

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MAY 1956



"Periodically, the bank sends you a statement . . ." says the new A.B.A. public relations film (see pages 3 and 66)

Going After Home Improvement Loans

(page 42)

16 Ways to Pep Up Stockholder Relations

(page 44)



WILL SHE LOSE HER HOME, TOO?

Your bank can give a widow the most comforting words of all

You can assure her that her home is safe—the mortgage has been paid in full. There is no danger of a double tragedy for her—no possibility of injurious community relations for you. Federal's Mortgage Redemption Plan protects *both* the customer and the bank. Customers like Federal's Plan because the low, low cost is simply included in their monthly mortgage payment. Bankers like Federal's Plan for its simplicity and freedom from burdensome detail.
Write today for complete information.

**FEDERAL ALSO OFFERS CREDIT LIFE AND DISABILITY PLANS THAT WILL
BUILD YOUR INSTALLMENT FINANCE DEPARTMENT SAFELY AND PROFITABLY**

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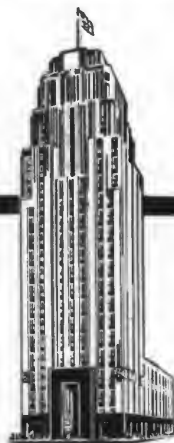
LIFE and CASUALTY COMPANY

Federal Offers You:

A Custom Designed Plan based on careful study of your operations • Proven Customer Appeal • Simplified Streamlined Procedure • Complete Flexibility including Health and Accident coverage • Prompt Service • All Promotional Tools.

HIGHEST RATING

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WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN • REGIONAL SERVICE OFFICES FROM COAST TO COAST

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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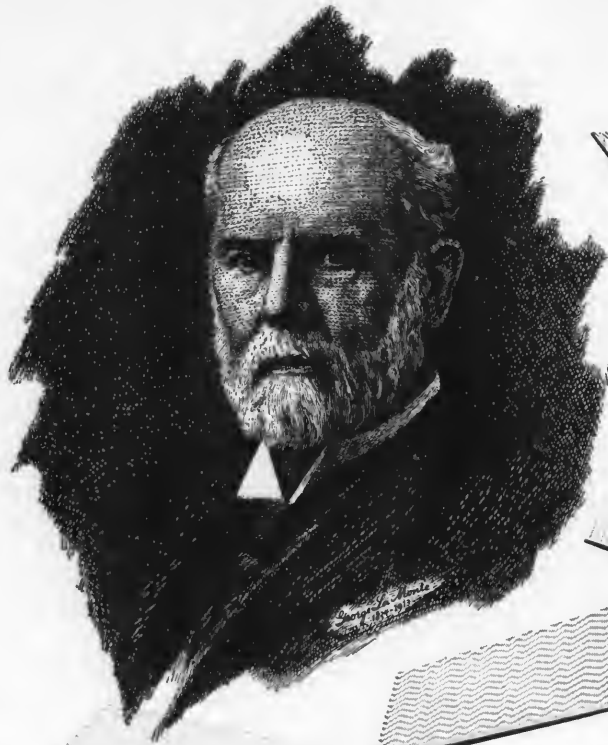
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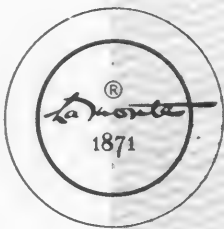
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*A Dream
that became a*
REALITY



85 Years Ago...



Years before 1871, George La Monte dreamed of a *safer* bank check than then existed. He envisioned checks so safe from alteration that the convenient, efficient transfer of money by check could grow from the limited acceptance of that day to universal use. In 1871, after many experiments, his patents were granted and he produced the first practical product of its kind . . . Safety Paper. George La Monte's dream was then on its way to becoming the solid reality it now is. Today, after 85 years, our vastly expanded checking system has brought untold benefits to the country's economy far exceeding his initial expectations.

La Monte

SAFETY PAPER FOR CHECKS

GEORGE LA MONTE & SON, NUTLEY 10, NEW JERSEY

Just a Minute

Spring Note

FROM page 1 of *Ozark News and Views*, published occasionally by the Bank of Gainesville, Mo.:

"As the gentle caress of spring comes to these beautiful Ozark hills, we lay aside all thoughts of money and banking, loans and deposits, business and finance—and, as in past years, we dedicate our April number to the millions of our fellow Americans who *fish*, and to the even greater number who yearn to go *fishing*."

Editor E. T. Brown extols the attractions of "America's newest and least known vacationland for fishermen and their families," and lists over 100 resorts in the area.

To visiting fishermen he says: "If convenient, drop by the Bank of Gainesville to say 'Hello!' We always stop our work to listen to a good, short fishing yarn!"

High Jinks in Anchorage

THEY have a lot of fun at the Greater Anchorage Fur Rendezvous, and the City National Bank of that Alaskan outpost sent us the makings of a story about it.

The celebration is an opportunity for some bank community relations, of course: participation in the grand parade, selling tickets for the Fur Rendezvous Queen Contest, staff



"Being a bank auditor, you'd think Herb would be used to dealing with figures"

beards—"chin fur"—worn during the Anchorage week-long celebration.

The Rendezvous started in 1936 as a sports festival. Between the hockey and basketball games, the ski and dog races, trappers sold and traded their furs, and eventually the fur auction became a headliner.

The 1956 program included an Air
(CONTINUED ON PAGE 6)



THIS MONTH'S COVER

Our cover picture is a still from the new film, *How to Use Your Bank*, prepared by the Public Relations Council of the American Bankers Association. Prints will be ready for distribution about the middle of this month. More information about this new PR tool appears on page 66

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Over one-fourth of the people in the U.S. live within range of atomic missiles that could be launched in a sneak attack by

Modern submarines, able to make long voyages while completely submerged, and to launch nuclear missiles in a sneak attack, are among the most sinister weapons of this atomic age.

To safeguard our nearly twelve thousand miles of coastline against sub invaders, the U.S. Navy for ten years has patrolled immense areas of the ocean, in fair weather and foul, in Lockheed P2V *Neptunes*. Special submarine detection gear enables the P2V, despite darkness or fog, to pinpoint even submerged subs. And pro-

ENEMY SUBS!

A CRUCIAL U.S. DEFENSE PROBLEM

Official R.A.A.F. photo (below) shows war games "attack" on British sub by Royal Australian Air Force *Neptune*. (P2V's are in military service for the following friendly countries: Australia, Canada, Great Britain, France, Japan and the Netherlands.)

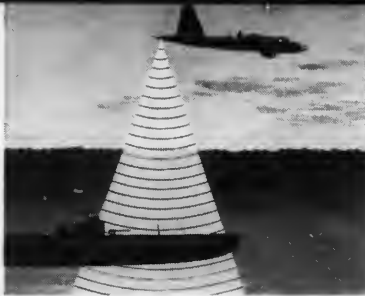


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gressive modifications of the P2V have kept it militarily up to date at lowest cost to the Navy. Pound for pound, and dollar for dollar, the P2V *Neptune* is the most formidable patrol aircraft bearing the insignia of the U.S. Navy.

