observations about the present and future position of the private investment market.

May I first outline some of the objectives of Federal Reserve policy in recent years, as I see them, with particular reference to their impact on the capital market?

As you know, the traditional central bank practice is to adopt a "firm money" policy—a policy of restraint—whenever there appears danger of over-expansion and inflationary developments, and to adopt an "easy money" policy,—a relaxation of restraint and the promotion of an ample supply of available funds at low rates—in periods of business recession and deflation.

It might be asked how an easy money policy was supposed to stimulate a recovery through the medium of the capital markets. You no doubt know the answer but, in theory, easy money or idle money in the banks should have the following results:

First—A decline in open market money rates—initially in short-term rates extending gradually to yields on long-term bonds of the highest grades, first governments and then other high-grade bonds.

Second—As yields on high-grade bonds reach levels unattractive to investors, a diversion of investment interest to medium-grade bonds and stocks, because of the more attractive yield obtainable on such securities.

Third—A refunding of high interest rate obligations into lower interest rate obligations.

Fourth—Because of attractive rates available to borrowers, a revival of investment of new capital in industries for improvement and expansion, thus promoting business recovery.

In my opinion, we need not conclude that the original program of "easy money" was based upon a false premise or that it was foreordained to failure. There were unforeseeable developments and conditions in recent years that operated to prevent its complete success.

First, as to the ability and inclination of investors to provide new capital for private enterprise. The great reduction during the past decade in the gross incomes of the wealthy, plus the heavily increased rates of taxation on such incomes, has tended to eliminate a large source of risk or equity capital. Furthermore, the raising of both income and estate taxes has encouraged the investment of large estates in tax-exempt securities, thereby further depleting the amounts available for undertakings involving risk.

Second, as to the inclination of business management to assume the risk of employing additional capital. Here, the increased taxes of corporations have had an important effect, tending, as they do, to diminish the opportunity for profit and causing, therefore, greater hesitancy on the part of business management to enlarge facilities.

Corporation tax rates are now much higher than ever before, not excluding the World War year of 1918. Total taxes paid to the Federal government, together with State and local taxes, have exceeded net profits of all corporations, after taxes, in every year since 1929. In the nine years ending with 1938, all corporations paid a total of about \$30,000,000,000 of taxes, Federal, State and local, while their net profits (after deducting losses), reported to the Bureau of Internal Revenue, amounted to not much over \$1,500,000,000.

In addition to these general conditions affecting all business, there have, of course, been specific conditions affecting particular industries which, in the past, have been important fields for the investment of savings. The outstanding example is the group of industries known as public utilities, including railroads, as well as electric, gas and traction companies.

Finally, and this thought applies perhaps to both investors and business management, for a number of years there was no doubt a very real feeling of discouragement and a lack of confidence which appeared to have pervaded large areas of business, as well as the investing public, due not only to conditions already mentioned, but also to the fact that many people felt, rightly or wrongly, that government policies were going to make it impossible for capital to earn a living wage.

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*Northwestern Banker* April 1941



# Digest

## BANKS MUST BECOME "SALES CONSCIOUS"

G. W. McSWEENEY, sales manager of De Luxe Check Printers, Inc., Chicago talked about bank selling at the meeting of Group One of the Wisconsin Bankers Association. Among other things, he said:

"How shall we define 'sales consciousness?' It isn't necessarily 'sales ability' or an understanding of 'salesmanship.' I know any number of men who make their living as salesmen who haven't a trace of it in their systems. And I know others, not engaged in selling at all, who have it in marked degree. To me, it simply means the talent of gleaning sales values from the events of the day. An ability to see sales possibilities in a chance remark, a complaint, or in any situation where it exists even though it be hidden deeply.

"Suppose a depositor remarked to a banker tomorrow: 'Well, you won't see me around much longer. I'm being transferred to Des Moines.' What would be the first thing to flash through the banker's mind? Of course, he would be sorry to see his customer leave the community and he would regret the loss of business. But would he immediately get a picture of the chap who was coming up to replace the lost depositor, if such were the case? Would he inquire as to the time of this chap's arrival, the size of his family, the type of house in which he would live, the kind and amount of banking service he would require? The banker would, if he were a sales-conscious person.

"Suppose one of a bank's officials says: 'Let's see if we can't increase our number of checking accounts 30 per cent this year.' Would the immediate reaction be, 'It can't be done,' or 'We couldn't handle them unless we put on another teller and another bookkeeper,' or 'Our peak load would be increased too much,' or would some mental arithmetic be done to see a picture of the extra revenue to be ob-

tained from the increased activity? Whatever the reactions may be, they are probably influenced by the individual's particular interest. So, if we are going to expect reactions that will contribute towards sales we must develop those interests along sales lines. We have to **think** sales in order to see them and we have to **see** them in order to make them. I happened to remark to one of our shipping clerks recently that he was pretty well loaded up, whereupon he came back at me with the remark, 'Well, when I'm loaded up it means that we're selling something and that's what counts.' He is a sales-conscious person."

## GUARDING AGAINST DUPLICATE LOANS

WELDON U. HOWELL, assistant cashier of the Mercantile National Bank, Dallas, Texas, in a recent issue of **Burroughs Clearing House** tells of a system used in his institution to protect against duplicate borrowing and similar practices which might spell trouble. He says in part:

"Every banker knows to his sorrow the duplicate borrower. In every locality there are a certain number of persons who, having contacts with two or more banks, insist upon borrowing from all of them without going out of their way to disclose the fact. Each bank is led to believe that it is the only one granting credit to the individual. Indeed, in these days of departmentalized lending there is considerable danger that an individual may borrow from several departments of the same bank without any record being kept of his aggregate borrowings.

"That it can happen stems from the normal practice of keeping separate credit files in each of the specialized lending departments, which, of course, is where they belong. The average automobile loan customer never seeks a commercial loan and most commercial borrowers never want FHA mortgages. Hence to set up a single master credit file results not only in a bulky file, but in delays when a distant department wants a credit folder and must wait for a messenger to travel up and down several flights of stairs to get it. Yet some sort of check must be kept on the individuals who insist on borrowing all over town and

all over the bank without being wholly frank about their operations. Such persons may not mean ultimate loss. They may pay all their obligations, but certainly they represent a potential danger. They can easily become over-obligated.

"To protect ourselves against them in Dallas, in general, and at the Mercantile National Bank in particular, we have set up two systems. One of these is at the bank, the other involves a careful and consistent cross checking of all sources of credit information in the city, specifically as they involve our applicant's or customer's borrowings. Particularly among the Dallas banks it has been found that co-operation up to a reasonable point is extremely valuable when it comes to this type of information.

"But to consider our own inside operations first. When a loan is made anywhere in the bank, the name of the borrower is typed on an index card and sent to the credit department. Each type of loan goes on a differently colored card. These cards are filed in a cabinet which constitutes a master index to every loan in the bank, regardless of what department made it. We follow this procedure because the actual credit information back of automobile, personal and real estate loans is kept, as I indicated before, in the departments making such loans. This lightens our files, which are essentially for the commercial loan department, of all but those we know as commercial borrowers. However, the card index gives us a key to other departments and when a commercial customer uses one of these departments we immediately become aware of the fact. Similarly, by cross checking with us, the other departments catch duplications at once.

"It may, I admit, seem as though I were drawing a long bow when I talk of the danger of a customer borrowing money from more than one department of the bank without admitting a loan from some other. But it did happen here before we set this index into operation. Banks traditionally keep information on their customers confidential, and without a centralized file the automobile loan man, for example, must check all over the bank to find whether or not his applicant for credit has a loan somewhere else



## Director Cooperation— Special Services— Personnel Problems



# Digest

in the bank. If, for any number of reasons, he doesn't suspect that the applicant is a mortgage loan customer the chances are he won't check on it. But if he needs to make only one call to a centralized file, that becomes a matter of routine for every customer."

### PROGRESS DEPENDS ON NEW WEALTH PRODUCTION

MISSOURI bankers held recently what they called a University Conference, and one of the speakers was David A. Weir, assistant executive manager of the National Association of Credit Men, New York City. He said:

"Replacement of the philosophy of 'defeatism' by a philosophy of progress, with emphasis on the production of new wealth, is the essential need of the United States today.

"More and more men have come to think in terms of retaining that which they have gained rather than in attempting to achieve new goals. The catch phrase 'distribution of wealth' has become more important in the public mind than has the effort to produce new wealth so that there will be more to distribute.

"Both production of wealth and distribution of wealth are worthy objectives. However, it should be axiomatic that a people with an economic philosophy which emphasizes distribution while minimizing production, will soon find that high-sounding phrases make a poor substitute for more food, clothing, automobiles and housing facilities. A phrase without food provides poor nourishment.

"The job which we have before us in this decade of the 40's is to restore the undaunted vision of a people who, as a nation, have made progress for a century and a half.

"Our further job is to rehabilitate the sound practical sense—a distinction between that which is value and that which is merely sham. Generations to come will be vitally affected by whether that job is done and by the way in which it is done.

"The watchword must again be 'forward' rather than a preservation of the status quo.

"If this vision is to be again achieved, there are certain unchanging and immutable principles which must be adhered to. They are ear-marks of

sane thinking—of truth tried by experience—of values which are permanent. In our own domestic economy and in world affairs they must be re-established if utter chaos is to be averted. Among these principles are the following:

"1. An incentive to thrift and an opportunity for the profitable use of savings must be restored.

"2. There must be a giving of fair value for fair value received in business and in life itself.

"3. Whether we are thinking of peace time or wartime, we must realize that no sound prosperity can be based upon a philosophy of scarcity or destruction.

"Above all else our ability to go forward must rest upon the ability of the individuals making up a nation to go forward.

### PROFITS AND LOSSES ON BONDS

ROBERT K. HENRY, a member of the Wisconsin banking commission, believes that profits on bonds should be segregated, so that in the event small future losses should need to be written off, such write-offs would not come from income of other departments of bank activity. He says:

"The records of the Wisconsin Banking Department and its statistical studies disclose some very interesting and rather astounding information with respect to profits and losses on bonds over the five year period from 1935 to 1939 inclusive. These records show that during that five year period state banks in Wisconsin realized profits and recoveries on the sale of bonds to the extent of approximately \$10,809,000. It is safe to assume that a substantial portion of the recoveries were on bonds which had been charged down during the previous five year period. During the same five years from 1935 to 1939 inclusive, losses on the sale of bonds and write downs of the book value of bonds still held amounted to approximately \$10,409,000. Only in 1936 were profits and recoveries more than the losses and write-downs. Over the same period the average common stock investment of all state banks was approximately \$25,820,000. For the five years, bond profits and recoveries were approximately 42 per cent of the average com-

mon stock investment over the period, or an average of over 8 per cent a year, while the losses and write-downs were only slightly lower in ratio.

"I bring you these figures merely to point out more clearly the relationship between profits and losses on bonds and the common stock investment in your banks, and also to point out that, on the whole, bond profits are will o' the wisps which in a great many instances only offset losses previously taken or which are subsequently sustained.

"For me this information only strengthens a conviction that bond profits should be carefully conserved and segregated rather than being dissipated through payment of dividends or by being used for purposes other than the protection of the bond account. The fact that the bond market is subject to fluctuations and trends as a result of causes beyond the control of any one or group of us, is no new story to any banker who has had a bond of high or low quality in his investment portfolio, be it a real estate issue or an obligation of our Federal Government. You will recognize with me that one of the soundest safeguards for our bond accounts is to segregate bond profits as realized so as to be available to absorb losses in times of stress.

"Because of the necessity of taking a long range view of investments in bonds it appears imperative that a definite program in regard to bond profits be adopted by each bank having such investments. Any program worked out should give consideration not only to the quality of the bonds owned but also to the ratio of the total investment in bonds to the capital structure of the bank. Failure on the part of bankers to adopt reasonable individual programs for the conservation of bond profits could very well result in regulations in that respect by supervising agencies or in recognition of the subject by legislative bodies. Perhaps legislation of your own fostering would even now be desirable."

Northwestern Banker April 1941

# Who Is Liable When Mortgaged Property Is *Not Insured*?

Williams mortgaged to Maxwell certain property to secure a loan. The mortgage provided that Williams would insure the property for Maxwell's protection and that Maxwell might do so at Williams' expense if he did not. For a time Williams obtained the insurance but later he did not and neither did Maxwell. A loss occurred. Was Maxwell precluded from proceeding against Williams for a deficiency because he did not insure?

**No.** Where a mortgagor undertakes to keep property insured for the protection of the mortgagee, the fact that the mortgage gives to the mortgagee the right to insure at the expense of the mortgagor, should the latter fail to keep his agreement, casts upon the mortgagee no affirmative duty to obtain insurance covering the property. It follows that Maxwell could proceed against Williams for a deficiency in the circumstances outlined.

May a guardian of an incompetent person borrow money on behalf of his ward or encumber his ward's property to secure borrowed sums without court approval?

Except in the case of obligations incurred for necessities, such as care and support, the rule is quite general, although not invariable, that a guardian of an incompetent person is without right to incur obligations so as to bind the incompetent or his estate without prior court approval.

Shallcross, a Minnesota banker, was the executor of the estate of a decedent in that state. As such, he bought a substantial amount of coal from a coal yard to heat, and thereby keep occupied, an apartment belonging to the estate. The purchase contract did not provide that the coal company would look to the estate and not to the executor for reimbursement. Could the coal company hold the executor for its bill in such circumstances?

**Yes.** Liability exists against the representative of a decedent's estate in his individual capacity under a contract

## These and Other Timely Legal Questions Are Answered

By the  
**LEGAL DEPARTMENT**

made by him with a creditor who becomes such through dealings with him, unless in plain language such contract expressly states that the creditor agrees to seek his remedy against the estate and not against the representative in his capacity as such.

By statute in Iowa certain persons have prior rights to be appointed administrators of decedents' estates. In order for them to avail themselves of such rights appropriate applications must be made within twenty day periods commencing with dates of burial. There is another section that provides that where a vacancy occurs "some other person" may be appointed. Where an administrator is appointed and serves for several years and then dies, are those persons entitled to priority where an original appointment is involved to be accorded priority at that time?

**No.** In a recent decision by the Supreme Court of Iowa it was held that the statutory priorities in the appointment of administrators apply only to an original appointment and not to an appointment to fill a vacancy. In that decision the court pointed out that the twenty-day periods allowed in cases of original appointments had expired and it therefore could not give effect to the statute governing them.

Saunders, a Nebraska banker, was injured by an automobile being driven by McCracken in that state. The circumstances were such that McCracken was clearly liable to Saunders for his damages. McCracken was a member of, and an employe of, a partnership at the time, but none of his partners were with him and he was not on partnership business. Were the members of

the partnership, other than McCracken, also liable?

**No.** Liability for a tort committed by a member of a partnership and an employe thereof, when not on a mission with or within the scope of the partnership business, does not attach to the other members of the partnership who were not present and did not participate therein.

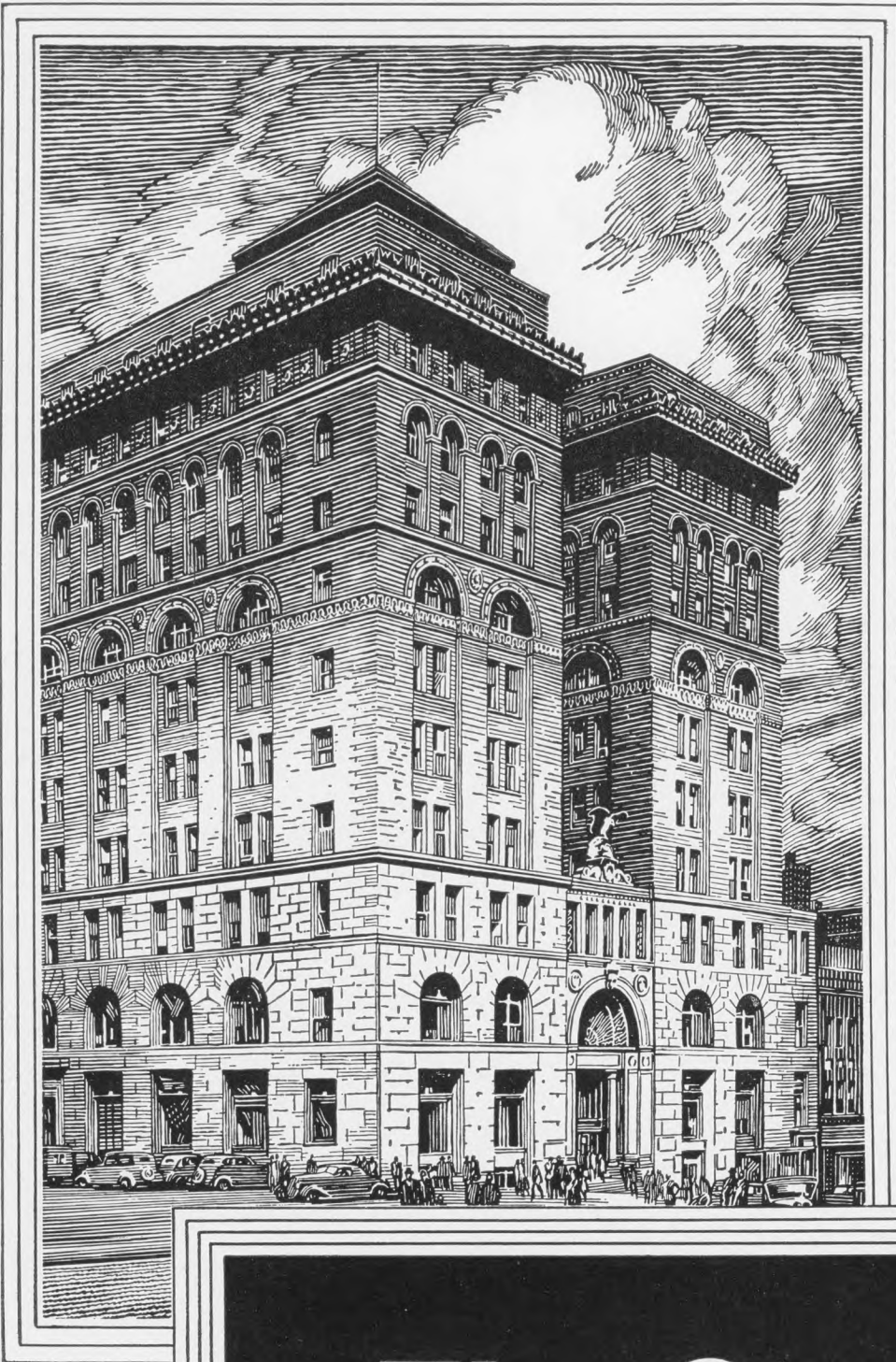
The farm of a Des Moines banker, which was located in Nebraska, was damaged to a considerable extent by seepage from a huge dam erected by a power district and behind which were impounded great quantities of water. Suit for damages was brought. Was it necessary to prove that the power district was negligent in the construction or maintenance of the reservoir in order to effect a recovery?

**No.** Under Nebraska law damages for seepage is absolute and negligence need not be shown. This is in line with the principle that a person who for his own purposes brings on his land, and keeps and collects there, anything likely to do mischief if it escapes, is prima facie answerable, if it escapes, for all the damage which is the natural consequence of its escape.

A North Dakota corporation owned a mortgage on a baking company that it was compelled to foreclose in order to effect a recovery. Sorvisteau bought in the property at the foreclosure sale. Later a dispute arose between him and the stockholders of the corporation regarding whether he bought in the property in his own right or as agent for them. There was conflicting evidence on the point and it was found by the jury before whom the matter ultimately went that he acted in his individual capacity. The stockholders appealed. Should they prevail?

**No.** In a proceeding involving the existence or non-existence of an agency contract in which the evidence is squarely in conflict, the verdict of a jury will not be reversed but will be treated as decisive.

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MEMBER  
FEDERAL  
DEPOSIT  
INSURANCE  
CORPORATION

# The Omaha National Bank

Northwestern Banker April 1941

# *School Savings -- Will They*

## Return As a Form of

## Thrift Education?

**Bankers and Educators Participating in a School Savings Forum at A. B. A. Regional Conference Believe Such Education Will Be More Vital Than Ever Before**

SCHOOL savings sponsored by the nation's commercial and savings banks was seen as a potent force in the education of America's youth on the eve of an era when such education will be more vital than ever before. This was the view of seven bankers and educators who participated in a school savings forum held as part of the regional conference of the American Bankers Association.

The speakers at the forum saw this country entering upon a new "military economy" necessitating huge expenditures in disregard of sound economic principles and described an eventual return to former standards as dependent upon the kind of "economic education" today's youth receives. The experts declared that savings training is a vital part of that education.

Dr. Hamden L. Forkner, professor of education at Columbia University declared that "America is rapidly entering upon a new economy—an economy that promises to be different from any economy under which we have operated heretofore. We are just emerging from a politically controlled economy into a new military economy. Whether there will be a return to one of the former economic orders following the present military one can only be determined by the turn of events in the next few months and the intelligence with which we plan to return to the kind of economy that made America the leader among nations.

"Whether America is able to return to the system of economy that made it great depends upon the kind of education which she gives the youth who will be tomorrow's voters, tomorrow's citizens, tomorrow's guiders of American destiny. But of one thing we can be certain—education for a return to the system of free enterprise will fail miserably unless the financial and industrial institutions of the country are willing to actively participate in the education of youth by making their in-

stitutions available to the schools as laboratories.

"The banks have already made a start, and during the past several years have laid the foundation upon which to build a more comprehensive program of education for money management and community understanding," Dr. Forkner continued. "The community bank is in a strategic position to take the leadership in this movement, for it is already serving a large part of the population and it provides facilities for the encouragement of habits of thrift and money management. To be more effective, however, there needs to be more student participation in the program of thrift development and money management, and provision made for greater numbers to actively participate in the program."

Several of the bankers who took part in the school savings forum pointed out that school savings programs in some cities have been undertaken by the banks at an operating expense that does not commercially justify the outlay. The concensus of opinion among the bankers was, however, that the educational value of the school savings accounts in developing community welfare offset the outlays of the banks.

E. M. Van Lone, member of the School Savings Committee of the Savings Division of the American Bankers Association, and treasurer of the Beloit Savings Bank, Beloit, Wisconsin, the first bank in the United States to develop a school savings program, asserted:


"It is my understanding that educators are at present stressing the importance of teaching pupils the way in which to get the most out of life through doing things rather than just merely learning the Three R's. Is not the school program attempting to do this very thing in thrift education?"

"I personally feel that there never

has been a time in the history of our country when it was so important that a definite thrift educational program be maintained in our schools at the present. It is important to the future of this nation that our boys and girls learn the value and importance of individual thrift in their lives. It is also important to the savings banks and other banks soliciting savings deposits, that the coming generation learn the merits of individual saving. Our present program of national economy does not encourage an individual to save or to make personal provision for his future well-being, outside of the social security plan. Citizens of this country of ours have come to believe that provision for their old age will be made by the government and that old age pensions are not relief, but constitute annuities which this government owes to its older citizens. The strict adherence of the present administration to a policy of low interest rates has been effective in reducing the rate that can be paid by banks on savings deposits and an important feature of the fruits of savings has been almost eliminated. These features of our new way of life have eliminated many of the rewards for savings and have made it much more difficult for the average citizen to provide for his retirement age, because of the reduced earning power of capital."

J. Henry Holloway, principal of the New York School of Printing, New York City, stressed school savings as a systematic means of developing thrift habits.

"In teaching thrift through the agency of the school savings bank, the educational value is multiplied in that the thrift training becomes organized, systematic, and is continuous. Its greatest claim as an educative process lies in the fact that it is so very practical. It is active, it appeals to the pupil because it has to do with

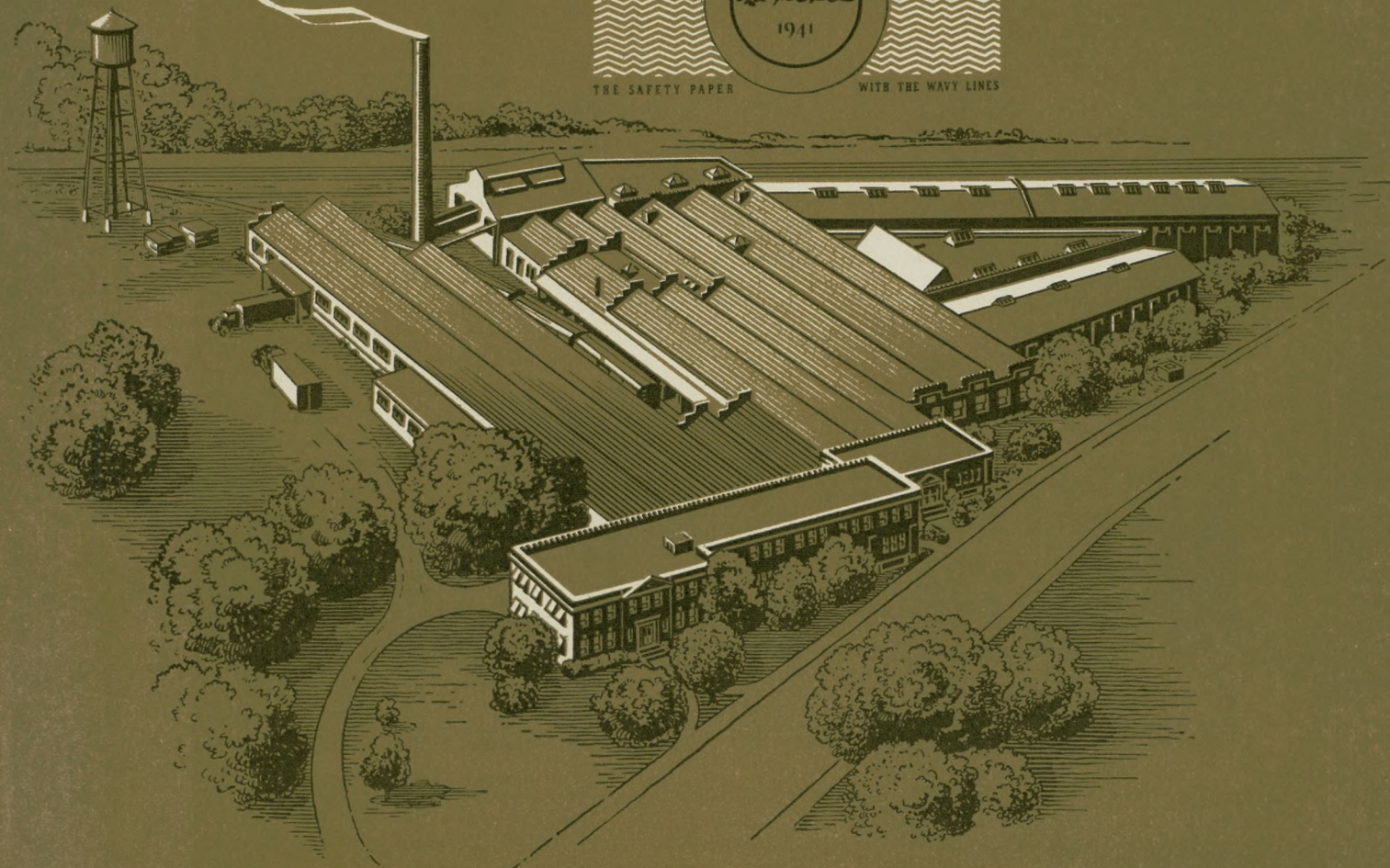
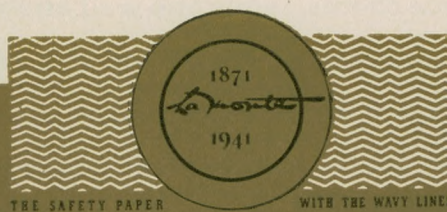


## Seventy Years of Check Protection

In 1871 Safety Paper was invented and introduced by George La Monte. At that time "check raising" was a serious menace to the development of the checking system which was to play so important a part in the growth of American Banking.» » Then, and through the intervening years, La Monte Safety Papers have met and overcome the menace of check forgery. They have provided the protection so necessary to the free circulation of checks throughout the nation.» » Through constant research, experimentation, and improvements in formulae and manufacturing methods, La Monte

Safety Papers have kept pace with increasing demands for protection, and have been brought to their present high standards of efficiency.» » Today, La Monte Safety Papers are recognized as "the standard of protection" for checks and other negotiable instruments. They are used and endorsed by business institutions from coast to coast, including more than 75% of the nation's leading banks.» » When you specify La Monte Safety Paper you are selecting a product which was not only the first in the field but which has maintained its leadership over a period of 70 YEARS.» » » »

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**"Over a Third of a Century of Safety and Service With Savings"**

real money which he recognizes as one of the most potent factors in his present affairs and in his future, especially as he approaches and then finds himself in the years that require his selection of the plans that will determine the future.

"There is no activity in the school that offers the same educational service as the school savings bank. Its direct relation to the child's everyday life makes easy arousing his interest which is essential to every successful attempt in education. The visual aids found in possessing the deposit slips, the depositing of real money, the pride of possession, the reaction that results from seeing something—in this case the account—grow, the permanency of the result especially when withdrawals are not encouraged and the process of withdrawing is not made easy, the knowledge that the account itself has earned interest—all these factors have for the child values in education which few or if any other activities possess in like degree. In the school savings bank are found possibilities that the alert educator will welcome once he becomes aware of them."

Edmund W. Thomas, president of the First National Bank, Gettysburg, Pennsylvania, declared:

"Enough banks have shown that school savings can be operated profitably to justify our earnest research and analysis and to justify the assumption that this is just another individual problem that deserves our earnest attention and an effort on our part to find a solution. We are not looking for new problems in banking today. We have plenty of them now that are thrust upon us. But we cannot solve a problem by circumventing it and certainly we cannot solve a problem by avoiding it. I believe in school savings and all that it stands for. I feel that it is necessary that banks everywhere should determine definitely what it will cost their individual institutions to adopt a school savings system, provided that some other banking institution in the community has not already undertaken this work.

"It is my earnest hope that bankers will endeavor to educate the public as to just what a bank is and what it is not; that they will tell the public in the language of the average person just how a bank operates. The public is generally fair and reasonable. I think the public wants to be taken into our confidence to a great extent. I can think of no better way of reaching the average individual in the average community than through the boys and girls that are found in the

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# New Comprehensive Liability Coverage As It Affects *Real Estate*

Insurance on Properties in Which Banks Are Directly, or Indirectly, Interested

By Rexford Crewe

Supt. Production Department  
Hartford Accident & Indemnity Co.  
New York City

TO discuss Comprehensive Liability as applied to real estate—and especially banks—let us give primary consideration to the applicability of the Comprehensive General Liability policy.

The term General Liability should be understood to embrace all liability imposed by law upon the insured other than in connection with automobiles, aircraft and employees of the insured while engaged as such.

Properties in which a bank might be interested would include (a) directly owned property either occupied by the bank or held for investment, and properties acquired through foreclosure; (b) properties which are held under assignment of rent agreements (c) receiverships (d) voluntary management contracts and (e) trusts, and under the latter classification might include most any kind of property or business from a small private residence to a large manufacturing operation. If a bank were willing to pay the premium for the various hazards to which it is exposed during the policy term, a Comprehensive General Liability and a Comprehensive Automobile Liability policy would give complete bodily injury and property damage liability protection except as respects aircraft and property in the care, custody and control of the insured, for undoubtedly some method might be found to give automatic coverage as respects assumed (contractual) liability to which a bank falls heir.

Another outstanding feature of the Comprehensive policy—and indeed without which it would not be fully comprehensive—is that it automatically covers any additional hazards to which the insured shall be exposed during the policy term, and which did not exist on the inception date of the policy provided, of course, those particular exposures have not been endorsed out of the policy.

For instance, in many cases liability

attaches to a bank, mortgage company or real estate operator before the Insurance Department has an opportunity to know exactly what properties or trusts have been acquired and what insurance is available or required. The Comprehensive policy would fill the gap to the limits provided for in the policy. In New York and Louisiana the Comprehensive would be contributing insurance if other valid and collectible insurance were in existence. In other states the Comprehensive may be excess insurance.

Independent departments in the same office might conceivably create liability without promptly notifying the Insurance Department. Liability so created would be covered. Co-executors, administrators, owners, or agents might enter into arrangements for building, alterations, acquisition of new properties or create new hazards without promptly notifying the Insurance Department. Nevertheless, insurance under the Comprehensive policy is available from the moment the risk is created.

In other words the Comprehensive General Liability policy would automatically provide coverage for premises, elevators, teams, certain forms of liability and, if we visualize a manufacturing plant or other business coming under the ownership or control of a bank or trust company and operated by it, the Manufacturers' and Contractors' Liability, Products' Liability, and in addition any other liability for which the insured would be liable with the exception of that arising through owned or hired automobiles and aircraft and to employees.

A basic principle of the Comprehen-

sive General Liability policy is that all liability be covered and at uniform limits. However, in practical application and for very good reasons, it has been found desirable to modify this fundamental requirement and permit two exclusions at the discretion of the insured or the insurer. They are Products' Liability and Property Damage Liability. A third important exception is Contractual (assumed) Liability, but as this is provided for in the standard exclusions of the policy it may be added by endorsement, whereas Products' Public Liability and Property Damage Liability are automatically included in the policy unless specifically excluded by endorsement. This departure from complete coverage is justified on the premise that both forms of protection have not been widely carried in the past and where it has been bought it has been because of greater than normal hazard. The experience therefore has been largely based on adverse selection. Until a greater volume of each of these exposures has developed rates that can be considered sufficiently indicative of normal or average hazards it has been felt that the privilege of selection by the insured should be continued.

You might inquire here if the exclusion of these two coverages would not affect the automatic and truly comprehensive cover which a bank needs. The answer is it would, but a proper solution might be some method whereby automatic coverage for these two hazards would be provided for a period up to sixty or ninety days within which time a decision could be made as to whether they should be eliminated entirely or, if desired, written on a specific risk basis. The bank, of course, would pay a premium for the period of automatic cover.

To summarize, a Comprehensive General Liability policy must include all Bodily Injury Liability except Products' and Contractual which are optional and (2) may include Prop-

erty Damage provided it covers all General Liability hazards except Products' Liability and Contractual Liability which are optional.

A further departure from the basic principle that all liability be covered under a comprehensive policy is provided for in the case of current policies in the company writing the comprehensive policy, or in other companies, which for some reason cannot be included in the comprehensive coverage. The rules governing such policies are in the manual and need not be reviewed here.

In the case of individuals or co-partners named as additional insureds in a policy issued to a bank or other interest, it is necessary to attach endorsements limiting the comprehensive coverage for individuals to the properties or business of which the insured is sole owner and restricting coverage for partners to apply only while acting within the scope of their duties as such.

The rules governing comprehensive policies permit the exclusion, if desired, of liability arising from hazards which are normally excluded under property damage liability, such as from the use of mechanical equipment used for excavating in streets and highways, water damage, explosion and

collapse, etc. Unless specifically excluded the foregoing hazards would be covered.

A Comprehensive Automobile Liability policy would give comparable coverage as respects automobiles to that described for general liability, but unless a bank or real estate firm has a substantial automobile exposure, either through owned or non-owned cars, the minimum premium in New York is apt to appear rather high. In the case of trust companies, however, it should be a desirable policy and the minimum premium would be a minor factor.

The advance premium for comprehensive coverage is determined by making a thorough survey to determine what exposures exist at the time the policy is to be issued. The minimum information which a survey is required to develop is such as to furnish a fairly complete determination of the risks to which the insured is exposed and permit the calculation of an advance premium based on rates and classifications in the company's manual. During the policy term additional exposures would be automatically covered and the additional premium determined by audit on expiration of the policy. The minimum premium for a Comprehensive General

Liability policy is \$100 for bodily injury and \$50 for property damage for standard limits.

To the advance premium for the policy and to any additional premium determined by final audit there is added one per cent of the premium for comprehensive insurance. This one per cent is frequently spoken of as a charge for the "unknown hazard" but it goes beyond that because it covers added survey and audit expense, premiums due but not collectible, because of failure of independent departments or officers to keep complete records, or which may through oversight not be reported to the insurance department of the Insured, such as, let us say, small jobs let to independent contractors, and similar items. The additional one per cent charge is subject to a minimum of \$10 for bodily injury and \$5 for property damage both for standard limits. In time as experience develops under the comprehensive policy it may appear desirable to increase the minimum, adopt a maximum limit as to amount, or do both.

The insurance survey discloses danger spots which may not have been recognized and permits a well-planned insurance program which inspires a



## Largest Company of Its Kind in the World!

- Forty-eight Years Old.
- Surplus to Policyholders, \$1,383,666.64.
- Total Losses Paid to Date, \$14,779,409.67.

*Some good openings  
for banker-agents*

- Carries Hail Insurance on Growing Crops.
- All Coverage Automobile Insurance.
- Fire Insurance on Town Dwellings, and Broad Coverage of Wind and Tornado Insurance.

VALLEY BANK BUILDING, DES MOINES, IOWA



confidence in the insured which would not otherwise be possible.

Out of the use of the survey and the more intelligent buying of insurance may well come another important step in the development of comprehensive insurance—the general use of a single rate based on a suitable measure of exposure for the individual policy, whether it be payroll, sales or some other factor.

Comprehensive coverage is not all-risk insurance and is not intended to be. It will be a long time before all-risk insurance can be written, even if it can be proven to be desirable, if for no other reason than that laws governing insurance in most states define quite rigidly the fields into which casualty insurance companies and fire insurance companies may venture.

Comprehensive Liability insurance, however, is a long step forward toward combining the Insured's liability at law for injuries to persons and to property of others in one inclusive policy. Undoubtedly the present standards will be rapidly broadened with increased reliable experience. Combined with a single rate and a single limit of liability we will be brought much closer to the really comprehensive policy which is the goal of many underwriters and insurers.

## Young Women Are in Danger

Minneapolis—Girls between 15 and 25 have lagged far behind young men of the same ages, in the improvement of the tuberculosis death rate; 65 per cent more girls die from the disease each year than brothers, boy friends and husbands in the 15-25 age bracket, according to a study by Northwestern National Life Insurance Company.

In the United States tuberculosis does its deadliest work nowadays among women of child-bearing ages, the population segment most vital to America's present and future, the study points out.

Biological differences—the greater changes in the female organism at adolescence—make girls and young women naturally more susceptible to tuberculosis; this susceptibility has undoubtedly been aggravated by modern trends: "slimming" diets, late hours, wider use by women of alcohol and tobacco, and by industrial competition between women and men based on the false assumption that the two sexes are physically equal, the study states.

Although the death rate from tuberculosis among the general population has declined since 1900, girls and young women have shared less in that improvement than any other age-and-sex group, the study shows.

Though in 1900 the tuberculosis death rate among girls from 15-19 inclusive was 43 per cent higher than that of boys of the same age, the young girls' death rate today is 82 per cent above that of the boys.

And while in 1900 the tuberculosis death rate of young women aged 20-24 inclusive was only six per cent above that of young men in the same age group, today the difference is 41 per cent, the study shows.

The male death rate from tuberculosis overtakes that of women at about age 30, and thereafter runs steadily higher, but in the child-bearing ages from 20 to 35, 22 per cent more women die of tuberculosis than do men of corresponding ages. The greatest number of deaths from this cause among any

five-year age-sex group occurs among young women aged 20-24, and the second largest group of fatalities occurs among young women aged 25-29. Figures from tuberculosis sanitariums reflect the vulnerability of young women to this disease, the study points out, and quotes as a typical and striking example data from Glen Lake Sanitarium, big tuberculosis institution just outside Minneapolis; of its total inmates, 19 per cent are young women in the age group 20-24 inclusive; women in this age group represent less than 5 per cent of the general population.

Since girls first reach maximum susceptibility to tuberculosis in their early teens, the report suggests that all high schools should conduct health classes

# GENERAL AMERICAN LIFE INSURANCE COMPANY

WALTER W. HEAD, *President*  
St. Louis, Missouri



## Financial Statement, December 31, 1940

### ASSETS

CASH ON HAND AND IN BANKS.....	\$ 9,193,990.86
BONDS—	
① U. S. Government.....	17,628,309.86
② Other Bonds.....	10,695,153.65
CASH AND BONDS.....	\$ 37,517,454.37
FIRST MORTGAGE LOANS ON REAL ESTATE.....	29,195,416.46
HOME OFFICE BUILDING.....	950,000.00
REAL ESTATE SALES CONTRACTS.....	869,435.27
OTHER REAL ESTATE.....	17,112,311.87
STOCKS.....	2,578,156.75
OTHER LOANS AND ASSETS.....	1,072,176.82
INTEREST AND RENTS ON INVESTMENTS ACCRUED BUT NOT YET DUE.....	758,108.56
INTEREST AND RENTS DUE ON INVESTMENTS (None of which is past due more than 90 days).....	492,960.87
NET PREMIUMS IN COURSE OF COLLECTION.....	2,007,015.45
② BALANCE OF INITIAL POLICY LIENS.....	8,211,111.00
LOANS TO POLICYHOLDERS.....	26,369,399.20
③ TOTAL ASSETS.....	\$127,133,546.62

### LIABILITIES

① POLICY RESERVES.....	\$119,143,793.98
PREMIUMS AND INTEREST PAID IN ADVANCE.....	848,782.42
RESERVE FOR TAXES.....	704,370.40
RESERVE FOR OTHER LIABILITIES.....	901,147.96
POLICYHOLDERS' DIVIDENDS.....	1,320,081.33
TOTAL.....	\$122,918,176.09
PORTION OF CURRENT YEAR'S EARNINGS AVAILABLE FOR FUTURE DIVIDEND DECLARATION TO PARTICIPATING POLICYHOLDERS.....	566,970.00
CONTINGENCY RESERVE.....	1,462,789.23
Under Purchase Agreement.....	\$1,362,789.23
Other.....	100,000.00
CAPITAL STOCK AND GUARANTY FUND.....	500,000.00
SURPLUS.....	1,685,611.30
③ TOTAL LIABILITIES.....	\$127,133,546.62

① Actual Market Value of Bonds is more than \$2,400,000 in excess of the amounts shown above.  
 ② Does not include liens totaling \$669,447 which have been discharged by payments in cash or credits by policyholders, nor \$169,926.82 liens on dividends on deposit, both of which items will share in future lien reductions.  
 ③ Includes assets in "Old Company Account" established under Purchase Agreement dated September 7, 1933, on file with the Superintendent of the Insurance Department of the State of Missouri, (copy of which agreement may be obtained from him or the company), against which the Superintendent reserved a lien to protect certain liabilities therein described and fully included among the liabilities in this statement. Status of Old Company Account on file with the Superintendent and with the company.  
 ④ Full net legal reserves on policies issued by General American Life are secured by deposit of approved securities with the Superintendent of the Insurance Department of the State of Missouri. The capital stock, guaranty fund, and surplus are additional protection to all policyholders.

\* \* \*

MULTIPLE LINES: Participating • Non-Participating • Salary Savings • Juvenile Sub-Standard • Annuities • Commercial Accident and Health and Hospitalization Group Life • Wholesale Insurance • Group Accident and Sickness • Group Accidental Death and Dismemberment • Employee and Dependents Group Hospitalization with Surgical Procedure Benefits

in which effects of "fad" diets, tobacco, alcohol, insufficient sleep, and scanty clothing are graphically taught.

It also recommends that parents of teen-age and older girls should act promptly upon observing any symptoms of lassitude, even slight elevation of temperature, or loss of appetite. A tuberculin test should be made, supplemented by x-ray chest examinations wherever indicated. If there has been any exposure through association with a case of tuberculosis in class or elsewhere, tests should be made regardless of whether any symptoms are shown.

A case of pleurisy without pneumonia, the report warns, should in the case of a girl or young woman be considered tuberculosis until definitely proved otherwise. If tuberculosis is de-

tected in its early stages and modern treatment is promptly begun and carried through, a cure is assured in the vast majority of cases.

Growing girls especially need plenty of proteins and fats for body-building and vitality maintenance; they frequently live mostly on starches instead, the report warns. Starches are needed, but proteins, fats, and the mineral-bearing foods must not be skimmed.

One of the best protective measures, the study concludes, is a large and heavy parental foot, firmly planted on too ultra-modern ideas of pleasure. Present-day ideas seem to call for parties that last far into the morning hours, and other excesses. Young ideas may change, the report points out, but physiology doesn't. Ample sleep

and wholesome habits are just as necessary as they ever have been.

### 1941 Looks Promising

"Hail insurance on growing crops is regarded by many people as more or less of a mystery but up at the office of the old Farmers Mutual Hail Insurance Company, which is just starting on its forty-ninth year, the officers and agents will tell you that they believe this kind of protection is as simple as A-B-C," states C. P. Rutledge, president of the company.



C. P. RUTLEDGE

## Another Record Breaking 1st Quarter

Allied Mutual Agents Wrote More Business during the first quarter of 1941 than in any other three months of company history. Assets and surplus figures showed comparable gains.

For Complete Automobile, Workmen's Compensation and General Liability Coverages.



## ALLIED MUTUAL CASUALTY COMPANY

Harold S. Evans, President

Hubbell Bldg.

Des Moines, Iowa

By keeping constantly in touch with all important developments in Michigan business and industry, we are enabled to provide banks and bankers throughout the country with an extremely broad and helpful correspondent service.



## NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

DETROIT, MICHIGAN

"The year 1940 was a busy one for this company and their business extended to most of the states in the Mississippi Valley. All of these states are subject to very devastating hail storms during the crop growing season and the desolation left after one of these storms is truly appalling and almost unbelievable.

"The record of the company during 1940 was very satisfactory; the outlook for 1941 is very promising. The cash surplus which is not required by law and which, on January first, was \$1,179,533.74, was \$1,385,666.64 on December first last, a net increase for the year of \$206,132.90.

"The Farmers Mutual has the distinction of being the oldest and largest Mutual Hail Company in the world today. In addition to being a Hail Insurance Company it is admitted to write Automobile Insurance in several other states and writes Fire Insurance covering dwelling houses in towns. It does a large Tornado business and carries on a very extensive reinsurance

business in both the United States and Canada.

"However, its record in other lines is shadowed by its Hail business because it stands out as the leader and standard in that line. Even the Weather Bureau recognizes the Farmers Mutual as an authority on Hail Insurance."

### Clifford S. Young Heads Seventh District Bank

Clifford S. Young, who began his banking career in 1906 and was first employed by the Federal Reserve Bank of Chicago as an examiner in 1921, was elected president of the institution last month. He succeeds George Schaller, who resigned.

Mr. Young, who was born in Toledo, Illinois, as we said above, entered the banking business in 1906, serving in various capacities, including vice president until 1916, when he became a second lieutenant in the U. S. Army. At the close of World War Number One he again entered the banking business, serving as vice president of a country bank.

Coming up through the ranks of the Federal Reserve Bank he was appointed acting secretary of the board of directors in 1931, and the next year was named manager of the bank examination department. He became vice president and a member of the managing committee in 1936.

Mr. Young is a member of the Bankers Club of Chicago, Union League Club, Economic Club, South Shore Country Club, and Olympia Fields Country Club; is a member of the banking advisory committee of the University of Illinois, and is a Mason.

### I. B. A. to Help

Emmett F. Connelly, of Detroit, president of the Investment Bankers Association of America, announced that he had pledged to Secretary Morgenthau the aid of the association's membership in the sale of national defense stamps and certificates to the public.

It is understood that the public offering of these government obligations to help finance the defense program will start about May 1st.

Speaking at a meeting in Chicago of the Central States Group of the association, Mr. Connelly told the membership that with the formal approval of the board of governors he had advised Mr. Morgenthau that the facilities of the membership in some 200 cities would be available for the cooperative effort, which will also include the commercial banks of the country.

**Is your institution analysis minded? If so, the result of a recent survey of our collection facilities will be of interest to you.**

**The average time required by us to collect \$121,000,000 of transit items in one week was 1.19 days.**

**The average time to collect the same business without the advantage of twenty-four-hour operation would have been 1.50 days.**

... THE ...

## PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

**Capital, Surplus and Undivided Profits  
\$44,000,000**

*Member of Federal Deposit Insurance Corporation*

# The Month's Market Maneuvers



JAMES H. CLARKE

Although industrial activity continued at a high rate in March, strikes and violence filled the head lines. For each strike which was settled, two or three broke out—

March, indeed, had its troubles. With the appointment by the President of a National Defense Mediation Board, things may be better in April—but the outlook on the labor front is gloomy as we write this.

The government bond market registered gains during the month—municipals remained firm—but high-grade, low-coupon corporates were somewhat easier. As we write this, Saturday morning, the 29th, to meet our dead line, there appears no great change in the stock market in the past four weeks. On the favorable side there have been reports of increased production and better earnings—on the negative side, indications of higher taxes and fears of our getting into a shooting war. Developments abroad with the upset in the Balkans have added to the confusion—and hence to conservatism here.

To date there have been twenty-four days of trading in March—thirteen in which declines were recorded and eleven which resulted in gains. Despite this the market improved slightly. On February 28th the Dow Jones average for industrial stocks was 121.97—on March 28th it was 122.68—a gain of .71. Again there was no day in which so many as a million shares traded—hence, January, February and March without a million share day. Small wonder that a seat on the New York Stock Exchange changed hands a few days ago for \$25,000—another new low since 1898.

The best day the market had in March was Monday the 10th—620,000 shares traded that day. The previous Saturday after the close of the market the Lend-Lease Bill passed the Senate. Monday's market interpreted this as bullish—more planes, ships, steel for Britain. But in the following three days over half of this gain was lost. Even with plenty of good news the market has difficulty holding gains—in these days of uncertainty stocks have very few friends.

Northwestern Banker April 1941

Prepared for  
The Northwestern Banker

By James H. Clarke

Assistant Vice President  
American National Bank & Trust Co.  
Chicago

Two groups in the bond market were stronger in March—U. S. Governments and second-grade rails. An unusual combination. The Treasury's second offering of taxable bonds was highly successful—as contrasted with the first offering in February which was heavily over-subscribed but did not climb much afterwards. This month's cash offering was five hundred millions of taxable 2½'s due in eleven to thirteen years—plus the refunding of the June 1½'s notes. The first day the new bonds were quoted between 100.26 and 101.2—but this was for but a day. Within a week they had climbed a point—last night at the close were quoted 102.7 on the bid side.