Recently the Navy awarded Lockheed its 24th contract for P2V *Neptunes*—a tribute to Lockheed's leadership in weapons system management, the development and application of electronics, and the design and production of long-range patrol aircraft.



These drawings illustrate the multiple-mission capabilities of the P2V *Neptune*: **1** Low-flying P2V's electronic gear spots submerged sub because its presence distorts the earth's magnetic field. **2** Depth-bombing a submerged sub, **3** torpedoing a surface ship or laying mines to disrupt enemy shipping are jobs the P2V can do equally well. **4** Spotting hurricanes and reporting their velocity and direction are routine but important P2V missions which save human lives and vast sums in property damage.



Lockheed Missile Research Laboratories to Be Built in Stanford's Industrial Park

A series of research laboratories will be constructed by Lockheed's Missile Systems Division on a 22-acre site adjacent to Stanford University, Palo Alto, California. On a nearby site of 275 acres, at Sunnyvale, Lockheed will build extensive new engineering, manufacturing and administration facilities. Lockheed's 3,000 scientists, engineers and technicians now developing guided missiles and unmanned aircraft at Van Nuys will transfer to Palo Alto and Sunnyvale as rapidly as construction permits.

The proximity of both new sites to Stanford will make the university's outstanding academic resources available to Lockheed research teams. And the new laboratory facilities to be built by Lockheed will provide Stanford scientists with technological tools and consulting opportunities hitherto unavailable.

ATTENTION, STUDENTS WHO DESIRE MASTER OF SCIENCE DEGREES: Lockheed's Advanced Study Program helps students achieve MS degrees in Mathematics, Electrical and Mechanical Engineering, Aeronautics and other physical sciences. Write: LOCKHEED MISSILE SYSTEMS DIVISION, Van Nuys, Calif. (Below: aerial photo of Stanford campus.)



LOOK TO LOCKHEED FOR JET LEADERSHIP, TOO

LOCKHEED

AIRCRAFT CORPORATION

California Division, Burbank, Calif.

Georgia Division, Marietta, Ga.

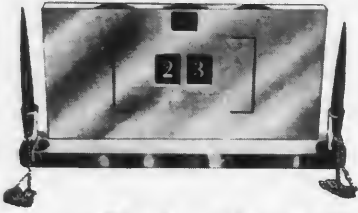
Missile Systems Division, Van Nuys, Calif.

Lockheed Air Terminal, Burbank, Calif.

Lockheed Aircraft Service, Burbank, Calif.

Brand New!

PERPETUAL "DIAL-A-CALENDAR"



... in Bronze or Aluminum
With or Without Pen Sets

Revolving dials make the new Perpetual Calendars for Counter and Safe Deposit Booths especially attractive and economical. No inserts to get lost—simply "dial" correct date and month.

Also available with
Interchangeable Advertising Messages

Write for New Catalog—Dep't M

Another Fine Product by
J. A. Reinhardt & Co.



BANK PRODUCTS COMPANY

3 PARK PLACE
NEW YORK 7, N.Y.

Established 1930



135 PLANES
78 TRAINS

speed our
night transit service

Cleveland's excellent transportation facilities, plus National City's speedy Night Transit Service save a day or more in check presentation. Float is reduced, availability increased, return items are expedited.

If you're not already a National City Bank correspondent, write for full particulars.

NATIONAL CITY BANK of Cleveland

623 Euclid Avenue • Cleveland 1, Ohio

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 3)

Force display, Eskimo and Copper River Indian shows, blanket toss, snow-carving contest, ski events, baking contest, miners' and trappers' ball, 75-mile sled dog race, jazz concert featuring Carmen Cavallaro, and an old-time film—Rudolph Valentino starred in "Bonanza Days."

When Ben Crawford, president of the City National and secretary of Greater Anchorage, Inc., the civic organization sponsoring the Rendezvous, wrote us he pointed (rather proudly, we sensed) to the fact that spring had checked in at Anchorage with a balmy temperature of 31 degrees.

"Normally," he continued, "our winters are not too severe. However, in my 30-odd years in Alaska this winter was the worst. It broke a number of records for both cold and amount of snow; temperatures fell to minus 35 degrees and the snowfall added up to more than 120 inches."

The Town Is Doing Very Well

ANCHORAGE started as a railroad construction camp in 1916. Now it's a busy defense nucleus, and the trade and service center for more than two-thirds of the Territory.

The city has three banks: City National of Anchorage with deposits of about \$5,000,000; First National Bank of Anchorage, approximately \$40,000,000; and National Bank of Alaska around \$28,000,000.

Business is booming. The 7,000 persons in Government work have salaries totaling more than \$56,000,000; dwelling units have increased to over 18,000 from less than 6,000 in 1950. Behind the economic growth is the \$1,250,000,000 defense buildup.

The Big Buffalo (Nickel) Hunt

THE FIRST NATIONAL CITY BANK OF NEW YORK got a big order, reports the *New York World Telegram and Sun*.

MGM asked the bank's Times
(CONTINUED ON PAGE 8)



Here's the staff at City National Bank of Anchorage, in costume and "chin fur" for the Fur Rendezvous

Outside the bank that March day it was 31 degrees



BANKING



"Flowers-by-Telephone!"

Many a good telephone idea is blooming these days

An important part of our telephone job is the never-ending effort to help other businesses find new and profitable ways to use telephone service.

One of these is sending flowers by telephone. Many florists have been doing it for years. The idea has come along fast since an expanded plan was worked out with retail florist trade associations and announced at their conventions.

Telephone men all over the country are working with florists to help them share the advantages of Flowers-by-Telephone with their customers. And to see that they have the right kind of equipment for

their needs, including color telephones to match their colorful floral displays.

By talking directly to the out-of-town florist, the home-town florist can find out quickly just what flowers are available, arrange details that mean so much to the customer, and make sure the florist gets the order in time for delivery. In a two-way telephone conversation there's little chance of a mistake or misunderstanding. And rates are low!

Flowers-by-Telephone is just one of many examples of the growing use of the telephone and its ever-increasing value in business and the home.



"Speeds Flowers the Personal Way"

Florist in Worcester, Mass., uses big window display to advertise the sending of "Flowers-by-Telephone."

Bell Telephone System



THE BIG SWITCH

When banks decide to process checks by number instead of by name, we call it "the big switch" because it involves such a large outlay of money to supply all customers with checks bearing imprinted account numbers. Regardless of the economies which banks may enjoy as the result of processing by number, either manually or mechanically, this additional check cost constitutes a hefty offsetting expense and, to the degree that it can be reduced, a saving is effected.

How can it be reduced? Well, all you have to do is to sell a lot of Personalized Checks today. The more expense you recover now, the less you will have to absorb if and when you make the big switch. The same reasoning applies to coded checks. Don't ever think that the imprinting of codes is going to be a "by-product" of some other operation. It will be a very real cost item, and in fact could easily be the biggest cost item in mechanized

handling. At this stage, we don't even know whether coding can be done within the framework of imprinting procedure, and neither does anyone else. The more we have to upgrade imprinting to adjust to close coding tolerances, the more it is going to cost.

Here, then, is a situation where selling effort could pay off in immediate savings and, more especially, in future savings. If you could sell fifty per cent of your accounts on the idea of buying Personalized Checks, your immediate check costs would be lessened and you would gain even in larger measure when you made the big switch. If you could sell even twenty-five per cent, it would help. As the Chinese would put it (the old-style Chinese, that is), "Longest journey starts with single step." So let's get rolling. We can help with advertising and other sales helps. We can deliver top-notch Personalized Checks quickly and at a modest price. We can save you money.

De Luxe
CHECK PRINTERS
Inc.

Manufacturing Plants at: CLIFTON, PAOLI, CLEVELAND,
INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL

"STEEL-STRONG"
TRADE MARK

**TUBULAR
COIN WRAPPERS**
The 'POP-OPEN' WRAPPER

THEY OUT PERFORM
ALL COMPETITION

SAVE 25% OF TIME IN MACHINE FILLING

They save 25% of time in machine filling—the purpose for which they are designed. A press of the thumb and finger and they pop open instantly, yet pack flat—1000 of a denomination to a box—for saving storage space. Used by thousands of banks everywhere, they are the perfect tubular coin wrapper, out-performing all competition. In six colors for six different coins.



THE NEW WAY



SEND TODAY FOR FREE SAMPLES

The MANUAL COIN COUNTER

Saves time and speeds up counting of pennies, nickels, dimes, quarters and halves. Just push tubular wrapper up inside of Bakelite stem, holding bottom closed with finger. Count coins into hopper. Pull wrapper from bottom and crimp ends. In five sizes.



COMES WITH
SET OF 5 SIZES

DEPT. N

The **C. L. DOWNEY CO.**
HANNIBAL, MISSOURI

(CONTINUED FROM PAGE 6)

Square office for 2,000 "buffalo nickels" in fine condition to use in promoting a new picture, "The Last Hunt." The movie maker planned to attach the coins to letters to British and European distributors and critics in connection with the film's London premiere.

It was quite an assignment.

"Nickels of the buffalo coinage have been used in and out of turnstiles and slot machines so often that few are now presentable," said the newspaper. "After trying the Federal Reserve bank and the Mint, the First National City branch manager decided it was a specialist's job to screen the floating supply of 4.8-billion and come up with 2,000 perfect coins commemorating the buffalo and the Indian.

"Coin Auditing System, Inc., which maintains a depot for supplying the coin requirements of banks, took over the job. Only one in every 500 nickels was put through a burnishing process at a Newark plant to make it nice and shiny. That part of the job cost \$17. The bank paid for the screening process as one of the services banks must render to good customers."

English—a Banking Study?

WHEN the correspondence examiners of the American Institute of Banking met in New York for the 1956 conference on teaching methods, one of the subjects discussed was the problem of helping students to a better comprehension of the material they read, and of assisting them to write good, clear English.

The professional educators, lawyers and accountants at the meeting

(CONTINUED ON PAGE 11)

"Remember what you said about economizing? I save 60 cents now, buying checks by the thousand"



Allis-Chalmers offers more than forty sizes and models of fork lift trucks with a choice of diesel, LP gas or gasoline engines. Capacities range from 2,000 up to 8,000 lb.



Cutting the cost of doing business **by the ton**

At least 20¢ of every dollar spent for producing goods goes to move materials from one place to another. Further, of the \$9 billion spent annually to move raw materials and products, it is estimated that \$2 billion could be saved by using modern material handling equipment.

One Allis-Chalmers fork lift truck can pick up as much as three or four tons of solid, packaged or palletized material, then carry it, stack it or load it. It moves tons while a crew of men moves pounds — reduces rejects and improves safety. It is an investment that pays dividends to owner, worker and consumer alike.

ALLIS-CHALMERS, BUDA DIVISION,
MILWAUKEE 1, WISCONSIN



ALLIS-CHALMERS



BH-14



Flies the money shuttle for bankers

"LaGuardia Tower, this is Flight 683 — on final approach . . ."

And within minutes your checks are on the way to the 4th floor of our Main Office to be processed by experienced men and women working with machines of almost magic agility.

Hours saved through our collection service result from the use of Pouch Mail which

facilitates speedy and accurate handling. This is supplemented by a direct pick-up schedule at the airport established by the New York Clearing House with the cooperation of the U. S. Postal Authorities.

This rapid, dependable day-and-night operation can save you time, regardless of volume. Our complete service covers both domestic and foreign collections. To speed your transactions, write us today.

BANKERS TRUST COMPANY

16 Wall Street, New York 15, N. Y.



Member
Federal
Deposit
Insurance
Corporation

(CONTINUED FROM PAGE 8)

reed that this was a universal problem, encountered in college classrooms and in offices and business correspondence as well.

New York City Chapter of the Institute helps meet the deficiency by giving a course in basic English, required of all beginning students who do not meet the standards of a preliminary test. The chapter's secretary, Herbert W. Trecartin, told the conference that this remedial procedure was working well.

Dr. Leroy Lewis, the A.I.B.'s national educational director, said the Institute recognized the magnitude and importance of the problem. The Institute is preparing a pamphlet, "How to Study," which is to be distributed to the students this fall; also its textbooks are being edited for the greatest possible clarity.

Whether to add an English course to the curriculum is a question that may come before the national organization soon.

That Timely Touch

PEOPLE attending a statewide industrial development workshop at Tucson, Ariz., received green carnations from Valley National Bank at the St. Patrick's Day session.

The previous day the bank's vice-president in charge of public relations, Royal M. Alderman, had spoken on "The Arizona Businessman as an Industrial Development Missionary." A newcomer to Arizona and a promoter of the state as a site for new industry, he compared

A "missionary carnation"



himself to St. Patrick, who visited Ireland, fell in love with the Isle, and traveled around Europe singing its praises.

The carnations, distributed the following morning, wore green tags reading: "Be a missionary for Arizona."

Granite State Bankers Give Foreign Aid

FRIENDSHIPS made at the Vermont-New Hampshire School of Banking have resulted in a private foreign aid program.