Mutual savings banks and some insurance companies—where taxes are not a problem—were big buyers of the new 2½'s of 1954/52. New York dealers in government bonds report some switching by these two buyers from their tax free holdings to the new bonds—the rise of seven to eight thirty-seconds yesterday being partly the result of a substantial order of one large mutual savings bank. But tax free bonds which were sold were absorbed without trouble by banks where taxes are a consideration. The result—the long 2¾'s of 1965/60, which were bid 108.10 on the last day of February, were 109.24 at the close yesterday.

Exceptionally large income tax collections this year—much greater than Washington anticipated—also helped the market for governments. At least temporarily the Treasury's working balance will be large enough to ease the strain of the tremendous spending program—and will put off a bit the necessity of heavy borrowing. But it will come eventually, of course—and some of it later this year. The Treasury's plan to finance part of its spending out of savings has also lightened the burden on the bond market. That four issues of savings bonds will be available around May 1st should aid in raising three or four billions—at least, so thinks Washington. With the public able to buy \$5,000 in any one year

of new ten-year "Defense Savings" bonds to yield 2.9 per cent to maturity—individuals, corporations, pension funds, and the like, able to buy "Series F" savings bonds with a twelve-year maturity up to \$50,000 to yield 2.53 per cent on a discount basis or "Series G" twelve-year 2½ per cent coupon bonds—plus "Savings Stamps" in denominations of 10 cents, 25 cents, 50 cents, \$1.00 and \$5.00—it is possible that banks in 1941 will not have to take the major role in government financing. If the war lasts longer, however, the banks will be called upon to shoulder a large part of the burden.

There were very few corporate bond offerings during the month. The three principal ones were \$30,000,000 of Wheeling Steel Corporation 3½'s of 1966 priced at 97½—\$15,000,000 of Ohio Power Company 3's of 1971 at 102¼ and \$20,000,000 of Pacific Gas and Electric Company 3's of 1970 at 101¾. Buyers were rather indifferent to all this financing and bonds are available at the offering prices in the three issues. One can get a good perspective of the high-grade market by checking prices in the Wall Street Journal in the box headed, "Current Prices of Recent Bond Issues." Of fifteen issues carried in the box where both bid and asked are listed—in thirteen cases the bid is below the offering price. For instance, the Southern California Edison 3's of 1965 offered at 104 are currently bid 101¾—Boston Edison 2¾'s of 1970 priced originally at 104 are now bid 101—Public Service of Oklahoma 3¼'s of 1971 are now bid 102¾ compared with the price originally of 103½—and so on.

Eventually the Treasury will test out the longer term market with a twenty to twenty-five year bond. The coupon will be around 2¾ to 3 per cent—and will offer direct competition to present long-term corporate issues. In the meantime the corporate market must adjust itself to this development—and buyers of bonds must not overlook this.

With tooling operations now completed in many industries we may look for a further stepping up of production in the coming months. April has always been a critical war month—last year it brought the invasion of Denmark and Norway—perhaps, Greece this year. Or maybe a try at invasion of England. In any event, the markets will nervously await news from abroad.



# NEW 1941 IOWA - NEBRASKA BANK DIRECTORY

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Like  
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Please send.....copies of your 1941 Iowa-Nebraska Bank Directory to us, and we will remit at the rate of \$2 per copy upon receipt of your Directory.

Company.....

Officer.....

City..... State.....

## Convention Calendar

**American Bankers Association**—Hotel Stevens, Chicago, September 28-October 2.

**A. B. A. Consumer Credit Conference**—Hotel Statler, St. Louis, Missouri, April 23-25.

**A. B. A. Executive Council Spring Meet**—Homestead, Hot Springs, Virginia, April 27-30.

**American Institute of Banking**—St. Francis Hotel, San Francisco, June 2-6.

**Association of Reserve City Bankers**—Hotel Hershey, Hershey, Pennsylvania, May 4-7.

**National Association of Bank Auditors and Comptrollers 9th Annual Eastern Regional Conference**—Boston, Massachusetts, April 18-19.

**National Association of Bank Auditors and Comptrollers 7th Annual Mid-Continent Regional Conference**—Cleveland, Ohio, May 16-17.

**National Association of Mutual Savings Banks**—Bellevue-Stratford Hotel, Philadelphia, April 30, May 1-2.

**National Safe Deposit Association**—Hotel Statler, Buffalo, New York, May 22-24.

**National Association of Bank Auditors and Comptrollers 17th Annual Na-**

**tional Meet**—Chicago, Illinois, October 8-11.

### State Conventions

**Arkansas**—Arlington Hotel, Hot Springs, May 14-15.

**California**—Huntington Hotel, Pasadena, May 21-23.

**Idaho**—Sun Valley, June 16-17.

**Illinois**—Golden Jubilee, Palmer House, Chicago, May 26-28.

**Indiana**—Claypool Hotel, Indianapolis, May 14-15.

**Iowa**—Hotel Fort Des Moines, September 8-9-10.

**Kansas**—Kansas City, May 15-16.

**Michigan**—Grand Hotel, Mackinac Island, June 26-28.

**Minnesota**—St. Paul, June 11-13.

**Missouri**—Elms Hotel, Excelsior Springs, May 12-14.

**Montana**—New Florence Hotel, Missoula, June 20-21.

**New Mexico**—Lordsburg, April 18-19.

**North Dakota**—Hotel Patterson, Bismarck, June 17-18.

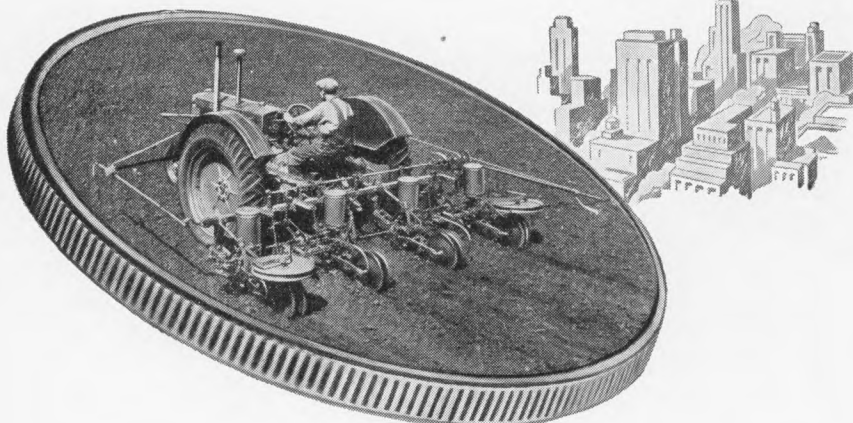
**Ohio**—Netherlands-Plaza Hotel, Cincinnati, June 4-5.

**Oklahoma**—Skirvin Hotel, Oklahoma City, May 8-10.

**South Dakota**—Hotel Franklin, Deadwood, June 26-27.

**Texas**—Houston, May 21-23.

**Utah**—Grand Canyon Hotel, Yellowstone National Park, Arizona, June 13-14.



## CITY DOLLARS

### GO TO WORK ON THE FARM

**D**URING the past seventeen years the Federal intermediate credit banks have placed several billions of city dollars in profitable employment on farms and ranches and in farmers' cooperative associations throughout the country. This has been accomplished by discounting agricultural paper carrying the endorsement of commercial banks, agricultural credit corporations, livestock loan companies, production credit associations and the banks for cooperatives. Funds for this purpose are realized through the issuance and sale of debentures. The soundness of enterprises financed and of local endorsing institutions reflects the formidable position enjoyed by the Federal intermediate credit banks and creates a broad national market for their debentures.

### THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.	LOUISVILLE, KY.	ST. PAUL, MINN.	HOUSTON, TEX.
BALTIMORE, MD.	NEW ORLEANS, LA.	OMAHA, NEB.	BERKELEY, CAL.
COLUMBIA, S. C.	ST. LOUIS, MO.	WICHITA, KAN.	SPOKANE, WASH.

*Further information regarding the Debentures may be obtained from*

CHARLES R. DUNN, *Fiscal Agent*

31 Nassau Street, New York, N. Y.

*Northwestern Banker* April 1941

### Hold Annual Meeting in Des Moines

The Federal Home Loan Bank of Des Moines, serving the states of Iowa, Minnesota, Missouri, North and South Dakota, held its eighth annual stockholders' meeting in Des Moines on March 29, 1941. Over 200 officers representing the bank's 244 member institutions attended the meeting, which was held in the Fort Des Moines Hotel, following a complimentary luncheon.

Col. C. B. Robbins of Cedar Rapids, who is chairman of the board of directors of the Des Moines Bank, presided over the stockholders' meeting. Col. Robbins, who is now general counsel and executive manager of the American Life Convention, with headquarters in Chicago, has served continuously as a public interest director of the Federal Loan Bank of Des Moines since that reserve institution was organized in October of 1932. Prominent among the visitors attending the stockholders' meeting were Fred W. Catlett, member of the Federal Home Loan Bank Board in Washington; Morton Bodfish, executive vice president of United States Savings and Loan League, Chicago, Illinois, and Everett Smith, financial representative of the Federal Home Loan Banks, New York

City. Mr. Catlett delivered an address before the stockholders on the subject of "Financing Homes in an Arsenal and a Larder."

Robert J. Richardson, president of the Federal Home Loan Bank of Des Moines, delivered his eighth annual report to the stockholders concerning the bank's financial condition and progress, as well as the condition and progress of its member associations.

Among other things, the annual report of President Richardson indicated that the Des Moines bank ended the year 1940 with assets totaling \$25,328,438.06, an increase during the year 1940 of over \$5,000,000, and outstanding advances to members of \$19,228,715.63—this being a new high mark during the bank's existence.

Since the organization of the bank in 1932 it has advanced to member associations \$52,163,922.03, of which \$32,935,206.40 has been repaid.



ROBT. RICHARDSON

The Federal Home Loan Bank of Des Moines is one of the twelve Reserve Banks which serve as reservoirs of credit for member home financing institutions in a manner which is comparable to the Federal Reserve System as it relates to commercial banks. These reserve institutions are self-supporting and have paid their own way from the very beginning. Both the government and member institutions hold stock in the bank system on which dividends have been regularly paid.

The Federal Home Loan Bank System, comprising as it does nearly 4,000 member home financing institutions with combined assets exceeding \$5,000,000,000, has grown to be the largest home financing credit reservoir in the world. Its potentialities for the sta-

bilization and supplying of credit and for the development of home ownership in this country are almost unlimited.

## GIVE THEM A CHANCE

(Continued from page 11)

I think an active officer could see more things for the director to do than the directors themselves. We always notice the other people's shortcomings rather than our own and in this regard I believe that the active officers could assist the directors in being more useful to their bank by seeing to it that the policies of the bank in regard to loans and other services that the bank has to render

to the community are constantly brought home to the director so that he will be able to give the best service to his institution. Discuss changes of policy with him before they are made and he will be able to explain these changes better to the public. Encourage the director in his attempts to bring in new business to the institution. When your director comes in with a good suggestion about a prospective customer, even though you know more about this prospective customer and have been working on him for some time, don't dismiss the director's attempt with a statement for him not to worry, that you have this matter well in hand and are tak-

# GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its world-wide affiliates: CADILLAC, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL and other 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.

GENERAL  
MOTORS  
INSTALMENT  
PLAN

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

EXECUTIVE OFFICE  
NEW YORK

BRANCHES  
IN PRINCIPAL CITIES

ing care of it. A few such rebuffs and the director will soon decide that the boys at the bank are getting along very well without him and will quit trying. This same thing applies where the director gives you valuable information that might affect your loaning policy with particular customers. A few reports of information that you already have will soon discourage the director and perhaps he will fail to report something that you should know and don't. Invariably you will find that they are anxious to function if they have the necessary information and encouragement.



Pictured above is the display of **George Lamonte & Son**, which was exhibited at the regional conference of the American Bankers Association held early last month in New York City.

## JAMIESON & COMPANY

Stocks & Cotton  
Bonds & Butter  
Grain & Eggs  
Commodity Brokers

Members  
New York Stock Exchange  
and Other Principal Exchanges

ST. PAUL — MINNEAPOLIS

Government — Municipal  
Corporation Bonds

CHARLES C. RIEGER  
Manager  
Bond Department  
Minneapolis — Atlantic 8235

### Keyser Heads Conference

Members of the central states conference of bankers associations' presidents, vice presidents and secretaries of fifteen central states concluded their thirtieth annual meeting last month in Excelsior Springs, Missouri.

Following the usual custom of advancing officers through the several chairs, W. F. Keyser, Missouri secretary, succeeds George Starring of South Dakota as president of the or-

ganization. Other officers' names are Harry C. Hausman, Illinois, first vice president; Robert E. Wait, Arkansas, second vice president, and the new member of the official family is William B. Hughes, Nebraska, who becomes secretary-treasurer.

Among resolutions adopted at the conference were the following:

"That it is the sense of this body composed of executive officers of fourteen state bankers associations of the great Mississippi valley, whose membership includes far more than one-half of the commercial banks of the country that we herewith pledge our wholehearted support to the federal government in helping as best we can through our respective state bankers associations to carry out any financing program of this national emergency in which the federal government may ask our assistance or that of our state bankers associations.

"That any wholesale increasing of the number of Postal Savings Banks by the government for the purpose of aiding the sale and distribution of government securities to help finance the national defense program shall be promptly eliminated at the close of this emergency and not left as permanent competitors of commercial banks.

"That with respect to bank's part in helping to finance our re-armament program that we explore the possibilities of a cooperative defense loan plan for banks as herewith presented to this meeting and urge the nationwide committee of the A. B. A. to search the

## Federal Discount Corporation

Dubuque, Iowa

### AUTOMOBILE FINANCE

*Time Payment Plans for  
Purchasers of Automobiles and Household Appliances*

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SMALL LOANS

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Branches in Iowa—Minnesota—Wisconsin—Illinois  
Capital, Surplus and Undivided Profits  
Exceed One Million Dollars

### Short Term Collateral Trust Notes

■ ■ ■  
*Information on Request*



feasibilities of such a cooperative participating financing plan looking toward employing such a plan if found practical to enable banks, rural and urban, to join in creating pools to finance defense loans.

"That we urge the appointment of a legislative committee to give particular attention to any congressional bills seemingly intended to undermine or ultimately uproot our American system of banking, the dual system, so dominant in these states comprising this conference; such committee to cooperate in every way it can with the A. B. A. and with the National Organization of Bank Commissioners.

"That some way must be found by insurance companies to further reduce the cost of insurance to banks; that this should include making BBB'S available in smaller amounts and with still broader coverage to the so-called average rural banks where such banks prefer that form of insurance coverage."

### Morris Plan Celebrates 25th Anniversary

The Des Moines Morris Plan Company has just completed 25 years since it was first established in 1916.

During the past 25 years the Des



CHARLES H. BRYANT

Moines Morris Plan has made 114,955 loans, totaling \$20,371,770.

As of January 1, 1941, the company had total assets of \$1,361,284.

Retail stores and professional offices have been helped tremendously by the Morris Plan, and a recent tabulation showed that 170 Doctors received \$337,981, or an average of \$1,988 each, the maximum amount for one doctor having been \$17,834; while sixty grocers received \$151,073, or an average of \$2,511, the maximum for one grocer being \$22,727.

On June 20, 1917, C. H. Bryant, who

was then secretary of the Des Moines Trust Company, was elected manager to succeed R. B. Umberger, who moved to Chicago.

Mr. Bryant has been continuously associated with the company since that time and has made a very enviable record for himself and his associates.

The other members of the Board of Directors in addition to Mr. Bryant are E. D. Perry, C. P. Cook, John R. Ford, Geo. C. Carpenter, H. E. Wilkins, J. W. Howell, Harold K. Weitz and Allen Lynch.

The NORTHWESTERN BANKER congratulates the Des Moines Morris Plan Company on its fine record during its first 25 years and wishes it much success as it enters its second quarter of a century.

### J. O. Brott Named

J. Olney Brott has been named assistant general counsel of the American Bankers Association, it is announced by Dr. Harold Stonier, executive manager of the association.

Mr. Brott has been a member of the A. B. A. staff since early 1934, coming from the Hartford-Connecticut Trust Company in Hartford, Connecticut. Since 1937 he has been a member of the general counsel's staff at Washington.

Mr. Brott is a graduate of Yale University and the Yale law school. He is married and has four children, two sons and two daughters. He lives at Chevy Chase, Maryland.

## V. W. BREWER CO. MUNICIPAL BONDS

The North Dakota Legislature, after the fullest consideration, decided on "pay-as-you-go" for the Real Estate Bonds.

FIRST NAT - SOO LINE BLDG.  
MINNEAPOLIS

## BONDS

*Public Utility*  
*Industrial*  
*Railroad*  
*Municipal*

## A.C. ALLYN AND COMPANY

Incorporated

100 West Monroe Street, Chicago

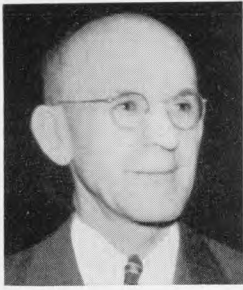
New York	Milwaukee	Omaha	Boston
Representatives:	Waterloo	Des Moines	Cedar Rapids

WE ARE  
PREPARED

To co-operate with you in  
the regular channels of  
business  
and to  
assist you in extraordinary  
defense demands.

STOCK YARDS NATIONAL  
BANK OF SOUTH OMAHA  
OMAHA, NEBRASKA

Member of Federal Deposit Insurance Corporation



CARL D. GANZ  
President  
Alvo

# NEBRASKA NEWS



WM. B. HUGHES  
Secretary  
Omaha

### Officers Re-elected

Paul Utemark, Sr., of Wakefield was re-elected president of the board of directors of the First National Bank of Emerson at their meeting last month. Aug. Kruse and Wm. Roeber were re-elected vice presidents. F. A. Mieras was re-named cashier; Gerald Loyd, assistant cashier, and Edna Mae Jensen, bookkeeper.

### Haddam Banker Promoted

Eldon Sawhill, who has been employed at the Citizens State Bank at Haddam for the past two years, has been promoted to a position at the First National Bank of Washington. He replaces Henry Muth, who has accepted a position with Kansas state tax commission at Topeka.

### Important Meeting

The First Nebraska Regional Clearing House Association held one of its regular meetings last month at the Pathfinder Hotel in Fremont, following a 6:30 dinner there. Herman J. Wragge, president of the association, and cashier of the First National Bank in Tekamah, presided over the meeting.

This association of bankers is composed of a group of eight counties, Douglas, Butler, Burt, Colfax, Dodge, Saunders, Sarpy and Washington.

Clyde Neuman, president of the Farmers and Merchants Bank at Oakland, member of the American Bankers Agricultural Commission, discussed their Agricultural program.

W. B. Hughes of Omaha, secretary of the Nebraska State Bankers Association gave a short talk on "Legislation and Banking." Will M. Mitten, president of the Stevens National Bank, Fremont, spoke on "The National Defense Program." O. P. Cordell, of the Federal Reserve Bank, Omaha, addressed the group on the activities of the Federal Reserve Bank in this national crisis. J. M. Sorenson, Omaha, member of the American Bankers Association's management commission, discussed standard bank forms and routine work.

### Heads Investment Bankers

The Nebraska Investment Bankers Association elected Plummer P. Purdham, Omaha, president, Bennett S. Martin, Lincoln, was chosen to the executive committee.

### John P. Burke Succumbs

John P. Burke, who was at one time president of the First National Bank of Pender, died last month at Los Angeles.

Mr. Burke succeeded William Howard Taft as director of the National Budget committee in 1922 and held office for a year.

### Cashier of New Bank

Walter Good, formerly connected with the First National Bank of Blue Hill, is cashier of The Bank of Chadron, a new bank which opened for business February 1.

### New Clerk Added

A business firm in Clearwater that not only does a large volume of business, but has enjoyed a steady increase, is the Citizens State Bank.

Their business has grown to the extent that another clerk had to be added to the force to help care for their customers.

Miss Audrey Miller, who has been hired to fill the position is well qualified for the job.

### Member FDIC

Last month the Bank of Chadron received a piece of good news from the Federal Deposit corporation at Washington, D. C., in a telegram which read as follows: "Bank of Chadron, Chadron, Nebraska: Your bank approved for membership F. D. I. C. effective this date—membership certificate forwarded. (Signed) A. J. Loda, special assistant, board of directors, Federal Deposit corporation."

### New Building

The Wauneta Falls State Bank at Wauneta recently moved into new quarters, occupying an entirely new brick building and utilizing new fixtures and equipment. Personnel of the bank includes: John W. Green, president; Roy E. Conklin, formerly of McCook, vice president; A. W. Hoff, director; Virgil Robertson, assistant cashier; Wiley Green, assistant cashier; Maxine Carpenter, stenographer.

### Death Takes Sherwood

Walter Allen Sherwood, a banker 56 years and former city councilman at Red Cloud, died there recently.

Sherwood, who had lived in Red Cloud 62 years, helped organize the Peoples Bank in 1893. He had been president of the Peoples Webster county bank since 1934.

### "Dictator" Retires

Even as Mitchell residents were reading in a recent issue of *Life* magazine of Lee Pelton, former resident, who set himself up as a mythical dictator of the mythical planet of Atzor, word came that the 19 year old boy had quit school at the University of

## Nebraska Group Meetings

Tuesday, April 15	..... Group One	..... Beatrice
Wednesday, April 16	.... Group Four	..... McCook
Thursday, April 17	..... Group Six	..... Scottsbluff
Friday, April 18	..... Group Five	..... North Platte
Tuesday, April 22	..... Group Two	..... Fremont
Tuesday, April 22	.... Group Three	..... Norfolk

The usual special train will make the rounds of Groups meeting at Beatrice, McCook, Scottsbluff, and North Platte. The well known Tom Collins will be on the Group Meeting train and will be the after-dinner speaker at the first four towns noted above.

Nebraska to take a job in the Live-stock National bank in Omaha.

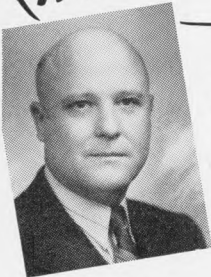
Pelton is the son of Mrs. Fred Pelton, housemother at Farmhouse on the Lincoln campus. His father was the late Fred Pelton, cashier at First National Bank in Mitchell for several years after the war. From here he went to an Alliance bank and then to Fort Worth, Texas, where he was killed by a bank robber.

## Round Table Discussion

Sixteen representatives of the various banks in Saline county attended

### CHATS ABOUT THE "PAYC" PLAN

**Bankers install  
"PAYC" Plan  
because it gets  
NEW BUSINESS!**



—says

**E. C. "ED" PECK**

... for over 21 years a "U. S." representative in Iowa and Nebraska.

"—AND the reason the "PAYC" (Pay-as-You-Check) plan gets new business is because, like other successful bank services, it provides the answer to a definite public want.

The no-minimum-balance feature of the "PAYC" plan is the basis for its ready acceptance. It reaches a new market—professional people, school teachers, salesmen, farmers—the very persons who formerly just cashed checks.

This market exists in your community. You can reach it just as the many other midwestern bankers who have installed "PAYC" are reaching it in their communities.

Write today! Let us show you all the facts—no obligation, of course.

Very truly yours,

**E. C. "ED" PECK**

NOTE: If you are not on Mr. Peck's territory, write anyway. We will relay your letter to the proper "U. S." representative.

**UNITED STATES  
CHECK BOOK COMPANY  
OMAHA, NEBRASKA**

the round table discussion held at the Saline County Agricultural Conservation office at Crete last month for the purpose of studying the Marketing Quota provisions of the Agricultural Adjustment Act of 1938.

Ray J. Lowery, Farmer Fieldman for this district, who is a Nuckolls county farmer from Davenport, led the discussion group.

## Hedelund Improves

George Hedelund, Blair banker, is reported recovering steadily at Clark-son hospital in Omaha, where he underwent a difficult operation recently for removal of a brain tumor.

## PAYC Is Popular

Four more Nebraska banks are installing the "PAYC" (Pay-as-you-check) no minimum balance checking system according to reports furnished us recently by the United States Check Book Company, Omaha, originators of the plan. These banks are as follows: the Overland National Bank of Grand Island; the Havelock National Bank of Lincoln; the Thayer County Bank of Hebron; and the Bank of Peru.

The Check Book firm reports further that over seventy-five midwestern

banks are now making the "PAYC" system available to their customers.

In the "PAYC" plan a minimum balance is not required of customers. They are charged \$1.00 for a book of twenty checks—five cents per check. Several arrangements are available for keeping a customer's record of deposits.

One distinctive advantage of the "PAYC" system is that it requires no increased personnel, nor are additional ledger sheets, deposit slips, etc., necessary. The latter items can be handled in the regular manner.

The United States Check Book Company will send complete information including a summary of the experience of present users, to anyone who is interested in purchasing the plan.

## Capital Increased

At a recent meeting of the board of directors of Nebraska State Bank of Valentine, Nebraska, a \$25,000 stock dividend was declared. This raises the bank's capital structure to \$50,000; undivided profits and surplus are \$20,000. This bank, which is 26 years old, has deposits of \$573,000. The following are officers. E. C. Davenport, president; M. M. Davenport, vice president; and F. L. Colburn, cashier.

**THE BEST  
ADDRESS**



Experienced travelers know the value of stopping at a hotel of distinction. The Fontenelle is a name you can refer to with pride - pride that comes from knowing the accommodations will be excellent, atmosphere dignified and refreshing, the address self sufficient. Beautifully modernized throughout.

**AIR CONDITIONED FOR  
YEAR ROUND COMFORT**

**3 Restaurants**

**BOMBAY  
ROOM**

**AMBER  
ROOM**

**BLACK  
MIRROR**

**OMAHA'S WELCOME  
TO THE WORLD!**



## Omaha Clearings

**P**ROBLEMS facing the Federal Land Bank of Omaha were discussed by **Charles McCumsey** of Omaha, its president, before six hundred farm loan association representatives at a recent meeting in McCook, Neb., in one of a series of addresses he has been making before similar meetings in this four-state district comprising Nebraska, Iowa, Wyoming, South Dakota.

One problem has to do with interest rate. At present, farmers who have land bank loans are paying 3½ per cent. According to the original setup, the interest rate was higher but congress reduced it during the depression years, first to 4½ per cent and then to the present level, and assumed the difference as a "moral obligation."

Mr. McCumsey also discussed possible effects of making land bank bonds fully guaranteed by the government.

Omaha's new \$500,000 issue of 1.25 per cent airport extension bonds was delivered in New York recently to the bond purchasers, Weeden & Co., by City Finance Commissioner **Harry Knudsen**.

The bond firm's certified check for the face amount, plus \$110 premium and accrued interest, completed the transaction. The 10-year bonds are dated March 1.

**Richard H. Mallory**, vice president of the United States National Bank of Omaha, has returned with Mrs. Mallory from Florida after a month's trip which also included a visit with their daughter, Miss Cynthia Mallory, who is a sophomore at Smith College, Northampton, Massachusetts.

**YOUR STATE BANKERS ASSOCIATION  
OFFICIAL SAFE, VAULT AND  
TIMELOCK EXPERTS  
F. E. DAVENPORT & CO.  
OMAHA**

After that, they joined relatives at Baltimore and went to Palm Beach, where they were guests of Mr. and Mrs. Michael Smythe of Cleveland, Ohio, who have a winter home there. They also stopped at Orlando, Florida, to visit Mr. Mallory's brother and sister-in-law, Dr. and Mrs. Meredith Mallory, and to visit his mother, Mrs. A. D. Mallory of Omaha, wintering there.

**W. B. Millard, jr.**, vice president of the Omaha National Bank, was re-elected treasurer of the Carter Lake

Development society at the recent annual meeting in Omaha. Joel O'D. Cornish, attorney, was named president of the society, which was formed six years ago to carry out the development of the Carter Lake park project.

**W. Dale Clark**, president of the Omaha National Bank, is one of the trustees of the society who were re-named at the meeting.

**Alvin E. Johnson**, president of the Live Stock National Bank of South Omaha, has been appointed by Governor Dwight Griswold of Nebraska as chairman of a regional committee to make a housing survey in connection with the expected influx of workers at the bomber plant now under construction at Fort Crook, near Omaha.

It is Mr. Johnson's duty to investigate, in the area, housing facilities available to workers, and to set up a central agency for listings. The appointment followed a meeting in Omaha attended by I. S. MacFarlane, of Washington, D. C., representing the homes registration service.

**Fred Thomas**, vice president of the First National Bank of Omaha, is one of the new trustees of Brownell Hall, long-established school for girls at



## CORN LOANS

**We will purchase your  
excess paper—giving  
immediate credit.**

Write us

**Live Stock National Bank  
Omaha**

(Member Federal Deposit Insurance Corporation)

## NEBRASKA NEWS

Omaha. The trustees attended a dinner and meeting recently at the school. Other new trustees are Jasper Hall and Mrs. Walter Burritt, who recently returned to Omaha from Des Moines.

**Lloyd H. Earhart**, managing director of the Omaha branch, Federal Reserve Bank of Kansas City, went to Kansas City recently to help out while the parent bank was short of officers.

President George H. Hamilton and First Vice President C. A. Worthington of the Kansas City reserve bank retired March 1. Second Vice President H. G. Leedy, the bank's general

counsel, was moved up to first vice president.

The parent bank's board, of which **W. D. Hosford** of Omaha is a member, was expected to meet soon to name a new president of the Kansas City bank. It is a \$25,000 a year job.

**W. Dale Clark**, president of the Omaha National Bank, returned recently by plane from a quarterly meeting at Washington of the advisory council to the board of governors of the federal reserve system. He was appointed a member of the council recently.

**R. H. Kroger**, vice president of the Live Stock National Bank of South Omaha, has been appointed chairman of the Nebraska Bankers Association's legislative committee. J. G. Hohl, Wahoo, and Edward Huwaldt, Grand Island, are other members.

At a recent election at Vassar college, Miss Mary Jane Kopperud, daughter of **Mr. and Mrs. Andrew Kopperud**, of Omaha, was chosen secretary of the junior class.

**Victor B. Caldwell**, vice president of the United States National Bank of Omaha, recently was elected secretary-treasurer, and J. E. Davidson, president of the Nebraska Power Company, chairman of the Omaha civic defense committee, named by Mayor Butler.

**Alvin E. Johnson**, president of the Live Stock National Bank, is treasurer of the Nebraska Greek War Relief Association, which is campaigning to raise \$25,000 for relief in Greece.

**O. P. Cordill** of the Omaha branch, Federal Reserve Bank, recently described machinery which the reserve system is setting up to help manufacturers obtain defense subcontracts, in a talk before the weekly national defense clinic at the Omaha Chamber of Commerce.

When members of the district court jury panel were excused for the remainder of their service period at Omaha recently, among them were **Victor B. Caldwell**, vice president of the United States National Bank, and E. F. Pettis, secretary-treasurer of the Brandeis department store. They reported for jury duty nearly every day, but were never called to serve on a case.

Mrs. Philip Potter, mother of **A. C. Potter**, Omaha investment banker, died recently in Omaha. Born at La-Porte, Ind., she came to Fort Calhoun, Neb., with her parents at the age of six months. She was one of the oldest graduates of Brownell Hall, Omaha girls' school.

For many years, she had been active in the Episcopal church, having been a member of Trinity Cathedral in Omaha nearly 50 years. She had served as president two years of the Omaha Woman's Club, and was D. A. R. regent at Omaha in 1918. She was also a member of the Colonial Dames.

Mrs. Hugh Weed of St. Louis is a daughter.

## The First National Bank of Lincoln Lincoln, Nebraska

(Organized 1871)



### Nebraska Group Meetings

This month the bankers of Nebraska will have their group meetings.

Almost every day the officers of the First National Bank of Lincoln have their own "group meeting" to discuss questions of interest to their correspondent banks.

If you are not now carrying an account with the First National, we shall be happy to have you do so, and can assure you of our sincere cooperation, in working out any plans which may be helpful to you and your bank.

We shall be glad to see you at the Nebraska Group Meetings, as well as seeing you in our bank any time you are in Lincoln.

OVER SIXTY-NINE YEARS OF BANKING EXPERIENCE

GEORGE W. HOLMES.....President	
P. R. EASTERDAY.....Executive Vice-President	DONALD P. EASTERDAY.....Asst. Vice-Pres.
L. C. CHAPIN.....Vice-President	ERNEST U. GUENZEL.....Asst. Vice-Pres.
STANLEY MALY.....Vice-President	CLIFFORD G. WESTON.....Assistant Cashier
B. O. CAMPBELL.....Junior Vice-President	A. C. GLANDT.....Assistant Cashier
HOWARD FREEMAN.....Cashier	R. J. BECKER.....Assistant Cashier

Member Federal Deposit Insurance Corporation



## Lincoln Locals

Lincoln bank clearings for February totaled \$10,214,394 as compared with \$10,958,183, for February, 1940. The January clearings for the year amounted to \$11,959,125.

Secretary of State **Frank Marsh** recently asked five Omaha small loan companies to show cause tomorrow why their licenses should be renewed.

Marsh ordered hearings after W. A. Ehlers, Omaha attorney, filed a complaint. Companies involved were the American Loan Plan, Merchants Investment Company, Omaha Wimssett System Company, Douglas Finance Company and Provident Loan Society.

Theodore Richling, Duff O'Shaughnessy, William Comstock and Paul Hoffman were named by Marsh as "additional deputy inspectors to investigate small loan companies in Omaha."

Remaining assets of the Lawrence State Bank, amounting to \$4,275, were sold at public auction to Robert H. Downing, Superior attorney, it was announced by Wade R. Martin, state banking superintendent.

Depositors had previously been paid in full.

The bank went into receivership in the fall of 1939.

Director **Wade R. Martin** of the state banking department has announced liquidation of the Bank of Staplehurst had been completed with 53.5 per cent in dividends repaid to depositors. The bank was declared insolvent May 17, 1934.

### SELL YOUR BANK

The "Walters" Way  
Without Publicity

Qualified, carefully investigated bank  
employees furnished free

THE CHARLES E. WALTERS CO.  
Omaha, Nebraska

Nebraska state banks were in a stronger financial condition at the close of 1940's business than they were at mid-year, Banking Director **Wade R. Martin** reports.

He referred specifically to increased loans of \$1,925,055 and deposits of \$8,559,424 in the six-month period and added that "banks are retiring preferred stock and debentures taken on during the depression to augment their capital structure."

Generally speaking, the state banks are in a very good condition," Martin declared. His summary was based on reports made by 284 banks Dec. 31, 1940, and comparisons were made with the 286 operating at the close of business June 29, 1940.

Total assets of the institutions at the close of the year were \$89,525,065, of which \$39,448,330 were loans and discounts, \$28,230,721 deposits due from

banks, and \$17,256,980 investments. United States government securities led all other investments with \$12,573,007, while \$3,276,491 were in obligations of state and other political subdivisions. Other bonds, notes and debentures came to \$1,220,112.

### Attend Columbus Meeting

Mr. and Mrs. R. O. Brownell, Mr. and Mrs. J. A. Prokes, Mr. and Mrs. Irving McKinley and Mr. and Mrs. E. E. Reinmiller, of Schuyler, recently attended a quarterly meeting of the Columbus Regional Clearing House association at Columbus.

### Top Five-Year Record

During February Hastings' two banks experienced a drop in bank clearings from the January total, but figures for February maintained an average higher than any other mark set during the corresponding month of any year since 1936.

The total bank clearings for the Hastings National and City National Banks for February was \$547,909.43 as compared to \$630,491.12 during the month of January.

In February of last year bank clearings reached \$515,743.71 and in 1939 to \$514,860.43.

### Group Meeting

Tekamah was well represented at a Group meeting of bankers held at the Omaha Club in Omaha recently. The organization is composed of bankers from four counties, namely, Burt, Washington, Douglas and Sarpy. The Tekamah men in attendance were D.



## "Friendly"

At the Continental National Bank you will find an alert, friendly atmosphere. It makes possible the efficient service we offer you in Lincoln.

The  
**CONTINENTAL NATIONAL  
BANK  
of  
LINCOLN**

Member Federal Deposit Insurance Corporation

W. Greenleaf, H. J. Wragge, R. K. Hancock, Orville Chatt, Lee Loerch and Lloyd Palmer.

### Avoca Banker Improves

Elmer Hallstrom, cashier of the Farmers and Merchants Bank of Avoca, who has been at a Lincoln hospital for a very delicate ear operation, has so far recovered that he returned home recently.

### New Committee Member

Ed Huwaldt, executive vice president of the Commercial National Bank, Grand Island, has been appointed a

member of the Nebraska Bankers association legislative committee.

### Annual Meeting

The annual meeting of the stockholders of the Harvard State Bank was held recently. The meeting was well attended. The following directors were elected for the ensuing year: Frank E. Turner, W. G. Schwenk, L. A. Robertson, Ed A. Rosenbaum, A. R. Weaver.

The officers elected were Frank E. Turner, president; E. A. Rosenbaum, vice president; Chas. S. Stone, cashier; Delma M. Kreutz, assistant cashier.

### Shooll in Nebraska

Paul W. Shooll, who for several years has represented the NORTHWESTERN BANKER in Nebraska, handling circulation and obtaining news items about banks and bankers, is again in the state making his spring trip to greet his many friends there. When Mr. Shooll calls at your bank, give him any items of interest you may have and he will send them in for publica-



PAUL W. SHOOLL

tion in the NORTHWESTERN BANKER. Perhaps you have a snapshot or kodak print or two showing some of the activities of yourself or family, and Mr. Shooll would like to have these, also. Any cooperation you can give him will be appreciated.

### Dividend Declared

The State Banking Commission has announced that another dividend of fifteen per cent was paid the depositors in the late Citizens Bank of Bennet. The dividend, amounting to over \$27,000 was paid last month, according to A. M. Strunk, receiver in charge. The depositors received fifty per cent or nearly \$90,000, just before Christmas.

### Ord Bank Streamlined



Recently Andrew Nielsen has been busy at the First National Bank of Ord, streamlining the interior. He took down the grill work above the desks and removed the cages.

The result is a strictly modern effect that is much more pleasing to the eye, as well as more convenient for the office force and for the customers.

### Or the County Jail

"I can't find any of these Russians in 'Who's Who.'"

"Why not try 'Vitch's Vitch'?"

## For Prompt Returns

During the next few months, thousands of hogs, cattle and sheep will come to the Sioux City market from your territory. Send them direct to this bank—the only bank in the Yards—and insure prompt returns on such items.

For your grain and hay items, too, use Live Stock National Bank service in Sioux City.

<p style="text-align: center;"><b>OFFICERS</b></p> <p>C. L. Fredricksen, President M. A. Wilson, Vice President W. G. Nelson, Assistant Vice President W. C. Schenk, Cashier C. L. Adams, Assistant Cashier J. S. Haver, Assistant Cashier</p>	<p style="text-align: center;"><b>DIRECTORS</b></p> <p>C. R. McKenna, Pres., Johnson Biscuit Co. B. L. Sifford, Attorney, Sifford &amp; Wadden G. F. Silkmitter, President, Sioux City Stock Yards Company C. L. Fredricksen, President M. A. Wilson, Vice President H. C. Boswell, Secretary-Treasurer, Western Contracting Corporation</p>
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"The Bank at the Yards"  
Member Federal Deposit Insurance Corporation

# LIVESTOCK NATIONAL BANK

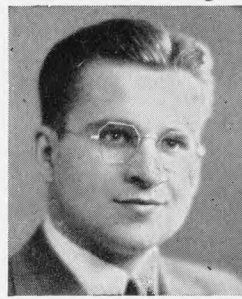
SIOUX CITY, IOWA





F. F. PHILLIPPI  
President  
Milbank

# SOUTH DAKOTA NEWS



GEORGE M. STARRING  
Secretary-Treasurer  
Huron

## Attends Minneapolis Meeting

H. E. McKee, manager of the Gregory branch of the Northwest Security National Bank of Sioux Falls, attended the annual gathering and dinner of the bankers of the Ninth Federal Reserve Bank district at Minneapolis last month, at which 996 were registered. This gathering was sponsored by the Federal Reserve Bank of this district and was for the purpose of discussing general financial conditions.

## Speaks at Men's Forum

C. A. Christopherson, president of the Union Savings Bank was proponent of the question "Should the United States Go on a 'Pay As You Go' Financial Basis" for a dinner meeting of the Y. M. C. A. men's forum last month.

## New Employee

Miss Ethel Algra, formerly with the rural credit office in Brookings, has joined the staff of the Northwest Security National Bank of Brookings, it was announced recently by R. M. DePuy. Miss Algra will serve as a stenographer in the bank organization.

## Petition Rejected

A petition recently served on the city of Beresford by the Federal Land Bank of Omaha was rejected by the council recently. Under this petition the Land Bank sought to withdraw certain land from within the corporation.

## Land Bank Head

Elimination of stock purchase and substitution of membership fee in federal land bank loans may be expected if efforts at present before the administration are successful. So said W. F. Mailand of Omaha, district supervisor of the national loan association, speaking last month before the annual meeting of the Federal Land Bank Association at Watertown. Under such new arrangement all loans would be

relieved of liabilities now existing. Around 200 attended the local meeting. H. M. Rogers was re-elected to head the association in this district for another year.

## Accepts New Position

Bob Ferdinand, son of Mr. and Mrs. Arthur M. Ferdinand, of Yankton, has accepted a position with the American State Bank. Bob graduated from Yankton high school last June and since then has attended business college in Sioux Falls where he has just completed his business training course.

## New Program Announced

First Citizens National Bank of Watertown, in cooperation with local equipment dealers, announces its 1941 financing plan to all home owners desirous of installing new plumbing, oil burners, stokers and furnaces.

"Prepare for Winter in the Summer" is the slogan of this program.

## Land Bank Aid

A recent change in the personnel handling the real estate sales for the Federal Land Bank of Omaha in the Flandreau district is announced.

Frank B. Loehr, now living at Madison, has been named district salesman for Lake, Moody and Miner counties. He succeeds Al Jarmuth of Brookings, who has been looking after sales in this territory.

Mr. Loehr was formerly a supervisor in the emergency crop and feed office of the Federal Credit administration.

## Agricultural Committee Meets

Members of the South Dakota Bankers' Association agricultural committee, meeting with key-bankers, county agents, extension officials and other farm leaders, recently closed their annual spring meeting at Brookings by putting their stamp of approval on an important 12-point program for the

year designed to be of service to the industry.

The meeting of the agricultural group, headed by R. M. DePuy, vice president and manager of the Security National Bank of Brookings, who presided at the various sessions, was sponsored by State college. The meeting was called to order by Chairman DePuy after which greetings from the association were given by F. F. Phillippi, Milbank, president of the South Dakota Bankers Association.

"Home Made Farm Relief," subject discussed by Dan Otis, Madison, Wis., director of the agricultural commission of the American Bankers association, brought out the activity of that group so far as South Dakota is concerned. E. H. Sexauer, Brookings, chairman of the agricultural committee, U. S. Chamber of Commerce, spoke on "Our Committee's Program."

Robert Dailey, Flandreau, director, Federal Land Bank, Omaha, spoke on "Lamb and Beef Cattle Feeding."

President Lyman E. Jackson, of State College, was the luncheon speaker on the subject of "The Future of Agriculture in Relation to the War." A. M. Eberle, dean of agriculture, opened the afternoon meeting at 2 o'clock with remarks.

Members of the agricultural committee include key-bankers in various sections of the state. They are E. F. McKellips, State Bank, Alcester; W. E. Perrenbud, First National Bank & Trust Co., Sioux Falls; E. A. Loomer, Commercial Trust and Savings Bank, Mitchell; A. G. Berger, County National Bank, Clear Lake; L. L. Branch, First National Bank, Pierre; J. O. Van Nice, First State Bank, McLaughlin; G. A. McGaraugh, First National Bank of Black Hills, Sturgis.

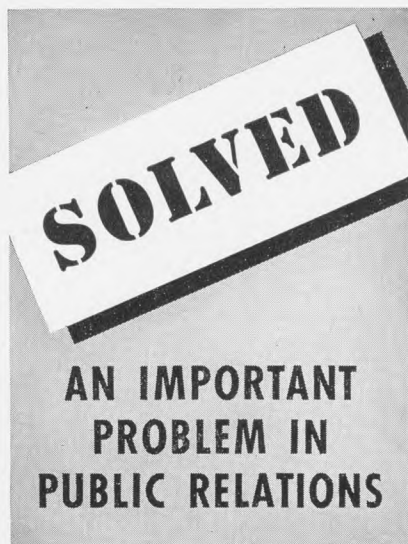
## New Field Representative

Mr. and Mrs. O. D. Hansen and daughter, Carol, are now residents of Yankton, Mr. Hansen having become associated with the American State Bank in the capacity of field representative.

Officers of the bank say that Yankton's expanding banking territory renders it desirable to place a representative in the field who can serve as contact man, bringing bank and customer more closely together for better service.

## War Relief Worker

Active as a girl when she worked on war relief clothing during the Civil War, and again during World War Number One, Mrs. W. D. Morris, of Watertown, is again doing her bit for war relief. At the age of 86, she was the first to turn in a finished knitted



**Mr. J. O. McCaskill, Vice President of The Alamo National Bank, San Antonio, Texas, has this to say about the Model 54 Protectograph Check Signer:**

"It is difficult to understand how we got along without it as long as we did, as we use it every day on a large number of checks and it speeds the operation tremendously. We are working all the time to give our customers better service and we feel this was certainly a step in the right direction."

**With a Model 54 Todd Check Signer, you can safely delegate full responsibility for draft issuance to tellers or others. Two locks and keys prevent unauthorized use, and a tamper-proof counter provides a daily audit. Four-color, forgery-defying signatures speed service to draft purchasers, prevent interruptions at officers' desks, and save time for your own executives, as well as your customers. Write for descriptive folder.**

**Todd**  
**COMPANY, INC.**

ROCHESTER NEW YORK  
OFFICES IN ALL PRINCIPAL CITIES

Northwestern Banker April 1941

garment to the Coddington County Red Cross war relief program.

Mrs. Morris is the wife of W. D. Morris, chairman of the board of the First Citizens National Bank of Watertown.

## SEVEN REASONS

(Continued from page 13)

times but with even less results. Finally the cashier shouted: "Is it an F like in Federal or an S like in strawberry?" Instantly the farmer came back: "What the dickens has strawberries got to do with it? This is a corn loan."

I HAVE always admired the man that can take a list of figures glance at them once, and bingo, give the correct total. When I first started in the bank I remember my cousin five years younger running into the bank one night and saying to his father: "They had the most wonderful man at school; you call off a long list of figures and almost before you get through he gives you the total." His dad grunted and continued to count currency. The fact still lingers that we were off balance that night. But he persisted: "Why Dad, he was so fast, and he could subtract too?" His dad was rather annoyed and he replied: "Son, we buy these things called adding machines, and on those the poorest adder in the world is as good as this wonder man. Always remember you can't beat a machine."

## FIVE POINT PROGRAM

(Continued from page 14)

more than do many of the high grade corporates.

"The last element in the inside program for a country bank is the matter of budgetary control and cost analysis," Mr. Glenn continued. "In these days when a country bank's earnings are measured in infinitesimal decimals, it is necessary for us to know exactly where each penny goes and what that penny does. No longer is it possible for us to figure on six per cent loans and low salaries and other low operating expenses. Through government and other competition, the standard rate of interest on loans has contracted and it is practically impossible, for instance, to get a prime mortgage loan at a greater rate than 4½ per cent, in view of F. H. A. competition.

"It is my belief that any bank, large or small, can at all times know what its costs of operations are and can know which departments are profitable and which are not profitable. It

can know whether or not the profits it is obtaining are adequate in view of the money invested or volume of business done. It is perfectly possible to set up a cost analysis system in which all costs are allocated to the department which is responsible for the inception of that cost. Through the use of item counts we can know what our per item cost is and through proper allocation of net earnings, after expense of investing, we can know whether all departments are profitable or whether we are using earnings on shareholders' funds in order to obtain our net profit, disregarding the fact that either savings or commercial departments are money losers. From such an analysis we can know whether our service charges are in line with our costs and we can know whether the basis of analysis of accounts that we might be using in connection with service charges, is reasonable and fair both ways. A bank should have records to know what its ratio of gross earnings to total resources is and it should compare such ratio with those of banks of its own size and it should know how high that ratio must be in order to have a reasonable chance of showing a satisfactory net return on each \$100 of net assets."

## Trust Conferences

Two regional trust conferences will be held by the American Bankers Association in August and November of this year, it is announced by Carl W. Fenninger, president of the association's trust division, who is vice president of the Provident Trust Company of Philadelphia, Pennsylvania.

The first of these will be the 19th Regional Trust Conference of the Pacific Coast and Rocky Mountain States, which will be held in Seattle, Washington, on August 6, 7 and 8, 1941. Local arrangements will be in charge of the Seattle Association of Trust Men and the Corporate Fiduciaries Association of Washington.

The second conference will be the Twelfth Mid-Continent Trust Conference which will be held in St. Louis, Missouri, on November 6 and 7, 1941. The Clearing House Association of St. Louis and the Corporation Fiduciaries Association of St. Louis will act as hosts.

Local committees for both conferences will be appointed in the near future to complete plans for these two conferences.

The St. Louis conference will attract special interest because the trust division of the American Bankers Association was organized in St. Louis forty-five years ago.



K. O. SATTRE  
President  
Blue Earth

## MINNESOTA NEWS



WILLIAM DUNCAN, Jr.  
Secretary  
Minneapolis

### Duluth Bank Merger

Last month the St. Louis County State Bank, of Duluth, was merged with the Duluth National Bank.