One of the bankers attending the school's session in 1954, held at Dartmouth College, was S. N. K. Sundaram, managing director of Panyam Bank, Ltd., Madurai, South India. He flew to Hanover for the meeting, later visited banks in New Hampshire, Boston, and New York, and has since corresponded with Hascall T. Stimson, executive vice-president of The Suncook (N.H.) Bank, among other American bankers.

In a letter toward the end of last year Mr. Sundaram reported the devastation done by cyclones and floods in his part of India. Mr. Stimson relayed the information to the executive council of the New Hampshire Bankers Association which decided to help through CARE.

Details were worked out by Carroll M. Degler, secretary of the NHBA, with CARE officials, and a program of aid got under way. Contributions from the New Hampshire bankers are being received in "very pleasing amounts," says Secretary Degler.

The special package for India consists of items that are surplus food in the United States: 13½ pounds of powdered milk and 5½ pounds of butter or butter oil. For each dollar given by the bankers approximately \$20 of food stuffs will be delivered to the Madurai area.

Bank, Boy, Dime

THIS piece is about a bank, a boy, and a 10-cent piece. Some day they may add up to around \$1,000, \$30 worth of gasoline, and a dyed-in-the-wool saver. Meanwhile . . .

When The Dime Savings Bank of Brooklyn, N. Y., opened drive-in windows at the Coney Island branch, it gave each new depositor of \$5 or more a certificate for five gallons



L. L. BROWN'S LINEN LEDGER

adds but 1% to total accounting costs . . . 100% to permanent security and value

"You don't have to tell us about L. L. BROWN'S LINEN LEDGER. We've always known it's the finest record paper made—absolutely nothing to equal it. But the cost is too much for most of our requirements."

This is the usual comment when L. L. BROWN'S LINEN LEDGER is mentioned. And it's absolutely right. L. L. BROWN'S LINEN LEDGER is "the finest record paper made." And the cost is too much for most requirements.

But the cost is actually such a tiny part of total accounting costs that this unique paper can be used to advantage for many more than the obvious requirements. For record paper is but 1% of all items properly chargeable to accounting. If L. L. BROWN'S LINEN LEDGER should double this percentage (and it doesn't), the effect on total costs still would be negligible.

Your regular supplier of record books and forms knows L. L. BROWN'S LINEN LEDGER permanent record paper. He will gladly recommend the sizes, weights and colors best suited to your particular requirements. L. L. BROWN PAPER COMPANY, Adams, Massachusetts.

THIS UNIQUE PAPER IS A MATTER OF PUBLIC RECORD
L. L. BROWN'S LINEN LEDGER has been used for more public records in more counties for more years than any other papers offered for permanent recording.

L. L. BROWN

LETTER & RECORD

PAPERS



"SO MUCH extra value FOR SO LITTLE extra cost"

Since 1849



BANK TELLERS' MOBILE UNITS

Roll under counter—step on brake—ready for service—
Ideal for new branch offices! Add additional units
as needed! No expensive installation costs!



Model 1

2 Cash drawers, 10-compartment removable currency tray, both drawers with P.K. Locks, cupboard with removable shelf, combination lock on door.

12 STOCK MODELS

For your many banking needs

Write today for literature to department B
Bank Equipment

FENCO CORPORATION

121 Seventh Ave.

New York 11, N. Y.



turns small coins into dollars

Make Visabank—the popular home savings bank, your top salesman for new accounts. It works for you seven days a week. Made of crystal clear plastic. Top and base in choice of seven colors. Depositors actually SEE their savings grow.

Your name is stamped in gold on the front . . . your sales message is printed on card at rear.

Visabank is self liquidating . . . it pays for itself.

Write for full information.

PATENTED PLASTICS, INC.

1010K Woodland Ave., Cleveland 15, Ohio

of gas. One prospective customer, Kenneth Auletta, 13, rolled up in his pushmobile and put down a dime. The teller explained that \$5 was the minimum opener.

"Oh," said Kenneth, "I thought the Dime would take dimes."

The teller, Michael Shields, saw a public relations opportunity and sent for Manager Leo B. Stein. But the man who came to the window was George C. Johnson, the Dime's president.

He and Kenneth had a chat. Then the lad received a passbook with a \$5 entry: his own dime plus 49 others from the Johnson wallet.

"Thanks," said Kenneth. "Now how do I get my gas?"

Mr. J. suggested that in view of the young man's age and present automotive equipment five pounds of candy would be more appropriate. Okay, Kenneth agreed, but supposing he saved \$2.50 a week until he was 21. Would that give him the price of a real car?

A quick calculation (nonelectronic) figured that this would amount to about \$1,000, including interest. With the car it would help buy. Kenneth could get his gas—in fact, Mr. Johnson signed a certificate calling for \$30 worth, deliverable when K. Auletta is ready for his auto.

The Dime emphasized that this wasn't a precedent. Other boys would need the regulation five bucks to start an account. And all that gas was just "a special case."

What, No Green Stamps?

E. L. KING, vice-president of The South Carolina Bank at Anderson, tells us:

One Saturday morning an elderly woman who had just deposited some money returned to the window. Anxiously edging her way back to the wicket (ahead of several people) she said to the young lady teller:

"Honey, you forgot to give me my S & H green stamps."

"Our teller," reports Mr. King, "was so amazed she hardly knew what to say. The depositor, pointing to the teller at the next window, said:

"I'm sure he always gives me stamps!"

"Not until she was convinced by both tellers that only merchants in town gave out these stamps did she leave the window, and then with obvious disappointment."

J. L. C.

Television is still in its infancy, which probably accounts for its occasional bad behavior.

As an excursion into the financial world, four Richmond (Va.) Brownies toured the main office of The Bank of Virginia. Reported Gene Cunningham, savings department supervisor, left: "The Brownies asked more intelligent questions than many older groups who visit the bank"



STATEMENT OF CONDITION

DIRECTORS AND ADVISORY DIRECTORS

CLAUDE G. ADAMS*
Vice President,
Bozell International Airways

NATHAN ADAMS*
Honorary Chairman
of the Board

JOE AGE*
Senior Vice President

GEORGE N. ALDREDGE*
Chairman, Loan Committee

H. W. BASS
President,
Harry Boss Drilling Co.

HENRY C. COKE, JR.
Coke & Coke, Attorneys

ROSSER J. COKE
Coke & Coke, Attorneys

CARR P. COLLINS
Chairman of the Board,
Fidelity Union Life Insurance Co.

E. DeGOLYER
DeGolyer & MacNaughton

J. B. DONOVAN*
President,
Donovan Manufacturing Co.

J. T. ELLIOTT*
Elliott Lumber Co.

EARL FAIN*
Investments

EDGAR L. FLIPPEN*
Investments

HANS C. GLITSCH
President,
Fritz W. Glitsch & Sons, Inc.

W. A. GREEN, JR.*
Investments

S. J. HAY
President, Great National
Life Insurance Co.

JOHN T. HIGGINBOTHAM
Chairman of the Board,
Higginbotham-Bailey Co.