For 54 years the St. Louis County State Bank served its customers, successfully weathering the panic of 1893 and at least four other business depression periods—including the 1933 era.

The bank was started in 1887 by M. Stewart and a year later the late Charles A. Britts became associated with Mr. Stewart.

Shortly afterwards a close friend of Mr. Britts, Charles W. Elston, purchased the Stewart interest and the two men formed a banking partnership. The bank was incorporated under the Minnesota banking act in 1901, with Mr. Elston becoming the first president and Mr. Britts vice president. The latter became president in 1933 when his partner died.

Last January, Mr. Britts died, leaving the bank in the hands of his son, Charles A. Britts, Minneapolis vice president of the Northwest Bancorporation, and Fred Elston, Duluth, son of Charles W. Elston, and one of the active heads of the bank in recent years.

Officers of the Duluth National are Dr. William J. Eklund, president; E. C. Sullivan, vice president; P. N. Hegvold, vice president; J. V. Hagberg, cashier; R. S. Carlson, assistant cashier; Dr. Eklund, Mr. Hegvold, Mr. Sullivan, Hagberg, Oscar Peterson and R. Vern Eckman, directors.

The bank is a member of the Federal Deposit Insurance Corporation.

### Land Bank Aid

Announcement was made recently of the appointment of Hans T. Hagen as district supervisor of the federal land bank for the Owatonna area.

### Rudd Passes Away

Milaea was saddened by the passing of one of its pioneer citizens recently when Martin K. Rudd died at the hos-

pital at St. Cloud following a brief illness.

In 1908 Mr. Rudd became a director of the First National Bank of Milaca which was reorganized from the former Farmers State Bank here, and he also remained affiliated with the bank up to the time of his death, a period of 33 years, serving for 32 years as vice president.

### Currie Pioneer Deceased

T. V. Cumiskey, pioneer resident of Currie, passed away at his home recently after an illness of three years. He was in his 71st year.

For many years a director of the First State Bank of Currie, Mr. Cumiskey at the time of his death was a board member of the Currie Farmers Grain & Supply Company and of the Currie State Bank.

### Hudy Elected Cashier

George A. Hudy, formerly of Ortonville, who recently joined the staff of the National Citizens Bank, Mankato, was elected cashier at a meeting of the directors Monday.

### Former Banker Dies

John D. McMillan, 81, of Minneapolis, died last month after an illness of two years.

He was a former director of the First National Bank of Minneapolis.

### Jensen Passes Away

Lauritz Jensen, 75, Clearbrook banker, and prominent in dairy circles in northwestern Minnesota for many years, died at a Crookston hospital last month.

### Bank Enlarged

An enlarging program embracing increasing lobby space considerably, and other changes, was completed last month at the Columbia Heights State Bank, H. S. Woodward, cashier announced yesterday.

The additional space at the bank and placing of two part-time employees,

Ruth Erickson and T. L. Rank, on a permanent basis was necessitated by increased business, Mr. Woodward said.

Construction of a private consultation room, moving back of tellers' wickets eight feet, and use of the directors' room are included in the re-arrangement.

### Prominent Banker Dies

Final rites were held last month for Michael D. Fritz, 72, vice president of the Free Press and a prominent figure in Mankato business and civic life during the last 50 years.

In addition to serving on the board of directors of the National Citizens Bank, the Citizens Telephone Co. and the Mankato Savings and Building Association, he was a member of the Mankato city charter commission. During past years he was an alderman on the Mankato city council from 1908 to 1910 and was president of the former Mankato State Bank.

### Pioneer Passes Away

O. L. Melgaard, pioneer Argyle citizen and early-day banker, passed away last month at the home of his daughter, Mrs. P. W. Kemp, in Argyle.

In 1889 Mr. Melgaard went to Argyle as cashier of the Farmers & Merchants Bank, organized by his brother, H. L. Melgaard in 1886. He served as cashier of the bank for 18 years. Resigning in 1917, financially well off, he retired to enjoy the fruits of his active years. The bank was then the parent institution to a string of banks in which he was interested. The depression followed, and standing honestly to his trust lost heavily in meeting obligations as one after another of the banks failed.

## LEGAL DEPARTMENT

(Continued from page 18)

**Some states, such as Illinois, recognize warrants of attorney in promissory notes that provide for confession of judgments thereon in the event of non-payment on due dates. Where such is the case, will a confession of judgment on behalf of one of two signers of a note be recognized where the warrant is joint and is not joint and several?**

**No. The authority to confess judgment under a warrant of attorney must be strictly construed and strictly followed. It accordingly has been held that a warrant of attorney does not authorize a judgment by confession on a note against only one of the signers**

*Northwestern Banker April 1941*

if the warrant is joint and not joint and several.

Farrell died in Missouri leaving to his son, by will, certain unencumbered real estate there. The son, however, refused to accept the land and renounced any rights he might have thereto. This was done promptly after his father's death. Was such action on his part legal? Certain of the son's creditors contended it was not.

**Yes. A devisee may accept or decline**

a testamentary gift and he may renounce his right under the will even though the gift is beneficial to him, provided no acceptance by him has occurred.

A South Dakota banker retired and went to California. He invested in certain real estate there and, as the landlord, made certain repairs to the plaster of one of the buildings owned by him. He did the work voluntarily but failed to exercise reasonable care in

doing it. An accident occurred. Was he liable?

**Yes. A landlord is liable in damages if he fails to exercise reasonable care in making repairs, whether they be by agreement or voluntarily. A volunteer may not do in a negligent manner what he undertakes to do and, as a consequence, the landlord was answerable for the accident in this case.**

## SCHOOL SAVINGS

(Continued from page 22)

typical American public school, private school, or parochial school. If we are building for the tomorrows and not entirely for the todays, I believe that this matter of school savings will receive the attention which it deserves."

### Dividend

The board of directors of Manufacturers Trust Company declared the regular quarterly dividend of 50 cents per share on the common stock, payable on April 1, 1941, to stockholders of record on March 15, 1941.

The board also declared the regular quarterly dividend of 50 cents per share on the preferred stock, payable April 15, 1941, to stockholders of record on March 31, 1941.

### Quarterly Dividend

At the regular monthly meeting, held March 18, 1941, the board of directors of The Northern Trust Company, Chicago, declared the 173d consecutive quarterly dividend amounting to \$4.50 a share, payable April 1, 1941, to stockholders as of March 18, 1941.

### Dividend

The board of directors of The First National Bank of Chicago, at a recent regular meeting, declared a dividend of \$2.50 per share on the capital stock of the bank, payable April 1, 1941, to stockholders of record March 25th; also a dividend of \$2.50 per share payable on July 1, 1941, to stockholders of record June 25, 1941.

### Problem

Prof.: "Oxygen is essential to all animal existence. Life would be impossible without it. Yet, it was discovered only a hundred years ago."

Student: "What did they do before it was discovered?"

## Relationships Which Endure

Four American banks have been correspondents of this institution continuously for more than 75 years;

159 for more than 50 years;

466 for more than 40 years.

Business relationships of such long standing must have been mutually beneficial.

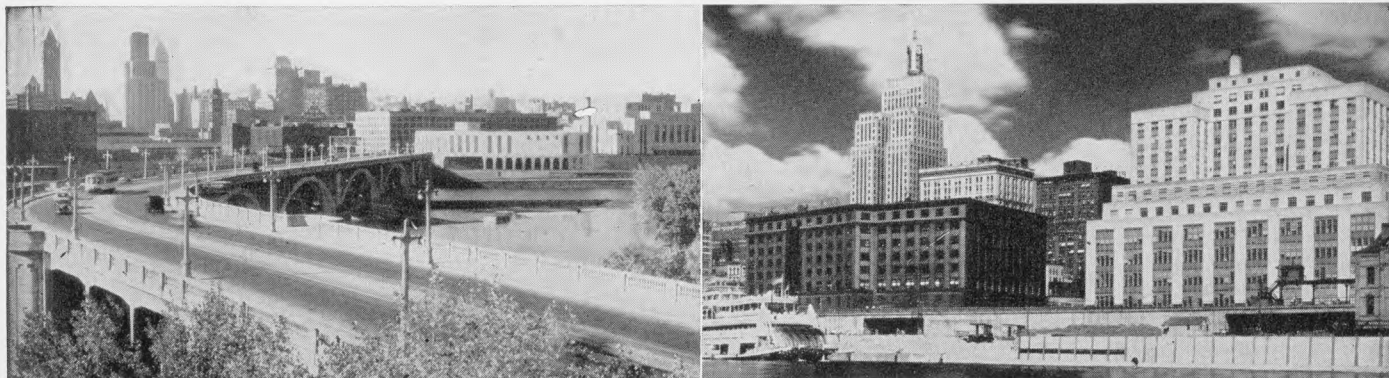
**CENTRAL HANOVER  
BANK AND TRUST COMPANY**

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# TWIN CITY NEWS



FIRST Service corporation, Minneapolis, has named **W. K. Plummer** deputy examiner. He formerly was chief clerk at First National Bank & Trust Co., Helena, Mont., whose staff he joined in 1927 as messenger.

**Roger B. Shepard**, St. Paul, vice chairman of the Federal Reserve Bank of Minneapolis, has been named coordinator of the district office for the new federal Defense Contract Service, set up under the Office of Production Management to aid industrial production under the defense program. **H. C. Timberlake** continues as manager of the district office, formerly called the industrial co-ordination department of the reserve bank.

**William E. Bina**, formerly with George C. Jones Co., Minneapolis investment firm, has joined the staff of J. M. Dain & Co. His investment experience dates back to 1925.

In connection with the annual subscription drive by the Minneapolis Civic council, **W. E. Brockman**, vice president of Midland National Bank & Trust Co., has been named chairman of the national firms division. His job: supervising collections from national firms with offices in Minneapolis.

Twenty-five years as cashier of Farmers & Merchants State Bank, Stillwater, Minn., **William C. Krog** was given a wrist watch by the bank's board of directors as an anniversary present.

**Charles J. Rieger** has become associated with Jamieson & Co. in its Minneapolis office, working with his father, **C. C. Rieger**, manager of the bond department. The firm recently

By James M. Sutherland  
*Special Correspondent*

took over the Duluth office of Thomson & McKinnon.

**Ralph Webber** has joined the staff of Juran, Moody & Rice, St. Paul investment firm. He has had 20 years' investment experience.

One thousand northwest bankers, officers and directors of federal reserve member banks in the Ninth district, attended the fourth annual member bank conference of the Minneapolis Federal Reserve Bank in Minneapolis last month.

They heard three nationally-recognized agricultural economists conduct a panel discussion, listened to an address by a St. Paul newspaper publisher who knew Hitler in the early days of his rise to power, and were entertained at luncheon, dinner and an ice hockey show during the one-day meeting.

Answering questions submitted in

advance of the conference were **Dr. O. B. Jesness**, head of the agricultural economic department of the University of Minnesota college of agriculture; **Louis H. Bean**, economist with the U. S. department of agriculture, and **Joseph S. Davis** of Stanford University.

The three agreed that the future prosperity of agriculture rests largely on increased employment and activity in other lines which would create a greater demand for farm products.

They also were of the opinion that regardless of what may happen in the war, our national defense program will maintain employment and business activity for at least the next year or two and possibly longer.

No immediate decidedly inflationary price rise was foreseen by the experts, but they said the war situation may bring a trend in this direction in time.

Architectural plans for the new **Farmers & Mechanics Savings Bank**, now under construction at Sixth street and Marquette avenue in the heart of Minneapolis' financial dis-



Here is the artist's conception of what the **Farmers and Mechanics Savings Bank** of Minneapolis will look like, which is now under construction in Minneapolis.

*Northwestern Banker* April 1941

trict, have been announced by McEnary & Krafy, architects.

The \$600,000 structure, scheduled to be completed this year, will be used entirely for banking purposes, except for two small stores on the Sixth street side.

Main entrance to the banking room will be on Sixth street. Back of the banking room will be a five-story unit with an entrance on Marquette. The bank's mortgage department will be on the first floor and the school savings department on the second floor of this unit.

Exterior of the building will be of buff-colored Kasota stone, with a dull red granite base and similar trim around the entrances. A modernized classic architectural style has been adopted for the structure. Madsen Construction Company is general contractor.

After more than a dozen years, Minnesota has a bank law which is— it hopes—legal.

The new law, levying an 8 per cent excise tax on the net income of state and national banks, has been passed

by the legislature and signed by Gov. **Harold E. Stassen**.

Thus ends — unless a court test should overthrow the law—a long controversy in the state arising out of a federal law making it illegal to tax national banks at a higher rate than competing capital.

Several unsuccessful efforts have been made to rectify this tax mixup—the last one two years ago when Governor Stassen vetoed a 6 per cent bill.

Banks have been paying taxes under a "gentlemen's agreement" for several years, and the new law is expected to produce considerably less than was thus secured.

**Shirley S. Ford**, president of Northwestern National Bank & Trust Co., has been named a director of General Mills, Inc., world's largest milling concern.

**W. J. Dean**, 71, director of First National Bank and First Trust Co., St. Paul, and active in St. Paul business life, died recently from an embolism attributed to a broken leg which he suffered when struck by an automobile early in January.

With Vice President **G. E. Larkin** as toastmaster, Marquette National Bank was host to a group of contractors and their wives at a dinner in Minneapolis.

**N. H. Skogland**, cashier of Liberty State Bank, St. Paul, has been elected vice president and cashier. He has been connected with the bank more than 15 years.

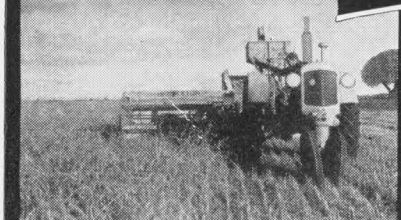
E. B. Mount & Co., Minneapolis, has been organized as an investment firm specializing in FHA-insured mortgages. Partners are **E. B. Mount**, for several years financial correspondent of Travelers Insurance Co., and **Don Orth**, formerly with D. D. Schroeder & Co. Owen C. DeVine, St. Paul, is associated with them.

Said to be new in this section of the country, at least, is a checking system now offered by **Marquette National Bank**. Instead of a monthly charge, minimum balance and other requirements, there is a flat charge of seven cents for each check drawn and each deposit made.

Depositors receive their statements as each ledger sheet is filled, or about once for every 25 checks used. This service is in addition to the regular checking service and is designed for persons who write only a few checks.

Close to 300 Minnesota bankers, including some from adjoining states,

# CO-OPERATION *for the* COMMON GOOD



Above: Harvester 8 ft. and Universal "Z" Tractor. Below: Harvester "69" (5 ft.) and Universal "R" Tractor. MM Harvesters are the "Soy Bean Kings" of combines, with a reputation for more beans saved.



Below: MM Huskor — 2-row corn picker-husker, power-take-off driven from Universal "Z" 2-3 plow tractor. The Huskor has longer picking rolls, 12 full length 36-in. husking rolls.



America's 1941 Defense Program brings new importance to the conduct of her major business — **FARMING**. Stepping up production means more generous purchasing of Farm Machinery and closer cooperation between farmer, dealer, and banker.

Since success on the farm is definitely measured by the time and labor-saving capacity of the machines used, the World's Most Modern Line — **MINNEAPOLIS-MOLINE** — has special economic significance. In Minneapolis-Moline Tractors and Farm Machines the farmer finds the dependable service, low upkeep cost, and enduring usefulness which result in lighter work, fewer hours, and substantial **PROFIT**.

1941 MM Headliners have what the farmer wants. BUT — he may need the "credit" assistance of his MM Dealer and his Banker to purchase them. Financial cooperation for the deserving farmer reacts not only in more income for HIM but for the entire community including the MM Dealer and the Banker. That's why we say, **COOPERATION FOR THE COMMON GOOD**.

## MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY

MINNEAPOLIS  
MINNESOTA

• MINNESOTA NEWS •

attended sessions of the third annual **Minnesota Bankers Conference** at the University of Minnesota.

This year's program was "geared" to the National Defense Program, with numerous speeches and forum meetings devoted to matters pertinent to that subject.

Sponsors of the conference were the University's school of business administration, the Minnesota Bankers Association and the state banking division, while co-operating were the local offices of the FDIC, national bank examination department and Twin City bankers.

The program included such subjects as "Recent Economic Trends," "War Economy," "Consumer Credit," "Agriculture," "Bank Operations," "Investments," and "Income Tax Procedure."

Speakers at the three luncheon meetings were President Guy Stanton Ford of the university, **Harold Stonier**, executive manager, American Bankers Association, and **C. B. Upham**, deputy U. S. comptroller of currency. Dr. F. Cyril James, principal and vice chancellor of McGill University, Montreal, described economic and financial conditions in Canada at the one dinner meeting of the conference.

Laurence R. Lunden, investment counsel for the university, was chairman of the general committee; **William Duncan, Jr.**, secretary of the state bankers association, headed the attendance committee.

In the forum on consumer credit, **John H. Lucas**, vice president of Peoples Trust Co., Pittsburgh, urged the need for a uniform bank law covering small loans of the installment type. He pointed out such a bill may come before the Minnesota legislature and urged bankers to get behind such legislation.

The Independent Bankers Association emerged from its eleventh annual convention in St. Paul as a full-fledged national organization.

Principal evidence of this at first notice was in the list of new officers. They are: **N. B. Matthews**, vice president, Basin State Bank, Stanford, Mont., president; **A. P. Drummond**, vice president, Bank of Bonifay, Florida, vice president; **C. P. Sommerstad**, president, First National Bank, Waseca, Minn., second vice president, and **Harry Lee**, vice president, Bank of Long Prairie, Minn., treasurer.

Named to the executive council were **Robert D. Beery**, president, Union State Bank, Browns Valley, Minn., and

**W. R. Spensley**, cashier, Security State Bank, Hibbing, Minn., the retiring president of the IBA.

Authorized was an enlargement of the executive council to include representation from other states into which the organization is spreading.

First step in this direction was addition of **William Jennings Bryan**, Nashville, Tenn., and **L. B. McBride**, Fort Collins, Colo., to the council.

**Ben DuBois**, Sauk Center, Minn., is slated to be re-named association secretary by the council.

## Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

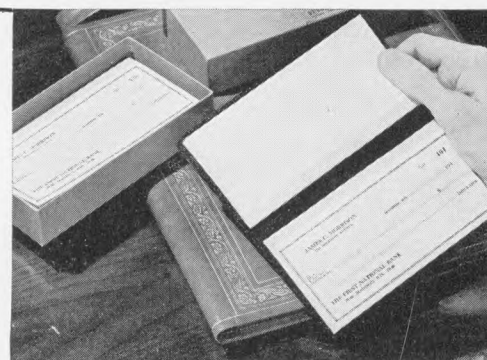
## CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LASALLE STREET

(Member Federal Deposit Insurance Corporation)

## A Real Value!



• When you can supply 200 checks on National Safety Paper — imprinted with customer's name and address —

Costing Your Customer Only \$1<sup>25</sup>

— and in addition provide FREE\* with his first order, a genuine leather cover, gold stamped with his name — you are giving him a real value for his money.

Write for folder and get the interesting details

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CHICAGO  
KANSAS CITY  
ST. PAUL

Lithographers and Printers

Northwestern Banker April 1941

# NORTH DAKOTA NEWS

MARTIN AAS  
President  
New Rockford



C. C. WATTAM  
Secretary  
Fargo

tor to be **Sgt. Miller**, it had better be Sgt. Miller, as they keep inspections going by Colonels and Generals and Majors all the time.

"We have to go to school so fast and so many schools that sometimes we non-coms just get out of one and go right into the other.

"Funny thing down here. Hardly anyone ever says anything about the war. I guess all are so busy that they don't think about it, and the natives don't even know who is fighting—they are busy getting their cotton planted—but we will sure be ready."

If anyone thinks that the workman of today is not in the "upper class" of the income bracket, he only needs to be reminded that:

**"Steel gang foreman working on repairs to the Capitol at Washington had higher weekly earnings—\$267—than a member of Congress who gets only \$192. Weekly payroll averaged \$92 each for the 70 men on the job and 36 of them received more than \$100. Regular time was 30 hours a week."**

**J. M. Nichols**, president of the First National Bank of Englewood, reports that his institution is now 115 per cent liquid as cash against deposits, and that he has enough income in sight to pay a six per cent dividend for the entire year 1941, and a small addition to undivided profits.

Mr. Nichols recently sold an entire block of \$2,800,000 of 3½ per cent Treasury Bonds before the new financing was recently made public.

In a statement to his stockholders' he said:

*"If I can find no safe and profitable place in which to invest my depositors' money, I will pay them off and go fishing. The Nichols family has conducted a successful banking business for over 52 years, and possibly this is long enough. Certainly I do not feel obliged to stay in it. Nor do I see any disgrace in retiring from it.*

*"The only thing I can think of that would prevent our doing so would be an opportunity to invest our money in Government bonds, yielding 1½ per cent or better with a maturity of not longer than 1945. During this half century we have met every economic problem with flying colors. But now to cope with disintegration of our own Government is something that I hesitate to undertake as custodian of other people's money. No truer words were ever spoken than those at the foot of our September 30 statement:*

*"In a last stand for democracy every director and officer of this bank will cast his vote for Wendell Willkie."*

(Turn to page 58, please)

## With Mandan Bank

Matt Reichert, Fort Yates, field man for the Regional Agricultural Credit corporation of Minneapolis for the past eight years, has accepted a position as field man for the First National Bank of Mandan. He has represented the credit corporation in Oliver, Morton, Grant and Sioux Counties, with headquarters at Fort Yates.

## A. I. B. Research Committee

The American Institute of Banking, which is composed of junior officers and employes of banks throughout the country, has set up a national research committee and will cooperate with the American Bankers Association in gathering statistics on subjects of national importance to banks and bankers. From time to time this committee will call upon banks for facts and figures along statistical lines, and the cooperation of our banks in answering inquiries will be a prime factor in making these banking studies a success and of value to the banks throughout the country.

Raymond J. Hess of the First National Bank of Mandan, North Dakota, has been appointed as a member of the sub-committee comprising of the states of Minnesota, North Dakota, South Dakota and Iowa. Banks in North Dakota will cooperate with Mr. Hess in this work.

## Turkey Trophy

The trophy put up by the North Dakota Bankers Association for the All American Turkey Show this year was won by Mrs. C. H. Folz, Drayton, North Dakota. She was awarded the trophy for the "Best Young Pen of North Dakota Turkeys". In expressing her appreciation for the trophy, she states that she has been exhibiting for eighteen years and wishes that more people could have attended the show and noted the improvement in the turkeys raised in North Dakota.

Northwestern Banker April 1941

## NEWS AND VIEWS

(Continued from page 12)

**sharing the limelight with them are the things which directly affect your personal comfort and happiness.**

**"A new automobile, shrubbery for the lawn, wallpaper, paint, repairs to the driveway and hundreds of other home repairs and improvements are just as essential to the arrival of spring as those furnished to us by mother nature."**

Now that the world seems to be devoting most of its attention to the "Killing business," it is perhaps worth remembering that to kill a soldier it cost 75c in the days of Caesar's legions—\$3,000 when Napoleon marched—and \$21,000 for each World War I victim.

What the statistics will show on World War II we do not know, but it will probably cost as much or more than the last war because of the great amount of money going into mechanical defense equipment.

**Norman Miller**, who was formerly on the staff of the NORTHWESTERN BANKER, is now preparing to lick Hitler with the 168th Infantry at Camp Claiborne, Louisiana.

In a recent communication to us he said:

"We get up at 5:00 a. m. and fall in dressed for the field at 5:30—then stand Reveille in regimental area two blocks away and are back at 5:45 and have physical exercise from 5:50 to 6:00—then mess from 6:10 to 6:40, and that is one-half hour to get 150 men through mess line and mess gear washed and all in again at 6:45 to go to field.

"We go to the field at 7:00 a. m. and come back for one-half hour lunch at noon, and back out and stay 'til 4:00 p. m.—then formations and mess and all through at 6:00 p. m.

"While in the field we have a training schedule telling just what we are teaching every minute of the day, and it shows where each man is. If that training schedule shows 'Defense against air attack' and shows instruc-





H. R. YOUNG  
President  
Arlington

## IOWA NEWS



FRANK WARNER  
Secretary  
Des Moines

### Member Federal Reserve

Effective Monday, March 3rd, the Iowa Trust & Savings Bank became a member of the Federal Reserve System. It is the only Federal Reserve Member Bank in Emmet county.

In commenting upon becoming a member of the Federal Reserve System, K. J. McDonald, president of the Iowa Trust & Savings Bank, stated: "The Federal Reserve System is an integral living part of the financial and credit structure of our country, we can even say, of what remains of a sane world. In recognizing the complexity of the present and the uncertainty of the future, we felt our duty and service to this community could best be performed through becoming a Federal Reserve Bank Member."

### Melvin W. Ellis Named Iowa Superintendent

Melvin W. Ellis, president of the First Security Bank & Trust Company, Charles City, has been named superintendent of banking for Iowa by Governor George Wilson. Mr. Ellis will take over the post now held by D. W. Bates on July 1st this year, unless the latter elects to resign before that time.

Long prominent as a banker, industrialist, manufacturer and director of many corporations, Mr. Ellis was president of the Iowa Bankers Association during 1935-36.

He served as an assistant bank cashier in Nashua, Iowa, from 1898 to 1901 and a year later married Mina Waller of Nashua.

In 1903 Ellis and his family organized the Security Trust and Savings Bank at Charles City. He has served as vice president and president of the bank continuously since.

Mr. Ellis was elected vice president of the Hart-Parr Company, tractor manufacturers in 1919, and president of the company in 1921.

Eight years later the Hart-Parr Company was merged with the Oliver Farm Equipment Company of which

Ellis served as president from 1929 to 1931. He continued as a director of the company until 1938.

In 1929 the Security Trust and Savings Bank was merged with the First National Bank under the name of First Security Trust and Savings Bank. Ellis has been president and director of the consolidated institution since that date.

Mr. Ellis has served on all of the



MELVIN W. ELLIS

important committees of the Iowa Bankers Association and held district offices as well as the presidency.

He is at present chairman of the association's committee on federal bank legislation, cooperating with a similar committee of the American Bankers Association.

Mr. Ellis has held several committee posts in the American Bankers Asso-

ciation and nearly every official appointment delegated by the association to Iowa bank members.

For three years he was a member of the association's executive council representing Iowa.

### Goes to Los Angeles

George Lenhard, cashier of the First Trust & Savings Bank of Wheatland for the past fourteen months, recently resigned his position with the bank to accept a position in the Bank of America at Los Angeles.

### New Officer

As a part of a program to facilitate handling the activities of the consolidated banking institution, involving some changes in duties, James Nuckolls has been named executive vice president of the Hardin County Savings Bank of Eldora, and has been given a carpeted section and brand new and handsome desk in the southwest section of the banking quarters.

### Retires RFC Stock

The Farmers Trust & Savings Bank recently announced the retirement of the remaining \$25,000 in preferred stock held by the Reconstruction Finance Corporation. Half of the \$50,000 preferred stock was retired two years ago, at which time the common stock was raised from \$25,000 to \$50,000 by a stock dividend, and will now be raised to \$100,000 in the same manner.

### Oakland Banker Dies

Milton H. Evans, 65, cashier of the Oakland Savings Bank since 1908, died last month at a Council Bluffs hospital. He had been a patient at the hospital most of the time since last June.

### Kimm Replaces Petznick

R. D. Kimm of Independence has been named cashier of the First State Bank of What Cheer, taking the place of Arnold Petznick, who will be employed by the Bank of America at Los Angeles.

Mr. Kimm was formerly cashier of a bank at Blairstown for 17 years and was later employed as field man for an insurance company.

### Goes to California

John Porter, who for the past five years has been a teller at the Rock Rapids State Bank, left recently for Los Angeles, California, to accept a position with the Bank of America at that place.

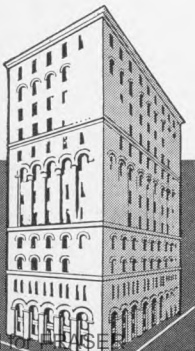


# TRACTORS FORGE AHEAD...

Measured in bushels of grain, Iowa's agricultural production has held fairly even since 1920. But in this same period, tractors-on-farms have increased over 600 per cent.

Measured in clearing house totals, Des Moines banking volume has held fairly even since 1920. In the same twenty years, the resources of the Bankers Trust Company have grown from \$4,700,000 to \$23,399,000.

There's sound reason for the frequent suggestion: "Use the Bankers Trust in Des Moines."



*Member Federal Deposit Insurance Corporation*

# BANKERS TRUST

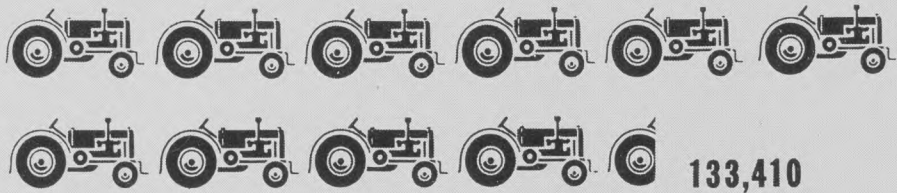
# PROOF OF PROGRESS IN IOWA

Comparison  
in number of  
tractors in use  
on Iowa farms

1920



1940



Comparison  
of resources  
Bankers Trust  
Company

1920



1940



COMPANY

6th and Locust  
Des Moines

### Gossett Addresses Kiwanis

C. R. Gossett, president of the Security National Bank, Sioux City, addressed the Kiwanis Club at their luncheon last month in the Mayfair Hotel. Mr. Gossett's subject was gold.

### Remodeling Completed

The expansion program of the Iowa State Bank and Trust Company of Iowa City, involving the remodeling of facilities for customers was completed last month.

Addition of three new tellers' windows make a total of eight now avail-

able to patrons, while three new customers' rooms have been built under the bookkeeping rooms.

### Former Banker Dead

Edward J. Curtin, 75, former Decorah resident and well known banker, who was president of the Citizens Savings Bank there for many years, died at his home in Chicago last month.

### Changes at Dows

At a recent meeting of the board of directors of the Farmers State Bank of Dows, Bert Bertilson was elected

director to fill the vacancy left by the death of his brother, Oscar Bertilson. Will E. Deam was advanced to the position of vice president. James I. Deam, assistant cashier, now holds the position of cashier.

### Cylinder Banker Dies

Theodore Johnson, 62, of Cylinder, president of the Cylinder State Bank and mayor of that town, died in the Emmetsburg hospital last month from a heart ailment.

A retired farmer, Mr. Johnson was in the implement business at Cylinder at the time of his death. He is survived by his wife and three children, Mrs. Walter Sall of Shell Rock and Russell and Harlow Johnson of Cylinder.

### New Director

At a meeting of the board of directors of the Blue Grass Savings Bank last month, Theodore Kress, prominent farmer who lives on his 120 acre farm one and one-half miles east of Blue Grass, was elected to fill the position on the board formerly occupied by T. J. Brus.

Present officers of the bank are: President, Walter Kautz; vice president, Ed Wathan, Sr.; cashier, Don Farley, and bookkeeper, Imogene Huffbauer.

### Cashier Resigns

Resignation of Henry C. Linduski, cashier of the First National Bank of Denison, was accepted at a regular meeting of the board of directors of the bank last month. The resignation became effective April 1st.

Mr. Linduski, who went to Denison from the Livestock National Bank, Sioux City, more than five years ago, resigns to again accept a position in that bank.

A successor to Mr. Linduski has not been named, the board announced.

### Get More Than 100 Per Cent

Depositors in the closed Farmers Savings Bank at Ankeny, rather than the preferred stockholders, will get more than 100 per cent of their money back.

It was an unprecedented decision in Iowa, as far as supreme court records show. It was said to be unusual for depositors to receive even 100 cents on the dollar on their deposits, let alone a "bonus," although a number of closed Iowa banks have paid depositors in full.



## CLOSE TO BOTH INDUSTRY AND AGRICULTURE

Located in the heart of the Union Stock Yards and Chicago's great Central Manufacturing District, this 73 year old bank has developed facilities through serving both farmer and manufacturer that make it exceptionally qualified to act as Chicago correspondent for middle western bankers.

## LIVE STOCK NATIONAL BANK OF CHICAGO

Established 1868

UNION STOCK YARDS

Member Federal Deposit Insurance Corporation

Northwestern Banker April 1941

## Figge Elected President

The board of directors of the Davenport Bank & Trust Company recently elected V. O. Figge president of the institution to fill the vacancy caused by the resignation of E. P. Adler.

Mr. Figge had served the bank as executive vice president since its organization July 6, 1932. Mr. Adler was its president for the same period.



V. O. FIGGE

Directors of the bank adopted a resolution accepting with "deep reluctance" the resignation of Mr. Adler.

No other changes in the officer personnel of the bank were made. Other officers are: Dr. Kuno H. Struck, vice president; Herman Staak, cashier; Fred Gruenwald and A. H. Hiegel, assistant vice presidents; Edgar H. Runburg and Albert P. Wolters, assistant cashiers; Ernest H. Ketelsen, auditor; J. M. Hutchinson, trust officer; H. W. Braack, A. P. Sindt, Edward L. Carmody and Kenneth C. Hartman, assistant trust officers.

## Appointed Auditor

Alfred E. Rugg of Nevada, who from 1928 until 1932 was connected with the Farmers Bank and Trust Company of Nevada, has recently been appointed auditor of Sioux City. Mr. Rugg was for many years connected with the Livestock National Bank of Sioux City, came to Nevada for the four year period and then back to Sioux City, where he joined the Regional Agricultural Credit Corporation.

## Edgar Bailey Dead

Friends were informed last month of the death of Edgar Bailey, 65, at Miami, Florida, where he had been residing the past three years. He had been in poor health for several years.

Mr. Bailey grew to young manhood in Correctionville, where he resided continuously until moving to Sioux City about five years ago. He was associated with his father in the Bailey Bank and after the former's death continued to operate the bank for many years.

## Inter-County Meeting

Approximately fifty bankers representing banking institutions in Pocahontas, Calhoun, Sac and Buena Vista counties attended the inter-county gathering held at Hotel Pocahontas in Pocahontas last month. The Pocahontas county bankers association had charge of arrangements for the meeting.

Following the 6:30 dinner Chas. E. Watts, cashier of the Commercial State Bank, presided at the business meeting in the absence of E. K. Winne, Laurens banker.



## "All-Out" Service

Increased food production is now a vital part of our National Defense, and of America's "All-Out" aid to other democracies. Thus the farms and feed lots in the Sioux City market are as important as aircraft factories and munitions plants.

"All-Out", too, is the correspondent service which banks obtain at the First National Bank in Sioux City, which is equipped to handle ALL your commercial, grain and livestock items.

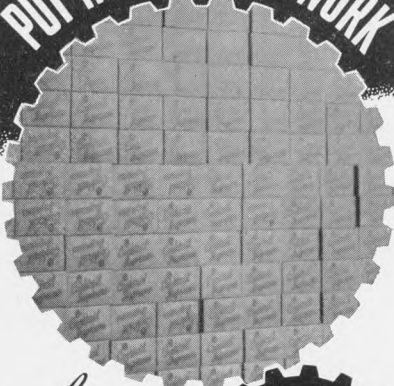
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**FIRST NATIONAL  
BANK  
IN SIOUX CITY**

Northwestern Banker April 1941

**WHEN YOU NEED MONEY..**

**PUT INVENTORY TO WORK**



*through* **FIELD WAREHOUSING by DOUGLAS GUARDIAN**

**That's what more and more bankers are saying to Loan Applicants**

A successful Eastern banker recently stated in an address that bankers were passing up many very attractive loans based on inventory. "Almost every commodity," he said, "at some stage of its manufacture provides an excellent basis for a Field Warehouse Loan." And he added the further advice: "Use only the BIG Field Warehouse Organization of proven quality." This qualification fits Douglas-Guardian like a glove. We offer

**Over 18 Years of Experience**—references of the highest quality—a customer list of high calibre — and nation-wide service rendered through 15 strategically located offices.

**Mail the Coupon**

To arrange a call by a Douglas-Guardian Field Man, without obligation . . . or ask for our FREE BOOKLET, "Financing the Modern Way."

**Douglas-Guardian Warehouse Corporation**



- Suite 1104A—100 W. Monroe St., Chicago, Ill.
- 118 No. Front St., New Orleans, La.
- New York, N. Y.
- Springfield, Mass.
- Rochester, N. Y.
- Memphis, Tenn.
- Cleveland, O.
- San Francisco, Cal.
- Portland, Ore.
- Dallas, Tex.
- Tampa, Fla.
- Easton, Md.
- Los Angeles, Cal.
- Springfield, Mo.
- Atlanta, Ga.

Douglas-Guardian Warehouse Corp.  
Suite 1104A—100 West Monroe Street, Chicago, Illinois

( ) O.K. to have your Douglas-Guardian man call. (Without obligation.)

( ) Send your booklet "Financing the Modern Way."

Bank .....

Address .....

For Attention of .....

Northwestern Banker April 1941

The principal speaker of the evening was Frederick L. Ludemann, Jr., inspector of the wage and hour division for Iowa. Other speakers included E. W. Jones of the Iowa-Des Moines National Bank & Trust Company, who spoke on "Defense Laws and Iowa Banks"; H. J. Stuhlmiller of Fontanelle, vice president and treasurer of the Iowa Bankers Association, and Ralph Bunce of Des Moines, deputy superintendent of Iowa banks. There were also brief remarks by several bankers of this district. A round table discussion was also held during which various banking subjects were discussed.

**Morrison to Algona**

E. R. Morrison, Des Moines, recently became head of the newly created agricultural department of the Iowa State Bank of Algona. For the past seven years he has been the field man, farm

manager and chief appraiser for the farm department of the Bankers Life Insurance Company of Des Moines.

He is a former county agent for Kosuth and Humboldt counties and it was while here that he received recognition from the National Society of Agronomy for the best five-year record of the county soil improvement, and for the best three-year county dairy program. R. H. Miller is president of the Iowa State Bank.

**New Employees**

The Security Trust & Savings Bank Shenandoah, of which E. C. Fishbaugh is president, is adding two men to the banking staff, Howard Simmons of Marengo, Iowa, and Dale Heimke of Corning.

Miss Dorothy Gamble, an employe of the bank, plans to resign her position.

**He Calls Them By Their First Names**



If you are the president of a bank having a personnel of 175 employes, more or less, can you recognize them on the street or in the bank, and call them all by their first names? Not many presidents can, probably, but **Herbert Horton**, president of the Iowa-Des Moines National Bank & Trust Company, has found a way to do it and it works for him.

Above you see Mr. Horton looking at a picture which hangs in his office. This picture is made up of 200 smaller pictures, each of the smaller ones being a likeness of the 25 officers and 175 employes of his bank. The pictures of the bank personnel were taken at his or her desk or post of duty.

Friendliness, like charity, begins at home. It is Mr. Horton's feeling that for bank employes to be on friendly terms with customers, they should first of all be friendly among themselves. In his visits to the various departments of the institution, he wanted to be able to call everyone by his or her first name, but sometimes he was unable to do it. So he conceived the idea of having an individual picture of everyone in the bank placed in his office. Then when he couldn't call a name, as soon as he got back to his office he would look up the person's picture and associate the name with the face. He trained himself so well that now he never needs to refer to the pictures—he can name them all.

## Change at Ellsworth

Lawrence Doden of Langworthy has taken over the duties of cashier of the Farmers State Bank at Ellsworth. He takes the place of James Gray, who has gone to the First National Bank in West Des Moines to accept the cashier's position.

## Death Takes Miss Raymond

Miss Myrtle M. Raymond, 65, assistant cashier of the First Security Bank and Trust Company of Charles City, passed away about 4:30 o'clock Sunday afternoon at the Park Hospital in Mason City, where she had been a patient since February 9th.

## Remodeling

Considerable remodeling work has been done at the Oakland Savings Bank. The high iron railing and bar windows between the wall and lobby of the bank is being removed and replaced by a lower, head-high railing.

In addition, the present lighting fixtures are being replaced with four new fluorescent lights.

## Anniversary

The Farmers State Savings Bank of Independence observed an anniversary recently, giving, as it says, "Twenty years of continuous service." E. F. Sorg, president, reports loans are on the increase, and his bank is taking care of the demand. Early last month deposits of the Farmers State Savings stood at \$2,300,000. With Mr. Sorg as president, other officers are E. E. Everett, vice president; C. L. Fiester, cashier, and P. E. Sorg, assistant cashier.

## Inter-County Meeting

Seventy-five bankers from the counties of Hamilton, Humboldt, Webster and Wright recently attended a meeting in the basement of the Legion Building in Humboldt. The Humboldt County Bankers Association acted as host of arrangements.

At 5:00 o'clock in the evening the bankers registered at Hotel Humboldt and at 6:15 o'clock a "dutch treat" dinner was enjoyed. During the dinner music was furnished by Hal Stewart's orchestra.

J. L. Campbell, vice president of the Humboldt County Bankers Association, and cashier of the local Trust and Savings Bank, called the meeting to order, and the address of welcome was given by E. O. Nervig, president of the county association.

Talks on "Defense Loans and Iowa Banks" were given by C. W. Gadd, vice president of the State Bank at Fort Dodge, and Marvin Selden, vice president of the Merchants National Bank at Cedar Rapids.

A talk on "The Wage and Hour Act and Banks" was given by Fred Lude-

man, and the subject, "An Important Banking Measure," was used as the basis for a talk given by Ralph Bunce, deputy superintendent of banks at Des Moines. Greetings and one minute remarks were given by H. J. Buell of the Webster City Farmers National Bank, J. F. Hamm of the Livermore State Bank, E. H. Zuerrer of the Fort Dodge National Bank and Ben Olson of the Security Savings Bank at Eagle Grove.

Frank Warner, secretary of the State Bankers Association, gave a short talk, and an informal round table on various subjects was held. Preceding ad-

# Headquarters

For

# Northeastern Iowa Bankers

★ This bank, with the advantages of quick, efficient services and complete facilities, is the logical channel for your Northeastern Iowa business. ★

## THE NATIONAL BANK OF WATERLOO

Member—Federal Reserve System

Member—Federal Deposit Insurance Corporation

### Banks Sold or Bought!

quietly, quickly and in a personal manner

JAY A. WELCH  
Haddam, Kansas

"35 years Practical Banking  
Experience."

jourment of the meeting, the group officers were introduced, J. R. Cornell of Spirit Lake and Harry Huff of Fort Dodge.

### Mrs. Johns Elected

Mrs. Emmett E. Johns was elected president of the Ladies of the Des Moines Bankers Club following a recent luncheon meeting in the Younker Tea Room at Des Moines.

Other new officers include Mesdames John DeJong, vice president; Scott C.

Pidgeon, second vice president; J. N. Coffey, recording secretary; J. R. Astley, corresponding secretary; V. T. Bonnett, treasurer, and P. B. Harrison, auditor.

### Sectional Meeting

More than 100 bankers from cities and towns in Jackson, Jones, Delaware and Dubuque counties attended a sectional meeting of the Iowa Bankers Association at the Hotel Julien in Dubuque recently.

William Lawther, Jr., president of the First National Bank and of the Dubuque Clearing House, presided at the program. Speakers included H. R. Young, Arlington, president of the state association; H. L. Bunce, Des Moines, deputy state superintendent of banking; Frank Warner, Des Moines, secretary of the state association; Frederick L. Ludemann, Des Moines, of the Wages and Hours Department, and Chas. McKinstry, Waterloo.

### Bertilson Passes Away

Oscar Bertilson, farmer, who lived four miles southeast of Dows, passed away at his home recently, following a brief illness. At the time of his death he was vice president of the Farmers State Bank, a position which he has held for many years.

### Independence Meeting

Buchanan County Bankers Association recently entertained bankers from Black Hawk, Benton, Linn and Buchanan counties at the Gedney Hotel, Independence. W. W. Blasier, president of the association and president of the Jesup Farmers State Bank, presided at the meeting, which followed a dutch treat dinner.

E. F. Sorg, president of Farmers State Bank, Independence, gave the welcome address. Appearing on the program were Charles S. McKinstry, Waterloo; Martin R. Seldon, Cedar Rapids; Frederick L. Ludeman, Jr., inspector of wage and hour division for Iowa; H. R. Young, Arlington; Ralph Bunce and Frank Warner, Des Moines.

### Ed Kaufmann Dies

Ed Kaufmann, active in the financial and civic life of Davenport for more than 50 of his 76 years, died recently after an extended illness.

Mr. Kaufmann, who reached the peak of his career as president of the American Savings Bank & Trust Company, had been in failing health for most of a decade. He retired from business three years ago.

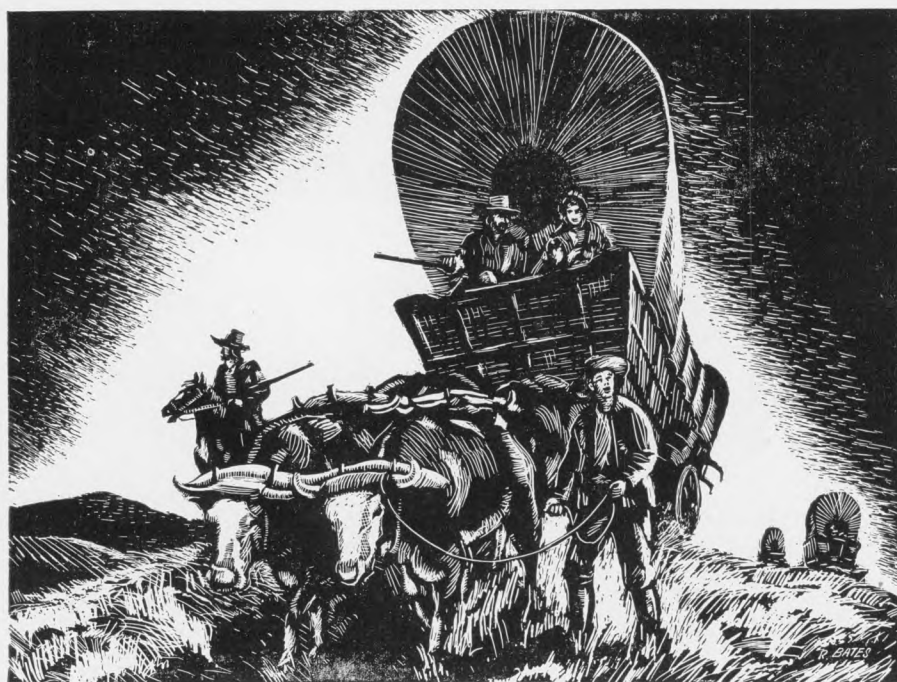
### Former Banker Deceased

John G. Shumaker, 89, former banker at Charter Oak, died recently at Houston, Texas.

### Fiftieth Anniversary

The Henry County Savings Bank of Mt. Pleasant recently observed the 50th anniversary of the founding of the bank.

Congratulations were extended by local firms and by outsiders. Two large baskets of flowers, one given by the



## THE PIONEER PAVED THE WAY—

### For The Greatest Peacetime Change in American History

1880 to 1890—the decade in American history that witnessed the greatest peacetime change that ever occurred in the everyday life of any nation. Millions of acres of Government land were thrown open to homesteaders and a mighty nation settled the "lone prairie". Sweeping improvements in farm machinery revolutionized farming methods. Three trans-continental railroads were completed and vast new markets were made available for western food products, both in the United States and abroad. A population that doubled itself every few years changed its vision from small scale to mass production methods.

All these and many more stirring events ushered

in the era that saw the midwest blossom into a great agricultural and manufacturing empire. The Pioneer Paved the Way!

The Drovers National Bank is proud to have been a part of that pioneering era. Established in 1882, its purpose was to serve banks and their customers who grew live stock for the Chicago market. Its representatives covered the territory—then as now. Through all these fifty-nine years, it has continued to serve the live stock industry faithfully and well. Many correspondent bankers find in Drovers Service a reflection of this long experience and close acquaintanceship with the channels through which live stock is marketed.

Your inquiry will receive prompt attention

Members, Federal Deposit Insurance Corporation

**DROVERS NATIONAL BANK**  
**DROVERS TRUST & SAVINGS BANK**  
 UNION STOCK YARDS, CHICAGO



Central National Bank and the other by the Central States Insurance Company, graced the lobby in observance of the event.

The capital stock of the bank recently was increased to \$100,000 when the bank charter was renewed. The original capitalization fifty years ago was \$36,000. In 1934 the amount was increased by \$50,000.

### First National Takes Over Northwest Savings In Mason City

Announcement has been made of the merger of two of Mason City's most important financial institutions, the First National Bank, 71 year old veteran of the city's banks, and the Northwest Savings Bank.



FRED C. HENEMAN

While the name of the new and enlarged institution will be simply the First National Bank, the entire list of officers, directors and staff of the Northwest Savings Bank will be taken over into the new institution.

The new bank will be one of the larger banks of the state of Iowa with total statement figures running approximately 10 million dollars.

Also announced is the retirement from his position as chairman and member of the board of the First National Bank of Col. Hanford MacNider, son of the late Charles H. McNider, whose name was for decades synonymous with that of the First National. It will be the first time since 1875 that

**Wanted:** Position as Bank Fieldman, 20 years country and city bank experience. Very successful in getting new business. Married, 48 years old, University graduate, excellent health, and personality. A-1 references. Address Box 1400, Northwestern Banker.

the McNider family has not been actively associated with Mason City banking.

Filling the gaps in the officialdom and directorate of the old First National Bank will be the officers and directors of the Northwest Savings Bank, who will go into similar positions in the combined institution.

Officers of the new bank will be: President, F. C. Heneman, president of the First National Bank since January, 1940, and previous to that executive vice president of the bank for nine years; first vice president, Dean H. Lightner, president of the Northwest Savings Bank for the past five years; vice president, Carl A. Parker, and cashier, William W. Boyd, both of the latter retaining the same positions they had with the old First National Bank, with C. S. Thompson, cashier of the Northwest Savings Bank, and Douglas Swale of the First National

Bank as assistant vice presidents.