JOSEPH L. HIGGINBOTHAM*
Vice President,
Higginbotham-Bailey Co.

ROY W. HILL*
President,
Bodie City Distributing Co.

ERNEST HUNDAHL*
Manager, Southwest Division,
United Benefit Life Insurance
Company and Mutual Benefit
Health and Accident Association

T. E. JACKSON
Southwestern Manager,
Pittsburgh Plate Glass Co.

JOHN J. KETTLER
Senior Vice President

LOUIE KIMPLE*
President, Dixie Wax Paper Co.

ERNEST L. KURTH*
President, Southland Paper Mills,
Lufkin, Texas

WALTER W. LECHNER*
Oil Production

EUGENE McELVANEY
Senior Vice President

ROBERT E. MCKEE, JR.*
Vice President, Robert E. McKee
General Contractor, Inc.

C. A. MANGOLD, JR.*
President, American Laundry Co.

BLAGEN MANNING
Chairman, Executive Committee

A. D. MARTIN
President, Central Engineering
and Supply Co.

HARRY S. MOSS
Independent Oil Operator

WILLIAM F. NEALE
President,
Willtom F. Neale & Co.

J. B. O'HARA
Chairman of the Board,
Dr. Pepper Co.

HYMAN PEARLSTONE
President,
Higginbotham-Pearlstone
Hardware Co.

G. U. PICKERING*
President,
Vielco Battery Co., Inc.

H. NEVILLE PIERCE*
President, Southern Fertilizer
& Chemical Co.

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Investments

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Investments

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President, Dallas Federal
Savings & Loan Association

ARTHUR STAR*
Investments

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Investments

J. C. TENISON*
Investments

ROGER L. TENNANT
President, Pi-De Corporation

ARCH S. UNDERWOOD*
President, Union Compress &
Warehouse Co., Lubbock,
Texas

JACK C. VAUGHN*
Oil Producer and Co-Owner,
Spartan Drilling Co.

TRAVIS T. WALLACE*
President, Great American
Reserve Insurance Co.

ROBERT F. WEICHSEL*
Vice President and Treasurer,
Great National Life
Insurance Co.

JAMES RALPH WOOD
President,
Southwestern Life Insurance Co.

BEN H. WOOTEN
President

TODDIE LEE WYNNE
President,
American Liberty Oil Co.

*Advisory Directors

At the Close of Business April 10, 1956

ASSETS

Cash on Hand and Due from Banks	\$236,349,013.12	
United States Government Obligations	\$114,394,518.07	
Public Housing Authority Obligations (Fully Guaranteed)	4,447,281.56	
State, County, and Municipal Bonds	17,212,597.02	136,054,396.65
Stock in Federal Reserve Bank		1,500,000.00
Other Bonds		3,040,227.27
Loans and Discounts		322,867,885.19
Commodity Loans		9,069,383.72
Federal Funds Loaned		10,000,000.00
Income Accrued		1,916,315.36
Letters of Credit and Acceptances		4,192,404.17
Banking House and Equipment		8,636,817.02
Other Assets		306,739.04
		<u>\$733,933,181.54</u>

LIABILITIES

Capital Stock	\$ 22,000,000.00	
Surplus Fund	28,000,000.00	
Undivided Profits	5,073,492.82	55,073,492.82
Reserved for Contingencies		5,569,059.17
Reserved for Taxes, Etc.		4,477,889.11
Deferred Income		1,615,481.99
Letters of Credit and Acceptances		4,192,404.17
DEPOSITS:		
Individual	437,140,501.27	
Banks	217,644,331.76	
U. S. Government	8,220,021.25	663,004,854.28
		<u>\$733,933,181.54</u>



Whenever our experience in internal procedures may seem useful to your operation, please give us an opportunity to call on you.

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NATIONAL BANK in Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Fastest way to figure savings account interest!

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No Skilled Help Needed!

Permanent Record For Reference!

Actual tests prove that Delbridge Interest Tickets cut savings account interest computing time up to 50%. Practically eliminate errors—verified in seconds—provide permanent reference. Every pre-calculated answer has been checked and cross-checked to assure complete accuracy. So simple...so easy...even a child can do it!

FREE TRIAL SUPPLY

Without obligation, try Delbridge Interest Tickets in your own operation. Just tell us the number of tickets you need for your next savings account interest period. Include the rate of interest you use (tickets are available from 1/4% to 3% in 1/4% steps and 3 1/2% to 5% in 1/2% steps). You must be 100% satisfied or you owe nothing. If you decide to use the tickets, just "O.K." our invoice based on the rate of \$4.50 per thousand. For your "no-obligation" supply, write...

DELBRIDGE CALCULATING SYSTEMS, INC.
2502 Sutton Ave. • St. Louis 17, Mo.

3 Banks Get Public Relations Honors

THE Beloit (Wisc.) State Bank; The Hanover Bank, New York City; and the Chicopee (Mass.) Savings Bank received awards from the American Public Relations Association at its 12th annual conference in Washington, D. C.

They got APRA's Certificate of Achievement for "outstanding public relations programs of 1955" in the banking, finance and insurance category. The silver anvil trophy for "best" in that classification went to Aetna Casualty and Surety Company of Hartford, Conn.

Beloit State Bank's program included its widely publicized wooden nickel-parking project. Here is how it works: if you pay to park at a public meter before going to the bank, an officer or teller gives you a wooden nickel. For 20 of these, accumulated in a special cardboard bank, Beloit State pays \$1 in cash or credits \$1 to your account. Another item in this bank's program is the "Double Your Money" savings account-free life insurance plan.

"Both programs have drawn favorable attention of old customers and new, have gained plaudits from the city's administration, helped Beloit win national recognition as a progressive community," said the citation. (Agency: Jaster and Cherry.)

The Hanover Bank was honored "for alertness, competence and speed" in developing the Karen Ann McGuire-Nashua story. Karen, you remember, is the youngster who bid \$24.03 for the thoroughbred when he came up for sale in an estate administered by the bank. Hanover's officers bought her a saddle horse.

The Chicopee Savings Bank's pro-

gram, in connection with its 100th anniversary, "has served to 'humanize' the bank in the community's view and benefit its business in the face of strong competition." One of the activities was the serving of free coffee and doughnuts on the sidewalk at midnight New Year's Eve. "Make the one for the road coffee," said the invitation. (Agency: Public Relations Counsel Service, R. J. Alden, Longmeadow, Mass.)

Aetna's silver anvil was for its distribution of a device for teaching students to operate an automobile.

Exhibits of the award-winning activities are displayed in the Library of Congress.

An ad about the "wooden nickel" plan

THINK OF IT!
SIXTY MINUTES
OF FREE
METER PARKING
TO DO YOUR
BANKING AT

The Beloit State Bank
With Plenty of Time Left to Shop

Here's how...
We offer...
If You've Paid to Park to Come to the Bank...
Ask for a Wooden Nickel!