In addition to the officers, the directorate will consist of Carl Henkel and Earl Smith from the First National Bank board and Floyd E. Johnson, Lee P. Loomis, Jay E. Decker, John A. Senneff, L. S. Thompson, Remley J. Glass and E. H. Wagner, former members of the board of the Northwest Savings Bank.

Roy Johnson, A. M. Halsor, R. E. Wiley and H. C. Fisher, all of the First National Bank, will be assistant cashiers of the enlarged institution.

### Knotek Passes Away

Ernest Knotek, 55 years old, who has been a member of the board of directors of the Washington State Bank since its opening in the spring of 1932 and had taken an active personal interest in the affairs of the bank, died recently at the Washington county hospital.

25 YEARS  OF SERVICE

We Complete  
Our First 25 Years of Service  
Making 114,955 Loans

The measure of helpful financial service extended to worthy citizens by The Des Moines Morris Plan Company these past twenty-five years cannot be rightly estimated by the coldly tabulated dollars-and-cents figures on an adding machine detail strip.

Rather one must know and fully appreciate the social and economic service performed in meeting the urgent financial needs of many applicants. Their dire necessity for immediate funds caused by critical emergencies create overwhelming financial obligations for men and women whose one asset is *Character and Employment* — "The Morris Plan" basis of credit.

Thousands of loans have been made to get necessary funds for the normal cash demands of wage earners, salaried workers, small professional and business men and women. As a result The Des Moines Morris Plan Company made an aggregate of 114,955 loans from February 21, 1916 to December 31, 1940 —

Totaling \$20,371,770.85

Here then is the true story of service by The Des Moines Morris Plan Company, which pioneered easy-to-repay low-cost *Character* loans in Iowa and changed thousands of worried workers in all walks of life into confident, capable debt-free producers through its loan plan and old-fashioned "pay-day" saving system.

1916 ← QUARTER CENTURY → 1941

THE DES MOINES MORRIS PLAN COMPANY

Northwestern Banker April 1941

## Meeting at Sigourney

An inter-county meeting of bankers from Iowa, Johnson, Keokuk and Poweshiek counties was held in Sigourney recently, with 77 persons, including bankers and their wives present. Also in attendance were representatives of the Iowa Banking Association from Davis, Lynn, Louisa and Polk counties.

Presiding at the after-dinner program was B. D. Helscher, president of the Keokuk County State Bank. He introduced the delegations and visitors and presented C. C. Williamson, vice president of the First Trust and

Union Savings Bank, who gave the address of welcome.

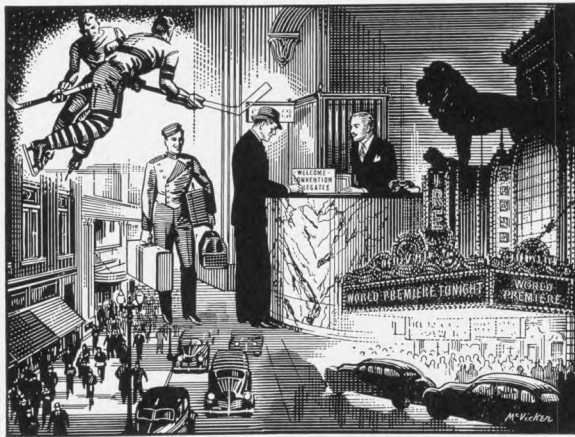
Max von Schrader, cashier of the Union Bank and Trust Company of Ottumwa gave a talk on "Defense Loans and Iowa Banks."

The principal address of the evening was given by Harold Chenhall, inspector of the Wage and Hour division for Iowa, who spoke on "The Wage and Hour Act and Banks."

H. B. Hammer, executive vice president of the State Bank of Wapello, and vice president of the organization of Officers of County Bankers Associations, gave a talk in which he pointed

out that the fellowship, derived by such meetings as the one held here, is important and beneficial to the bankers. Henry von Aswege, cashier of the Victor State Bank, representing Iowa county, spoke on the "Universal Service Charge" and Mr. Helscher introduced P. T. Grimes of Davis county; Edward Shaw of Bloomfield, chairman of group 10; Lee Houston and C. W. Fowler, bank examiners, and F. S. Bridger of the Union Savings Bank at Richland, Keokuk county representative, who responded with a few brief remarks.

The concluding address of the evening was given by Frank Warner of Des Moines, secretary of the Iowa Bankers Association, who complimented the Sigourney bankers as fine hosts.



## CLOSE TO CHICAGO'S BASIC INDUSTRIES

Next fall Chicago will entertain the 67th Annual Convention of the American Bankers Association. To local bankers this event is important. To Chicago, it is that and more . . . for it is an integral part of what amounts to a basic industry. Over the last decade the average number of conventions held in Chicago has passed 800 a year and the visitors thus accounted for have averaged almost one MILLION. Few things, we believe, equal these facts in pointing up the importance to bankers of selecting Chicago correspondents. And as one of Chicago's major banks, the American National cordially invites you to visit it and meet its officers while attending the A. B. A. Convention.

## AMERICAN NATIONAL BANK AND TRUST COMPANY

*of Chicago*

Member Federal Deposit Insurance Corporation

LA SALLE STREET AT WASHINGTON

## NEWS AND VIEWS

(Continued from page 48)

*"Our old form of government is gone and a Socialist Labor Party, dictated by a man hell-bent for war and wholesale murder of our youth, has taken its place."*

**Robert Gueiroard**, a young French lieutenant, is now studying at the Harvard Business School, and in the most recent issue of the Harvard Business School Bulletin, he made this interesting statement about how much easier it would be for Hitler to invade the United States than for him to invade England, assuming first that he has conquered England. Here is what Lieutenant Gueiroard says:

**"I am convinced that it is much more difficult for the Germans to cross the English Channel and invade the British Isles than, once England is invaded, to cross the Atlantic and invade the United States. Britain's defense can be concentrated on her 'tight little island, whereas our defense has to be spread over an entire continent. It is materially impossible for us to guard our coasts as efficiently as the British guard theirs."**

## Cross Reference

"These dictionaries make me tired!"

"Why so?"

"When I looked for 'sea otter,' it said, 'look under water.'"

**YOUR STATE BANKERS ASSOCIATION  
OFFICIAL SAFE, VAULT AND  
TIMELOCK EXPERTS  
F. E. DAVENPORT & CO.  
OMAHA**



J. A. SARAZEN

## IOWA NEWS

### FROM HERE AND THERE

By J. A. Sarazen, Associate Editor

**E**AST DES MOINES' new bank the Iowa State Bank, will get under way about the 15th of April and will be headed by **George Frampton**, former Lincoln, Nebraska, banker. It will be located in quarters formerly occupied by the Home Savings Bank.

While visiting Mr. Frampton, who was supervising the remodeling job, we were interested in an old statement of the Home Savings Bank, dated January 31, 1916, which was found in a safe deposit box. Deposits were listed at \$1,248,500. Loans were \$1,092,600 and no bonds were listed. Capital was \$50,000, with surplus and profits at \$30,700. The capital structure would be considered inadequate today and these figures go to show the change that has taken place in the banking business in the last 25 years. It is also interesting to note overdrafts listed at \$2,036.50 and rediscounts at \$22,000. W. B. Lutz was president; H. M. Cohen, vice president, and Bert McKee, cashier.

Consideration is being given by the

**Ames Trust & Savings Bank** to building a new banking home. It would be located on their own lot one block north of the present quarters.

Banking hours at Ames are from 9:30 a. m. to 3:00 p. m. every working day of the week.

The Fidelity Savings Bank, Marshalltown, has added **G. A. Mote**, attorney, to the board of directors.

All banks at Marshalltown now pay 1½ per cent interest on deposits, having reduced from 2 per cent the first of the year.

A good place to let customers know you sell bank drafts is on the reverse side of the deposit ticket, as is being done by the **Benton County State Bank**, Blairstown. Illustrated is the savings made by purchasing bank money drafts over post office money orders and also express money orders. The savings is often over 120 per cent.

The interest rate paid at the **Citizens**

**National Bank**, Belle Plaine, is 2 per cent for the first \$1,000, 1½ per cent on the next \$1,500 and 1 per cent on any amount over these figures.

**Julian Frost** is now executive vice president and cashier of the Decatur County State Bank, Leon, coming here from the Osceola bank. **Ramond J. Jayne**, formerly cashier at Grand Junction, has joined the bank as assistant cashier. **Earl Van Stienberg** has succeeded Mr. Jayne at Grand Junction. **R. K. McGee** is in charge of the Osceola bank.

The **Decatur County State Bank**,

#### CHATS ABOUT THE "PAYC" PLAN

Value of the "PAYC" Plan is Proved by Performance!

—says

**B. J. McCartney**

... who has been calling on midwestern bankers for over 17 years.



DO YOU want new checking accounts? Would you like to increase profits?

Proof that the "PAYC" (Pay-As-You-Check) *no-minimum-balance* Checking Plan can do this for you is evidenced by what it is doing for others—*now!* Excerpts from bankers' letters say, "phenomenal success with 'PAYC'", "... average balance is \$82", "... a real deposit getter", "... another step forward".

Convert check-cashers in your bank into regular customers. Let "PAYC" bring them in where they will be exposed to *all your services*. Drop me a line today for complete information—no obligation, of course.

Very truly yours,

**B. J. "MAC" McCARTNEY**

*NOTE: If you are not on Mr. McCartney's territory, write anyway. We will relay your letter to the proper "U. S." representative.*

**UNITED STATES**  
**CHECK BOOK COMPANY**  
OMAHA, NEBRASKA

## Federal Home Loan Bank of Des Moines

DES MOINES, IOWA

STATEMENT OF CONDITION MARCH 1, 1941

#### RESOURCES

Advances to Members.....	\$15,025,260.98
U. S. Government Obligations.....	1,288,000.00
Accrued Interest Receivable.....	81,618.41
Deferred Charges.....	22,144.51
Cash.....	8,972,296.62
	<hr/>
	\$25,389,320.52

#### LIABILITIES

Members' Stock Subscription.....	\$ 2,811,900.00
Government Stock Subscription.....	7,394,900.00
*Debentures Outstanding.....	13,500,000.00
Premiums on Debentures.....	24,273.74
Deposits.....	804,893.17
Accrued Interest Payable.....	56,350.94
Surplus:	
Reserves.....	\$501,552.34
Undivided Profits.....	295,450.33
	<hr/>
	797,002.67

\$25,389,320.52

\*Participation in \$90,500,000 consolidated Federal Home Loan Bank debentures outstanding, which are the joint and several obligations of the twelve Federal Home Loan Banks.

Leon, installed new low type counters a few months ago and have just finished remodeling the interior of the bank. Walls and ceilings were re-decorated and new light fixtures installed. This bank pays no interest on deposits.

Interest rates at Oskaloosa since the first of the year is 1½ per cent for the first \$1,000 and 1 per cent thereafter.

Both banks at Knoxville reduced interest rates from 2 to 1½ per cent the first of the year.

**W. T. Hamilton**, local business man, was added to the board of directors

recently at the Peoples Trust & Savings Bank, Indianola.

Surplus of \$25,000 now equals the capital at the **Hartford-Carlisle Savings Bank** and \$13,750 left over in undivided profits. Deposits are \$550,000, with loans over \$426,000.

At the annual meeting of the Union Bank & Trust Company, Ottumwa, **C. C. Coupland** was elected to the board to succeed J. E. Espy.

Among banks paying their segregated trust certificates in full are the **Ames Trust & Savings Bank** and the **Farmers State Bank**, Dows.

**Bert Bertelson** has been elected to the board of directors at the Farmers State Bank, Dows, to succeed his brother, who passed away in February.

Death claimed **G. H. Kimple**, president of the Security State Bank, Allerton, the middle of March. He was 62 years old and had been suffering with a heart ailment.

**E. C. Fishbaugh**, president, Security Trust & Savings Bank, Shenandoah, takes a personal interest in his customers by speaking to most every one that comes in, and calls them by their first name. That would come under the heading of "better public relations."

The Columbus Junction State Bank is enjoying a good local demand, according to **Lee Huston**, cashier, especially on cattle paper. However, the loaning rate on feeder paper has been reduced from 6 to 5 per cent recently he said, to meet competition. Deposits are around \$770,000, with loans standing around \$570,000.

**C. H. Amick** has joined the Emerson bank as bookkeeper and teller. He was formerly manager of the Henderson office.

**D. O. Farley**, cashier of the Blue Grass Savings Bank, announces that T. J. Brus, president of the bank for the last twenty-two years, has resigned and has been succeeded by the former vice president, **W. C. Kautz**. **Ed Wathan, Sr.**, was made vice president. Nineteen hundred forty was an exceptionally good year, with net earnings the best since the bank was organized in 1901. Deposits were the highest on March 1st for the last 20 years. Another \$5,000 has been transferred to surplus from undivided profits, bringing surplus up to \$25,000, which now equals the capital.

**John Zdychne**, father of J. S. Zdychne, cashier, Randolph State Bank, passed away suddenly March 11th at Hastings, Nebraska. He was 73 years old.

**Fred F. Kahl**, formerly assistant cashier, Mineola State Bank, was recently made cashier.

Both banks at Chariton pay 2 per cent interest on deposits. Banking hours are from 9 a. m. to 2 p. m. daily.

**James Huiskamp** and **Ed Ebersole** have been elected to the board at the State Central Savings Bank, Keokuk.



CHICAGO LANDMARK  
—the Buckingham Memorial  
Fountain. In the field of  
finance, too, Chicago has her  
landmarks. One of the best  
known is The Northern Trust  
Company, founded in 1889.

## FOR OUT-OF-TOWN BANKS—

## A WAY TO INCREASED LEADERSHIP

Customers measure a bank's vitality and importance largely by the completeness and thoroughness of its services. That is one reason correspondents have found a connection with The Northern Trust Company of ever-increasing value. They know

that this half-century-old Chicago institution stands ready to render friendly, efficient cooperation. Such helpful assistance in all banking and trust matters aids in extending the usefulness of the correspondent in his community.

# THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO

Member Federal Deposit Insurance Corporation

★

Northwestern Banker April 1941

★

Ed was also made vice president and retains the position of cashier as well.

**Centerville** banks are paying 2 per cent on deposits. Banking hours here are from 9 a. m. to 2 p. m. every working day.

You bankers who have a difficult time in getting your work done, due to the shortening of hours, have a snap compared with us peddlers who have to call on the banks. Well, if the boss don't kick, I will be able to tear up more turf.

## PRESENT AND FUTURE OF INVESTMENT MARKET

(Continued from page 15)

But, in this connection, it should be remembered that while recovery was slow and hesitant, the depression of the early 1930's was without precedent in its severity. Consequently, recovery had a long way to go and the process of recuperation was perhaps unavoidably protracted and difficult. This in itself should make us slow to put the full blame for all of our disappointments on any one of these conditions—either on a tendency toward maturity of our economy or on the lack of confidence as to the future of business.

In all these circumstances it is not surprising that the capital market has not been called upon in recent years to raise large sums of new capital for private enterprise. Many of the conditions discussed above still prevail. Some, in fact, such as heavy taxation, will necessarily be accentuated by the demands of the defense program. Furthermore, it is not impossible that to prevent a future price inflation growing out of the huge demands of the defense program and British war purchases, some action may have to be taken to absorb a part of the present surplus of bank reserves. In fact, a special report of the Federal Reserve System recommended certain definite means for absorbing excess reserves in case it should become necessary. And along with this recommendation, the lend-lease bill implies the possibility of a diminishing inflow of gold. These measures, if adopted, should at least tend to check the downward trend in interest rates, if not to reverse it. If reversed, large scale funding operations to reduce interest charges may then be curtailed, and these operations have been the mainstay of the investment banking business in recent years.

In view of all this, must we neces-

sarily conclude that investment banking is threatened with extinction? To my mind that conclusion is not warranted, although, frankly, my primary concern is not so much with the success or failure of that business, as such, as it is with the protection of private enterprise, which I still believe is the essential basis of our American economy. But private enterprise depends upon private investment, and private investment presupposes that we must have some machinery for bringing together borrowers and investors both big and little.

This is all the more important now that the energies of the whole nation, industrial and financial, are being devoted to the successful prosecution of the program of defense. In the financing of that program, private capital must do its part if we wish to lighten the already heavy burden upon the government. That program, quite

properly, relies, in the first instance, upon established industrial concerns, and it would seem equally important, in the interest of national defense itself, that those concerns should obtain much of the funds required to finance expansion of plant or equipment, either through the capital market or through established banking channels.

This presupposes an active, fair, and experienced machinery for negotiating, issuing, and selling securities. For that reason, if for no other, I seriously question the wisdom of undertaking any experiment, certainly at this time, such as the proposed plan for the compulsory competitive bidding of certain classes of public utility securities. Such an undertaking, especially if extended in scope, would, I believe, risk material curtailment of the existing machinery of the capital market without any assurance what-

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*Des Moines, Iowa*

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### Service . . .

We maintain an intimate, personalized correspondent bank service in keeping with modern demands.

### Experience . . .

Officials with years of country bank experience and understanding of present-day problems are always ready to give valuable assistance.

### Policy . . .

To co-operate and not compete with out-of-town banks on business which rightfully belongs to them.

## SECURITY NATIONAL BANK

**Sioux City**

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# MERCHANTS MUTUAL BONDING COMPANY

Incorporated 1933

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VALLEY BANK BUILDING  
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This is Iowa's oldest surety company.

A progressive company with experienced, conservative management. We are proud of our hundred and fifty 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

soever that securities so issued would be better securities for investors. Personally, I would much prefer the continuation of negotiated sales, where the investor has an experienced representative to protect his interests in drawing the contract and where security as well as price will be an important influence. At the very least, a borrower should be free to choose to negotiate a sale, if he thinks it desirable in the circumstances of his own case.

I also believe that the practice of privately placing securities should be considered from a broad-gauged, long-range point of view rather than from the immediate advantage to buyer and seller that might result in individual cases. It is a practice which has grown up out of the tedium and expense incident to registration in a period of very easy money when large investors avidly compete for an easy means of employing large blocks of idle funds. Possibly no one investor can alter the practice in fairness to its own beneficiaries—I am not sure. But I do feel that the public interest will be better served, in the long run, if the practice were substantially restricted, leaving to the established machinery of the capital market both the capacity and the continuing responsibility of caring for the needs

of large and small borrowers, as well as large and small investors, in both good times and hard times.

To keep our productive and distributive facilities going full speed will require large amounts of capital. How is it to be supplied? Unless we are to risk an unhealthy expansion of bank credit, much of it must, of course, come out of the accumulated savings from national income, whatever channel is employed. If those savings are to be taken by the government by taxation or borrowing and if the financing of industry is then to be done entirely by the government, we will be resorting, at least temporarily, to a form of state socialism which is wholly contrary to all of our traditional concepts and which is not demanded even by the extreme exigencies of the present situation. But if we want, as I presume we all want, to preserve our system of private enterprise, we must make sure that the bulk of the savings of individuals and business is reinvested in business and that appropriate machinery is available for that purpose.

It is becoming more and more apparent that we do not have as wide a margin of efficient productive capacity as was first thought. Large amounts of capital will still be required either for expansion or adaptation of present equipment if output is to be increased as fast as it should be to meet defense requirements in addition to civilian needs. Otherwise, curtailment of civilian consumption will be essential to avoid bottle-necks or price inflation. An increasing demand for capital has already been reflected recently in the revival of security financing and it is likely that the trend will continue as the defense program progresses.

The need for a substantial flow of private capital into productive employment probably will not end with the defense program. Another major problem will have to be faced at the end of the war and after the completion of our defense program. Much of the current expansion of plant and equipment is of specialized types designed for the manufacture of war materials, which unfortunately, will be of little use in the production of goods for civilian consumption. That being so, peace-time requirements may have to be met by the enlargement of readaptation of present facilities to peace needs. Certainly, the present diversion of productive activities to defense needs, together with heavy taxation to help pay for it, may well leave a large latent consumer demand at the end of the war. In addition to these potential post-war demands for domestic purposes, there will likely be a substantial foreign demand for both credit and

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1400 ROOMS each with Bath, Servidor, and Radio.  
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PRESIDENT  
**John L. Horgan**  
Gen. Mgr.  
**HOTEL EDISON**  
SAME OWNERSHIP



**IN THE CENTER OF MID-TOWN NEW YORK**

goods if, as I hope and expect, the democratic system is preserved.

Of course, we may later find that the volume of idle savings may not be as great as world needs. Vast amounts of capital are being destroyed or consumed in non-productive channels. Considerable sums of the country's accumulated savings have already been absorbed in financing government requirements. Furthermore, there are some who still feel that as the country has matured, opportunities for private investment have lessened or may shortly disappear. In some degree they may be right though I, personally, do not question that new opportunities in the form of new inventions and new industries will arise in the future as they have in the past. Our national genius has too much momentum to become static overnight. But even if we must assume that there are long range changes in progress which are tending to decrease new investment, as was the case in England in the decade preceding the outbreak of the war, nevertheless, as was also true in England, we shall probably find that as new investment wanes, the slack in the national income will be taken up by replacement and modernization. To the extent that replacement and modernization are financed out of current earnings of industry, your business in the investment banking field will, of course, have to suffer.

But, for the various reasons I have enumerated, I believe that during this emergency, and after the emergency is past, we shall have continuing need for private capital and for the maintenance of a capital market mechanism by which borrowers and investors may be brought together. If that mechanism is to run smoothly and effectively, it will require not only a sympathetic and constructive attitude on the part of the government, but, even more than that, it will require an increasing effort on the part of the market itself to lose no opportunity to improve its own mechanism in order that as conditions change it may do a better job both for the borrower and for the investing public. That abuses in the past have invited government intervention is not, I think, a reason to despair. The government has, no doubt, done much to arouse a keener consciousness on the part of the investment bankers, as a whole, of their greater responsibilities. Some of you may feel that the government has gone too far and that some relaxation of its supervision may now be more appropriate than further regulation. That may be true. But I venture the hope

that the tremendous unified effort that the nation is now making for defense in the utilization of its resources in industry, capital and man-power, will impress upon all of us, in and out of government, the vital importance of tolerance, mutual understanding and co-operation in order that each of us may give the maximum of strength and ability to the great task before us.

### Course on Government

A new course, one on "Banking and Government", which will emphasize

the relations of banking and the government, is announced as an added feature of the curriculum of The Graduate School of Banking of the American Bankers Association, which will have its 1941 resident session at Rutgers University, June 16th to 28th, it is announced by Dr. Harold Stonier, director of The Graduate School.

The course will be given under the direction of Dr. Paul F. Cadman, economist of the association, and A. L. M. Wiggins, chairman of the association's committee on federal legislation, who is president of the Bank of Hartsville,



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BOND DEPARTMENT  
**The First National Bank  
of Chicago**

Hartsville, South Carolina. Mr. Wiggins is in active charge of the A. B. A.'s legislative activities and relations with governmental departments and spends much of his time in Washington.

The course will be a required one for senior year students and provides for six lectures—three during each week of the session. A textbook is now being prepared by members of the faculty of the G. S. B. under the supervision of Dr. Cadman and Mr. Wiggins.

A supplementary feature of the course will be two seminar lectures on the Washington banking scene as

viewed by a Washington newspaper writer which will be delivered by U. V. Wilcox, long-time Washington newspaper man and correspondent there for the *American Banker* daily banking newspaper; author of the widely-read weekly letter, *Washington Bank-trends and Backgrounds*, and also author of the currently popular book, "The Bankers Be Damned."

Emphasizing the importance of the course, the 1941 catalogue of The Graduate School says: "In the United States, as elsewhere throughout the world, theories, methods, and processes of government have been changing rapidly. In all these respects American government today is quite a different institution from that of ten years ago. The nature and extent of these changes are not fully understood, but the effects are generally felt.

"Wherever free people accept and obey the law they should be fully aware of and responsive to any and all changes in the political institutions under which they live. As a basic economic institution banking has passed through a decade of numerous and critical adjustments.

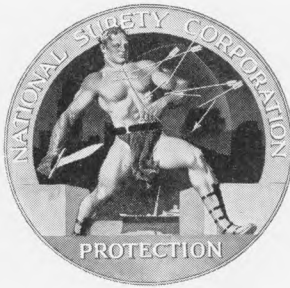
"This course is designed to trace briefly the pattern of American political institutions and to enlarge more fully on the changes which have occurred since 1930. Special emphasis will be laid on the effects which the new order of government has had and is having on American banking.

### A. I. B. Annual Convention

Fifteen hundred members of the American Institute of Banking, educational arm of the American Bankers Association, are expected to attend the institute's 39th annual convention to be held in San Francisco, California, June 2nd-6th, it is announced by J. LeRoy Dart, national president of the A. I. B., who is vice president of the Florida National Bank, Jacksonville, Florida.

The program for the convention is being arranged by a special committee under the chairmanship of George T. Newell, vice president of the institute, who is vice president of the Manufacturers Trust Company, New York City.