President Nelson B. Carter of the Chicopee (Mass.) Savings Bank, right, receives a special silver anvil trophy from Eric Kalkhurst, general chairman of the APRA conference

Karen Ann McGuire and the horse given her by Hanover Bank officers



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with these bank-proved **SENSIMATIC SYSTEMS**



The Sensimatic is really a *family* of specialized or general-purpose machines, geared to give you the simplest yet most comprehensive wrap-up possible of *every* aspect of *each* bank bookkeeping job.

For the complete picture on how the Sensimatic—and Burroughs-perfected bank bookkeeping systems—can help you solve bank accounting problems thriftily, send in coupon on this page.

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- COMMERCIAL BOOKKEEPING**—*Account Balance Control Plan* furnishes proof of balances before they are printed, automatic error detection, proof of accurate corrections, positive balancing of each posting run.
- SPECIAL CHECKING ACCOUNTS**—*Post-to-Check Plan* materially reduces the cost of handling checking accounts. This plan has saved 35% of the time, 33% of the space, 50% of equipment investment, 50% of customer inquiries. Month-end peaks are leveled.
- SAVINGS ACCOUNTING**—*Window Posting Plan* applies to either the Unit or Dual operation; results in faster customer service, accurate records with a single handling of the media, prompt cash balancing, positive proof of the accuracy of every step.
- MORTGAGE LOANS**—*Mortgage Posting Plan* provides for automatic preparation of payment-due notice and uses Burroughs electronically precalculated loan interest tables. Complete posting, billing and interest computation in one fast operation.
- COMMERCIAL LOANS**—*Streamlined Control Plan* affords instant location of loan information, simplifies teller operation, speeds accurate balancing, proves accuracy of all records, gives positive delinquency control, improves audit control. For all types of loans.
- INSTALLMENT LOANS**—*Coupon-Ledger Plan* schedules coupons and ledger, simultaneously. Provides proof of posting for payments and control totals. The customer has complete information, including balances before and after payment. Cuts costs, increases mail-ins.
- LOAN AND SAVINGS**—*Pre-Audit Window Posting Plan* means one-time posting. Speeds accurate customer service, eliminates back-office proving and duplicate posting, provides complete figures for control and general ledger posting.
- GENERAL BOOKKEEPING**—*All-Purpose Accounting Plan* mechanizes accounting in all departments with one Sensimatic. Handles commercial bookkeeping, savings accounting, loan accounting of all types, general ledger posting and the daily statement.
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Please furnish more information on Burroughs bank bookkeeping systems for the subjects checked above.

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BANK _____

STREET _____

CITY _____ ZONE _____ STATE _____

"GROWING WITH FORD TO GET AHEAD"



**Starting his Ford Tractor and Implement dealership with a small investment—
in six years his volume has reached a quarter-million dollars!**

When Otto Ferguson's ability and energy ran head-on into a Ford dealership opportunity, the result was a smashing success. Here's the story of how that success came about.

Long before Otto acquired his present dealership, he had gained a liking for farmers and an understanding of their problems. He majored in agriculture at Louisiana State University, and upon graduation worked as a vocational ag teacher. Later, he spent 12 years as an employee of the Soil Conservation Service, and still later he successfully operated a Ford Tractor dealership in McComb, Mississippi.

Then the opportunity came along to buy the dealership in Monroe, Louisiana. Otto was able to take it over for a comparatively small investment. He didn't even have to draw on his credit for operating expenses—necessary funds were provided by the business itself. When Otto took over, in February of 1950, the Monroe dealership was doing a volume of around \$150,000 a year. In six short years, Otto has built it to its present annual volume

of approximately a quarter of a million dollars.

In accounting for his success, Otto puts the help and support of his family as a most important factor. His wife Ivie, a competent bookkeeper, has worked side-by-side with him in the business. Most of the remaining credit, Otto says, must go to the quality and versatility of the Ford Tractor and Implement line, and the confidence farmers have in Ford products. He does not believe he could have done a comparable job with any other line of farm machinery. Basing his judgment on 17 years of watching and working with farmers, Otto is convinced that Ford offers the best dollar's worth, and the most practical line of farm equipment for the majority of farmers in his area. And he knows that these products are made even more acceptable by the reputation for dependability and fair dealing of the Ford Motor Company.

Otto Ferguson's success story is proof that you can start small and grow big fast with Ford. And his story proves once again that it's better to be *with* Ford than to *watch* Ford!



**TRACTOR AND IMPLEMENT DIVISION
FORD MOTOR COMPANY**

Birmingham, Michigan

IS A GOOD WAY

**FORD TRACTOR
AND IMPLEMENT
DEALER
SUCCESS
STORIES**

**—says Otto Ferguson, owner
West Monroe Tractor Company,
Monroe, Louisiana**



It takes the best in service to keep satisfied customers. Otto is a good mechanic himself and keeps in close touch with shop and service problems. He knows parts and inventory control, and works closely with Parts Manager E. E. Beatty to make sure that stocks are complete and well-organized. Otto believes that Ford is sure to become the nation's number-one supplier of farm machinery. And he's helping to make this prediction come true by enhancing the Ford reputation for dependability of parts and service.

A profitable business for the right man...

Otto Ferguson's success as a Ford Tractor Dealer is typical of the many thousands of aggressive dealers associated with the Ford Motor Company.

And right now, there is room for more "Otto Fergusons" with this fast growing organization.

Perhaps you know a man who has the qualifications for managing a successful farm machinery dealership—a deserving individual looking for the right opportunity. You can help launch this man into a successful future by suggesting he get in touch with the General Sales Manager, Tractor and Implement Division, Ford Motor Company, 2520 East Maple Road, Birmingham, Michigan.



This department is compiled by
THEODORE FISCHER of BANKING'S
staff.

Banks as "Lookouts"

NEW YORK CITY'S Department of Commerce and Public Events has asked 600 branch bank managers, as well as the presidents of the city's largest commercial and savings banks, to serve as "listening posts" for local business interests. A letter asked their cooperation as "lookouts" for business problems on a borough level. Commissioner Richard C. Patterson, Jr., said that there was an overwhelmingly favorable reply to the letter asking that the Department be contacted whenever a business problem relating to the city comes to the attention of the bankers.

"To my mind," wrote the Commissioner, "your position is strategic because in your day's work you come in direct contact with the problems of businessmen and community leaders whose welfare is of keen interest to our department. We offer you our cooperation whenever you think we can be of service."

FRANK and RALPH WORTMAN, president and vice-president respectively of the First National Bank of McMinnville, Oreg., donated \$30,000 to the city in order that a projected swimming pool might be a finer one. The gift was a memorial to their



Harold Gleason



Dwight A. Horne



Dr. von Humboldt



James W. Allison

grandparents, Jacob and Eliza Mortman, who in 1883 founded the bank.

HAROLD V. GLEASON has joined the Franklin National Bank, Franklin Square, N. Y., as a vice-president to head up its business development program. He was formerly executive secretary of the Savings Bank Life Insurance Council, New York, and is an alumnus of The Graduate School of Banking.

DWIGHT A. HORNE has been appointed secretary of The Hanover Bank, New York, succeeding RUSSELL F. THOMES, who retired after 20 years in the same post.

Proposed merger: THE TRUST

COMPANY OF NEW JERSEY, Jersey City, and PEOPLES NATIONAL BANK of Secaucus, N. J.; combined resources: \$138,000,000.

DR. WILLIAM A. VON HUMBOLDT has been named Latin American representative of The National Bank of Commerce in New Orleans. From headquarters in Mexico City he will also handle business for the bank in Central and South American countries. He had been manager of the foreign department of the Banco de Industria y Comercio, Mexico City.

Allison Assists "Fed"

JAMES W. ALLISON has been designated by the Board of Governors of the Federal Reserve System as a special consultant in connection with the emergency defense planning program relating to the banking system. MR. ALLISON, now in retirement, was formerly vice-president of the Equitable Trust Company of Wilmington, Del. In 1945-46 he was president of the Trust Division of the A.B.A.

The FIRST NATIONAL BANK of Wallingford, Conn., has become the Wallingford branch of the UNION AND NEW HAVEN TRUST COMPANY, New Haven.

DALE GRAHAM was elected board chairman and VICTOR J. PASSERA, JR., was named president of the National Bank of Commerce in Jefferson Parish, La. MR. GRAHAM is president of The National Bank of Commerce in New Orleans, of which the Jefferson Parish bank is a legal affiliate.

Time: April 1 (Easter Sunday); place: Buffalo Zoo; dramatis personae: local youngsters; action: Easter egg hunt; sponsors: three Buffalo mutual savings banks—Buffalo Savings Bank, Erie County Savings Bank, Western Savings Bank. Firemen assisted in hiding eggs. The banks also sponsored special egg hunts at four orphanages on Saturday



Main Street



J. D. Robinson, Jr.



Wallace M. Davis

ARCB Elects

JAMES D. ROBINSON, JR., chairman of the board of the First National Bank of Atlanta, has been elected president of the Association of Reserve City Bankers. WALLACE M. DAVIS, president of the Hibernia National Bank of New Orleans, was elected vice-president. The elections took place at a 3-day meeting in Boca Raton, Fla., attended by some 350 representatives of 194 banks in the 50 largest cities of the United States.

WILLIAM P. WISEMAN, vice-president and head of the trust division of the Chicago Title and Trust Company, was elected president of the Corporate Fiduciaries Association of Chicago. **CLAIR FURLONG**, vice-president of Continental Illinois National Bank and Trust Company, was elected vice-president; **DON H. MCLUCAS**, vice-president, Northern Trust Company, was elected secretary-treasurer.

EARLE F. ROBBINS was elected a trust officer at Union Trust Company, Springfield, Mass.

MBA Gets New Man

PRESTON L. JORDAN has been elected Secretary of the Maine Bankers Association. He succeeds **GEORGE FERNALD**, who has been elected secretary emeritus after serving the Association for 24 years. **MR. FERNALD** will continue to assist in an active capacity until the annual convention in June. **MR. JORDAN** was previously active in the insurance field.

WILMER J. WALLER, SR., board chairman of the National Bank of Washington, D. C., has marked his 50th anniversary in banking. He has been active in the District of Columbia Bankers Association, the Washington Clearing House, the Association of Reserve City Bankers, and is a past treasurer of the American Bankers Association. **MR. WALLER** wasn't able to be at the bank to receive congratulations—he was in George Washington University Hospital recovering from what was described as a "mild coronary attack."

Stonier Guest Speaker

COLUMBIA (S. C.) CHAPTER, American Institute of Banking had special doings for its annual banquet held on April 14. **DR. HAROLD STONIER**, dean of The Graduate School of Banking, was guest speaker. And the first graduating class celebrated its silver anniversary on this occasion.



Palmer S. Gaillard, director of American National Bank & Trust Company, Mobile, Ala., might well be the oldest active bank director—he's 100. He spent his 100th birthday putting in a good day's work as the city's oldest practicing attorney. He's at the directors' meeting every Monday and takes an active part

Members of this class received their diplomas from **DR. STONIER** in 1931 when he was educational director of the A.I.B.

Appearing on the program also

Officers and executive committeemen of the New Jersey Bankers Association during a recent visit to the White House as a part of their annual trip to Washington to confer with members of Congress and Senators from New Jersey and with the national bank supervisory authorities. *Left to right: Messrs. De Leeuw, Anderson, Featherer, Poe, Weber, Eaton (v.p.), Kinnamon (pres.), Dimon, Munsick (treas.), Hoffmann, Sutton, Thomas, Mueller, Endres, Curry*



*Business looks
to Pittsburgh...*

**management
headquarters
for more than
100 major companies**

... one of the world's leading industrial capitals, Pittsburgh provides an excellent opportunity to deal directly with major purchasers of goods and services of all types.

*Look to
Peoples First...*

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Correspondent needs**

Peoples First National offers you more than 20 specialized correspondent services designed to suit every need. We will be happy to discuss your particular correspondent requirements.



**PEOPLES FIRST
NATIONAL
BANK & TRUST COMPANY**
Correspondent Bank Department
Pittsburgh 30, Pa.

Member Federal Deposit Insurance Corp.

were ROBERT C. RUTHERFORD, national secretary of the A.I.B.; and RALPH H. MITTENDORF of American Security & Trust Company, Washington, D. C., executive councilman for District 4 of the Institute.

A crowd numbering more than 1,500 turned out in the rain to see the new Times Square office of COMMUNITY SAVINGS BANK, Rochester, N. Y. Each visitor received a red rose which, according to the bank, "added a bright note to the day." The open house celebration lasted a week.

The MORRISTOWN (N. J.) TRUST COMPANY'S annual scholarship award of \$2,000 toward four years of college has been made—but selection of the winner wasn't easy. In fact, the bank decided this year to add two honorary mentions and awards because of the high qualifications of the applicants.

When the SECURITY CENTRAL NATIONAL BANK of Portsmouth, Ohio, held an open house at the new quarters of its East Branch in New Boston, Ohio, it made sure that everybody knew about it. It conducted a saturation campaign utilizing both local radio stations. It also took newspaper space and mailed 9,000 brochures. Result: a big crowd. Many fine prizes were awarded.

LEO P. REGAN has joined First Western Bank and Trust Company, San Francisco, as a vice-president. He had been in banking in Oregon since 1947. He's to be manager of First Western's office soon to be opened in Eureka, Calif.