The five-day meeting will give the



## Fidelity & Surety Bonds

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### Burglary & Forgery

### Insurance



## NATIONAL SURETY CORPORATION

VINCENT CULLEN  
President

Northwestern Banker April 1941

## Douglas-Guardian Chicago Meeting



**D**URING February, the branch managers of Douglas-Guardian Warehouse Corporation, and in a few cases some of their assistants, met in Chicago for a three day convention. The meetings were devoted to the many Douglas-Guardian services to the bank and the manufacturer or producer. At the meeting were representatives from all fifteen of the branch offices, and all appear in the picture except Thomas Moulin of the Tampa office. Here are the names of the Douglas-Guardian men (and women) shown in the picture. Find the picture of the man who writes or calls on you. To the left of the display and reading

from left to right, those standing are: **D. C. Dickinson, H. W. Pretzel, E. R. Kubecker, Boyd Dicus, O. B. Burdick, R. A. Barton, W. S. Thompson, A. J. Walker, S. D. Hart.** Those sitting are: **Robert Ruffin, D. J. Hassel, D. B. MacDuff, Mrs. A. K. Laing, H. F. Scherer, Jay Weil, President.** To the right of the display reading from left to right. Standing are: **T. E. Wheedleton, J. Leitch, Edwin Horvath, K. A. Campbell, J. K. Simpson, E. C. Yuille, F. J. Cartwright, Alan Valiant, E. C. Thomson, Edward Schneider.** Sitting are: **E. A. Baker, Vice President, Miss H. Johns, G. R. Bodet, Mrs. V. W. Lowry, C. E. Gartman, Fred B. McClure.**



institute's members who attend the convention an opportunity to hear P. D. Houston, president of the American Bankers Association; Dr. Robert G. Sproul, president of the University of California; Dr. Harold Stonier, executive manager of the American Bankers Association, and Dr. William A. Irwin, national educational director of the A. I. B., all of whom will address the opening session. In addition, Robert Strickland, president of the Trust Company of Georgia, Atlanta, Georgia, will speak at the convention's final business session.

Two forensic contests, one the institute's annual debating match and the other its annual public speaking contest, will be held. Winners of the public speaking event will receive the annual A. P. Giannini cash prizes, and the winning debate team will be awarded the institute's championship cup.

Departmental and institute conferences will be held throughout the convention. Subjects to be considered in the departmental conferences include bank operations, credits, savings banking, trust business, bank management, business development and advertising, and investments and investment banking. Panel discussions will be held on each of these subjects.

The institute conferences will feature individual addresses on banking education, public relations, public speaking, debating, chapter administration, and chapter publicity, and there will be a special women's conference. Caucuses for the annual election of officers and executive council members of the institute will be held Thursday evening, June 5.

The entertainment features that have been arranged for the convention include a sightseeing trip of San Francisco, a "wild west" rodeo and dinner-dance, at which the Golden Gate city will be host, and the institute's annual ball, to be held the evening of the convention's closing day.

### Annual Meeting

At an adjourned annual meeting of the Exchange State Bank of Exira, Iowa, the following officers and directors were elected for the ensuing year:

President, John Delahoyde; vice president, C. K. Cullings; cashier, R. M. Andersen; assistant cashier, Kathryn Cannon. Directors: John Delahoyde, Ellowene Delahoyde, C. K. Cullings, E. S. Van Gorder, Jr., and R. M. Andersen. John Delahoyde is a resident of Hollywood, California, and will not be active in the bank.

### Auditors to Convene

F. V. Grayson, auditor, The Federal Reserve Bank of Cleveland, and general chairman for the Seventh Annual Mid-Continent Conference of the National Association of Bank Auditors and Comptrollers, which will be held in Cleveland, Ohio, on May 15th, 16th and 17th, has issued a special invitation to each bank in the Fourth Federal Reserve District.

Mr. Grayson, who is a past national president of this organization, is also sending his special invitation, through the forty-six organized conferences, to every bank in the country. He invites the bankers to participate in this Regional Conference, and urges them to spend three days in the serious discussion of effective operation and control methods for their banks. In addition, a complete educational display of modern bank equipment, methods, and



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forms will be exhibited by leading manufacturers.

The committee in charge of the program has secured speakers of exceptional ability in their respective fields. The subjects have been carefully selected so as to furnish the greatest interest for the largest number who will attend.

Among those who have accepted assignments on the program are: P. O. Newton, auditor, First National Bank, Dallas, Texas; C. S. Conklin, The First National Bank, Atlanta, Georgia; E. R. Watkins, cashier, The Mahoning National Bank, Youngstown, Ohio; John Driscoll, Jr., C. P. A., Philadelphia, Pennsylvania; Earl Failor, vice president, The National Bank of Detroit, and a number of other men of exceptional ability. The program, which will be completed soon, will receive wide publicity.

F. L. Chamberlain, auditor, The Cleveland Trust Company, is chairman of the program committee. E. J. Krause, auditor, The National City Bank of Cleveland, is chairman of entertainment.

**Agricultural Honor Roll**

The banks of four new states have attained the honor roll of the Agricultural Commission of the American Bankers Association and twenty-four states that reached the honor roll in previous years have maintained their high record of agricultural activities, it is announced by Dan H. Otis, director of the commission.

The new states to receive the honor rating are Illinois, Mississippi, Montana, and Pennsylvania. Their rating is based upon their having achieved a one thousand point goal by fulfilling the commission's requirements of banker-farmer cooperation. These requirements include bank participation in 4-H Club work, cooperation with county agricultural agents, attendance at agricultural meetings, a minimum expenditure per bank in farm work, selection of key bankers for farm work in each county of the state, and a successful record of encouraging specific farming projects.

An outstanding feature of the year's accomplishments is the fact that for the tenth consecutive year, the state of North Dakota has attained the honor roll. Special honors will be accorded the state in September at the next annual convention of the American Bankers Association. North Dakota is the third state to achieve this ten-year record. Georgia succeeded a year ago and now has eleven consecutive years to its credit. Oregon reached the ten-year mark two years ago and now has twelve consecutive years of honor banker-farmer accomplishments.

**Demand for Homes**

A larger potential demand for homes is expected in the decade between 1940 and 1950 because of the anticipated increase in the number of marriages, the Federal Home Loan Bank Review said in a study of new census results and their effect on housing.

According to preliminary data of the Census Bureau obtained by the *Review*, the next ten years will see a considerable increase in the number of persons in marriageable ages. The *Review* article said:

"The number of persons most likely to marry in the early years of the present decade—persons in the age group from 20 to 24 years—numbered 11,560,000 in 1940 as compared with 10,870,000 persons of both sexes in the same age group in 1930. The number of persons most likely to marry in the latter part of the present decade—persons who were 14 to 19 years old in 1940—numbered 14,760,000 as against 13,930,000 in the same age group ten years before.

"From 1950, however, the aging of our population will have an adverse effect on the demand for homes because a progressively smaller number of persons will reach marriageable ages—a result of the declining birth rate."

This phenomenon of an "aging population" may affect the housing situation materially in other ways, the *Review* warned. Census figures show that the population of the United States contains a growing proportion of older people and a smaller proportion of young people. The *Review* said:

"The gradual aging of our population, due to both lower birth rates and improving mortality rates, will undoubtedly have important effects on the types of living quarters required. Unless the combination of two families in one household—retired parents living with their children—becomes more frequent than it is today, we may expect a rising demand for small dwelling units to house the older people.

"The number of retired persons seeking accommodations away from the hustle of the city, in areas of favorable climate and low living costs, will vastly increase. This in itself will tend to restrict the growth of cities and to hasten the development of resort areas."

From 1930 to 1940, the number of families in the United States increased at a rate more than twice as fast as the total population, accompanied by a considerable reduction in the average family size. As the size of houses in demand and the number of rooms nor-

mally needed are determined by the typical size of our families, the *Review* said, "This tendency towards smaller households is an important factor to be considered in home construction and home-financing activities. It is one of the reasons why the market for larger single-family homes dating from earlier periods is so narrow today."

For the first time in 100 years, according to census figures quoted by the *Review* article, there appeared to have been a halt during the past decade in the progress of urbanization which had accompanied our great industrial expansion in the past.

The proportion of urban population to the total population declined most heavily in the older and more widely urbanized areas such as four New England states (New Hampshire, Massachusetts, Connecticut and Rhode Island), New York, New Jersey, Pennsylvania, Ohio and Michigan.

Offsetting this was an increase in urbanization in some parts of the south and in some western states.

### Field Warehousing Study

A study of field warehousing has been completed by a special committee of the Bank Management Commission of the American Bankers Association and a booklet containing the results of the study is now being sent to the entire membership of the association, it is announced by J. Harvie Wilkinson, Jr., vice president of the State-Planters Bank and Trust Company, Richmond, Virginia, who is chairman of the commission.

The special committee of field warehousing experts who prepared the study includes William H. Miller, vice president of the City National Bank and Trust Company, Chicago, chairman; Harris C. Kirk, vice president of the American Trust Company, San Francisco, and J. L. Dart, vice president of the Florida National Bank, Jacksonville, Florida.

"There are fundamental considerations to be given attention in this type of financing," the commission's report states, "and in this study are set forth a number of guides for the banker to follow in launching into this lending field. It is not intended that this be an exhaustive study covering all phases of field warehousing. Rather, it is introductory in nature to acquaint bankers in a general way with the subject and to outline some of the chief points to follow and safeguards to observe in lending on field warehouse receipts.

"A fruitful source of earning may be found in loans secured by field warehouse receipts," the report continues. "The financing of borrowers' inventories through the medium of field warehousing presents to a bank an opportunity for service the community and another channel by which loanable funds may be diverted into constructive commercial enterprise."

The booklet outlines four general considerations of field warehousing. These are, the manual states, the assurance that the warehouse receipts are valid, and issued by a responsible warehouseman, the financial and moral responsibility of the borrower as well as his capacity to trade, the marketability of the goods and their desirability as collateral, and the proper follow-up methods to insure that the accepted conditions of safety are being maintained.

The study includes information about judging the warehouse company which issues receipts, determining the market value of commodities, the type and nature of the market, physical and legal safeguards which should be observed, liability insurance and fidelity bond protection, storage risks, and types of commodities which can be used as security for warehousing loans.

### Regional Meetings

A series of 12 regional sales conferences for Iowa and Wisconsin insurance agents to precede the spring underwriting season has been launched by the Farmers Mutual Hail Insurance Company of Des Moines, President C. P. Rutledge announced here Saturday.

The meetings, which will be participated in by upwards of a thousand agents, were announced as follows:

March 31st at Fairfield, April 1st at Cedar Rapids, April 2nd at Oelwein, April 3rd at Mason City, April 4th at Marshalltown, April 7th at Red Oak, April 8th at Carroll, April 9th at Sheldon, April 10th at Storm Lake, April 11th at Fort Dodge, April 30th at Eau Claire, Wisconsin, and May 1st at Madison, Wisconsin.

The sessions will feature discussions on hail insurance, automobile insurance, fire and windstorm coverage, and will include round table discussions of the latest developments in various types of underwriting. President C. P. Rutledge will preside at each meeting. Other home office officials who will attend the conferences will include Secretary W. A. Rutledge, Treasurer W. S. Rutledge, Vice President R. T. Rutledge, Perry Rutledge, chairman

of the board, and Bryan Connell and J. D. Miller, automobile and fire insurance supervisors.

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## Quarterly Dividend

The board of directors of the Chemical Bank & Trust Company has declared the regular quarterly dividend of 45 cents per share on the capital stock of the bank payable April 1, 1941, to stockholders of record March 20, 1941.

## Nationality

Employer: "Surely, Miss Jenks, you know the King's English?"

Typist: "Of course he is. Whoever said he wasn't?"



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## Living Costs

The cost of living in January, 1941, was up only one cent on the dollar over the same month a year ago, while cash incomes of consumers in the same period advanced 14 cents on the dollar over January, 1940, according to a monthly study of what people get and spend, made public recently by Investors Syndicate.

"Mr. and Mrs. American Public in January, 1941, were 13 cents on the dollar better off than they were in January, 1940," explained Investors Syndicate's monthly study, "because, rents excepted, living costs were unchanged from a year ago, while combined cash income sources, led by wages, totaled \$1.14 against \$1.00 in January last year.

"Although a shortage of supplies and the pressure of demand may upset the average household budget later, the Publics, for the moment, are enjoying an extremely high level of real income, as the combined result of two forces—a flood of funds flowing into wages, salaries and business earnings from the defense program, and the remarkable stability of consumer prices in a period of such intense business activity.

### Other Income Up 8c on Dollar

"Wage envelopes during January, 1941, contained \$1.22, the highest level in years, as against \$1.00 in the same month a year earlier. During December, 1940, they contained \$1.16, and in November, 1940, only \$1.13 compared with \$1.00 in those same 1939 months.

"Salary checks in January, 1941, were made out for \$1.10, against \$1.00 in the like period of a year ago. In December, 1940, salary checks were made out for \$1.08, and in November for \$1.06, in contrast with \$1.00 for those respective months in 1939.

"Other income, such as business earnings, the sale of farm products, rents, and royalties, during January, 1941, stood at \$1.08 against \$1.00 in the same 1940 month. This item in December, 1940, stood at \$1.20, and in November, 1940, at \$1.22, compared with \$1.00 in the same 1939 months.

"Dividend and interest payments in January, 1941, were \$1.06 compared with \$1.00 in January, 1940. Such disbursements in December, 1940, were for \$1.08, and in November for \$1.06, compared with \$1.00 for each of these months in 1939.

### Most Living Costs Hold Steady

"Apartments, bungalows, cottages and other types of shelter cost \$1.01 in January, 1941, compared with \$1.00 in

January, 1940, as the national defense program continued to shift many workers to newly created defense work centers. Housing costs in December, 1940, and in November, 1940, stood at \$1.01 compared with \$1.00 in the like months of 1939.

"Food, always the largest single item in Mrs. Public's household expenditures, was unchanged in January, 1941, compared with the same month a year ago. This was true also of food in December, 1940, and November, 1940, when such periods were compared with their respective months a year earlier.

"Miscellaneous items, usually the second largest household outlay, also were unchanged in January, 1941, as contrasted with that month of 1940. This was true likewise of miscellaneous items in December, 1940, and November, 1940, when such months were contrasted with the same calendar periods of 1939.

"Clothing, which combines men's, women's and children's wearing apparel, in January, 1941, was unchanged from the same 1940 month. This was true also of habiliments in December, 1940, and November, 1940, compared with such 1939 months."

Mr. and Mrs. Public, in this study, receive income from wages, salaries, investments and other sources in proportion to the national distribution of such payments. Their living expenditures likewise are those of average householders. Their "real income," or purchasing power, is their actual ability to buy regularly needed goods and services.

"Real income" is not a mere subtraction of cash income from cash outgo, which would be an index of savings rather than "real income," but an average relative figure of income and outgo designed to show how the cost of living affects the adjusted dollar income.

## More Than Half Billion

More than a half billion dollars of commitments for defense loans was reported to the American Bankers Association as outstanding on December 31, 1940, by 195 of the country's larger banks, according to a sampling survey of defense lending activity made by the American Bankers Association. Questionnaires were sent to the country's 200 largest banks and replies

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were received from 195 institutions in 79 cities.

These banks reported that they had commitments outstanding on December 31 amounting to \$572,949,466 on loans for defense purposes. In addition, they reported negotiations in progress, "with loan likely to result," on 570 loans totaling \$112,235,733. They further reported that \$247,441,414 of the \$572,949,466 was actually in use by defense goods suppliers on December 31.

"The enlarging flow of defense orders is resulting in a steadily growing number of loans and subsequent surveys will show a substantial increase over these figures," it was stated by P. D. Houston, president of the A. B. A., in making this announcement.

The survey indicated that the banks are making the great majority of their defense loans without requiring the assignment of government contracts as security, although the taking of this assignment is permitted by law. Seventy-five per cent of the loans reported were made without assignment of contracts while only 25 per cent were made with such assignment.

Loans for supplies and equipment accounted for the larger part of the total. The 195 banks reported 821 commitments for plant facilities and other construction totaling \$196,997,728, while they made 1,698 commitments for supplies and equipment totaling \$283,589,691.

In addition, they reported 677 commitments totaling \$92,362,047 in the form of open lines of credit and advances used for capital purposes and capital requirements arising out of expanded operations of customers contributing indirectly to defense.

The loans were made for a great variety of defense goods, the list of the typical bank running considerably over 50 items. These include aircraft hardware, clothing, electrical equipment, diesel engines, furniture, precision instruments, lumber, metals, parachute silk, photograph equipment, pumps, shipyard equipment, trucks and many other things.

In announcing the survey, Mr. Houston stated that it "by no means represents a complete picture of the defense lending of banks, which would require a survey of 15,000 institutions. In or-

der to get a statistical indication of the extent to which banks are financing the defense program, we asked a representative group of banks in the larger industrial centers to give us their defense loan figures," he said. "Since the banks assembled these figures for us, the enlarged flow of defense orders has resulted in a steadily growing number of loans. Subsequent surveys will show a substantial increase over these figures."

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## Seeing Double

Second (to boxer): "Well, old man, I'm afraid you're licked now."

Boxer (gazing dizzily across to opposite corner): "Yea, I should have got him in the first round when he was alone."



## Hair?

Medicine Man: "And, folks, remember that I've got something that changes the color of a person's hair overnight."

Patient: "Yeah, I've got a son in college, too."

## Unhappy Medium

A certain woman, wanting to sing in grand opera, asked a German music professor to hear her. He played her accompaniment and listened to her for a few minutes, but she sang so far off the key that he finally slammed down the piano cover and refused to continue.

"What's the matter?" asked the woman. "Don't you like my singing?"

"Der trouble mit your singing, madam," asserted the professor, "is dot veder I play on der vite keys or der black ones, you sing in der cracks!"

## Dumbbell Poem

A young theologian named Fiddle  
Refused to accept his degree,  
For, said he, it's enough to be Fiddle  
Without being a Fiddle, D.D.

## Glug

"How can you keep eating at the fraternity house?"

"Oh, I just take a tablespoonful of Drano three times a week."

## Useless Effort

A farmer who lived in a certain rural village had 20 employes on his farm, and as none of them was as energetic as the farmer thought he should be, he finally hit upon a plan which he believed would certainly cure them of their lazy habits.

"Men," he said, one morning, "I have a nice easy job for the laziest man on the farm. Will the laziest man step forward?"

Instantly 19 of the men stepped forward.

"Why didn't you step to the front with the rest?" inquired the farmer of the remaining one.

"Too much trouble," came the reply.

## Observing Rules

An old Scot was smoking in the waiting room of a railway station. A porter said to him:

"Don't you see that notice on the wall—'No Smoking Allowed?'"

"Yes, I do," said the Scot. "But how can I keep all your rules? There's another one on the wall that says: 'Wear Spirella Corsets.'"

## Nature Lover

He stood on the stern of the promenade deck as his ship moved out into the river, admiring a graceful sea gull as it hovered, swooped, and dipped to recover some bits of food that had been thrown from the galley.

"Oi," said Meyer, "What a pretty pigeon."

"That's a gull," said a more experienced traveler with withering scorn.

"I don't care," said Meyer, "Gull or boy, it's a pretty pigeon."

## Too "Wordy"?

Flossie: "You'll never catch me going out to dinner with an editor again."

Girl Friend: "Why? Was he broke?"

Flossie: "I don't know about that, but he put a blue pencil through about half my order."

## Not Warned

Jones was sitting with his wife behind a palm on a hotel veranda late one night when a young man and a girl came and sat down on a bench near them. The young man began to tell the girl how pretty and good and lovable he thought she was.

Hidden behind the palm, Mrs. Jones whispered to her husband:

"Oh, John, he doesn't know we're here and he's going to propose. Whistle to warn him."

"What for?" said Jones. "Nobody whistled to warn me."

## Personally Acquainted

Farmer Jabber: "I've got a freak on my farm. It's a two-legged calf."

Farmer Corntassel: "Yes, I know. He came over to call on my daughter last night."

## Gentle Persuasion

He was a man of peace, and when he came upon two youths fighting in a back street he pushed through the crowd and persuaded the combatants to desist.

"Let me beg you, my good fellows," he said, "to settle your dispute by arbitration. Each of you choose a half-dozen friends to arbitrate."

Having seen the twelve arbitrators selected to the satisfaction of both sides, the man of peace went on his way.

Half an hour later he returned, and was horrified to find the whole street fighting.

"Goor gracious, what's the matter now?" he asked.

"Sure, sorr," was the reply, "the arbitrators are at work!"

## What David Said

A class was asked in a Sunday school examination to give the meaning of the word "selah." For a while no answer was forthcoming. Then a small boy held up his hand.

"Well?" said the teacher.

"Please, sir," said the lad, "that's what David used to say when he'd break a string on his harp."

## "O" Marks the Spot

He rocked the boat,  
Did Ezra Shank;  
These bubbles mark

o  
o  
o  
o  
o  
o

Where Ezra sank!

## Probably a Tough One

Caller: "I would like to see the judge, please."

Secretary: "I'm sorry, sir, but he is at dinner."

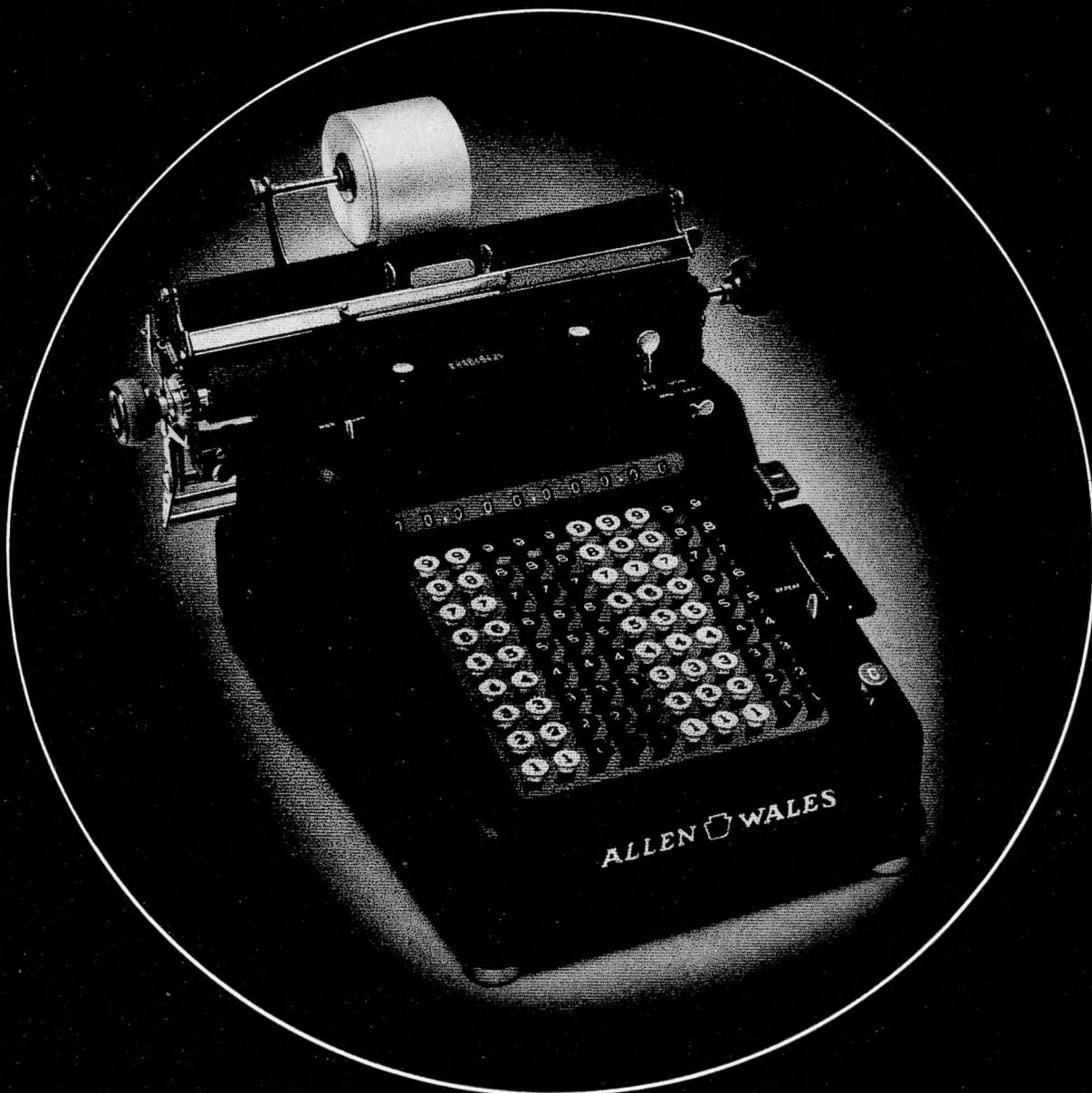
Caller: "But my man, my errand is important."

Secretary: "It can't be helped, sir. His honor is at steak."

## Hard Bounce

A bricklayer working on top of a high building carelessly dropped a brick which landed on the head of his Negro helper below.

"You-all bettah be careful up dere," the helper shouted up. "You done made me bite mah tongue."



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