Forty-five staff members provided articles for this hobby exhibit at The First National Bank of Chicago. Estimated value of the items: \$5,000



Harold B. Walker



Robert W. Kohler

HAROLD B. WALKER and ROBERT W. KOHLER have been appointed special representatives in Cleveland and Los Angeles, respectively, to represent International Business Machines Corporation in planning to fill needs of banking and brokerage customers.

The GREATER NEW YORK SAVINGS BANK, Brooklyn, opened its fourth office recently. Despite inclement weather, some 3,300 accounts totaling about a half-million dollars were opened during the 2-day celebration.

CARL J. GILBERT, president of The Gillette Company, Boston, was elected to the board of directors of J. P. Morgan & Co., Incorporated, New York.

JOHN T. SULLIVAN, president of Marine Midland Trust Company of Central New York, Syracuse, has been appointed to the council of the New York State University Colleges of Medicine for a 9-year term.

The BRONX SAVINGS BANK, New York, celebrated its golden anniversary during April.

CLARENCE B. SAMPAIR, a director of Minnesota Mining and Manufacturing and president of the com-





Motorist-customers totaling 464 were served in 7½ hours on a recent Friday at this drive-in window of the Jenkintown (Pa.) Bank & Trust Co. During its first year, 48,417 customers used the service

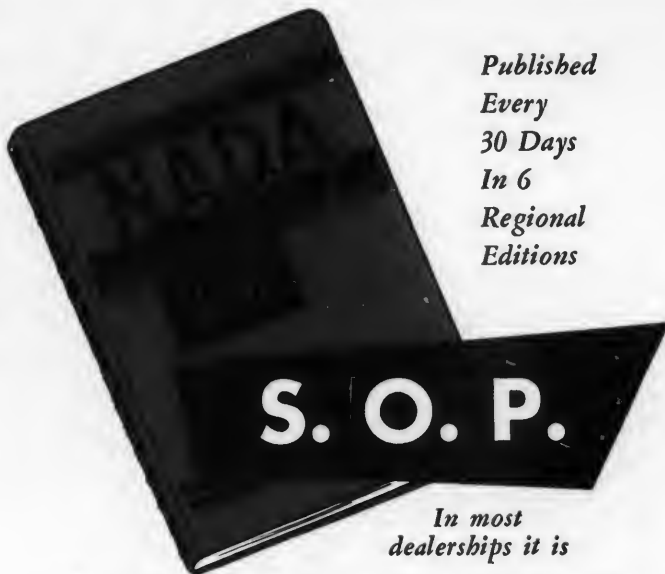
pany's international division, was elected to the board of the First State Bank, St. Paul.

WALLACE W. WILSON has joined the Continental Illinois National Bank and Trust Company of Chicago as petroleum engineer in the bank's oil and gas department. He was formerly chief of the reserves and evaluation section of Continental Oil Company, Houston.

HENRY B. CLAY has been elected vice-president in charge of the correspondent bank division of the Texas National Bank of Houston. JOHN K. DEASON has been named an assistant vice-president.

HERMAN H. PETERSON was named a vice-president of Old Kent Bank, Grand Rapids, Mich. He was formerly with Northwestern National Insurance Company and Northwest-

James M. Kemper, left, board chairman of Commerce Trust Company, Kansas City; with two speakers at bank's Conference of Bank Correspondents: Allyn P. Evans, president, Lionel D. Edie & Co., New York, and Dr. Lowell S. Hardin, Prof. of Agricultural Economics, Purdue University. Some 800 persons attended



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to supply every salesman and other
key people with the

N.A.D.A. OFFICIAL USED CAR GUIDE - DO YOU?

This handy, factual Guide is compiled from continuous dealer reports to keep abreast of an ever changing market. Insurance companies, banks and allied industries find the Guide a handy source for automobile information.

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- Average Loan (Except West Coast)
- Average Retail
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FIRST
BANK



COAST-TO-COAST



BANK OF MONTREAL

New York--84 Wall Street San Francisco--333 California Street
Chicago: Special Representative's Office, 141 West Jackson Blvd.

650 BRANCHES ACROSS CANADA • RESOURCES EXCEED \$2,700,000,000

ern National Casualty Company, Milwaukee, for which he was manager of investment portfolios for the past 17 years, and a vice-president of both firms since 1947.

GEORGE V. CHRISTIE, vice-president, First National Bank of Phoenix, was general chairman of the Second Arizona Statewide Industrial Development Workshop, held at the University of Arizona, Tucson. The workshop is sponsored by the university in cooperation with the Arizona Chamber of Commerce Managers' Association, Arizona Development Board, and Arizona Municipal League. Bankers on the program included OSCAR MONRAD, vice-president, First National Bank and Trust Company, Oklahoma City; ROYAL M. ALDERMAN, vice-president, Valley National Bank; FRANK C. BROPHY, chairman of the board, Bank of Douglas, Phoenix; and HERBERT A. LEGGETT, vice-president, Valley National Bank.

The FAUQUIER NATIONAL BANK of Warrenton, Va., is building a new branch in The Plains, Va.

AMERICAN STATE BANK, Williston, N. Dak., held a 2-day open house, inviting the public to tour its new building and enjoy a planned program. The new building had been under construction for the past 12 months and cost over \$500,000. It features an employees' recreation

Depositor Larrie Rowe had to get out of his sports car to give his deposit to Mrs. Edwin Girardot at the new West Toledo office of the Ohio Citizens Trust Company



room, a complete kitchen, civic room, and a drive-in window. A special edition of *The Williston Herald* greeted the opening.

JOSEPH R. JOHNSON has been elected a vice-president of The Farmers Bank of the State of Delaware, Wilmington.

President-swearer

PERCY M. CHRISTIE, who has officiated at the swearing-in of all of the seven presidents who have served Citizens National Bank of Englewood, N. J., since 1897, has begun his 60th year with the bank.

MR. CHRISTIE is manager of the bank's safe deposit department, a position he has held for the past 21

years. He began working for the bank as a messenger boy and check clerk. He estimates that he traveled 33,000 miles by bicycle on the bank's business in those early days.

There were only two other banks in all of Bergen County when Mr. CHRISTIE joined the bank. He was required to present collection items throughout the "Northern Valley" of New Jersey, and traveled by trolley, bicycle, railroad, and on foot to carry out these duties.

MR. CHRISTIE is a member of the New Jersey Bankers Association's "50-Year Club," and has been associated with the American Institute of Banking for over 50 years. He was the bank's first resident notary public, and in this capacity he has administered the oath of office to all seven of the bank's presidents—and to members of the board for more than 50 years.

Still on duty at the bank, Mr. CHRISTIE has been in the banking business longer than any other man in Bergen County, a record which has been his for at least 10 years.

JAMES H. RAPRAGER has advanced to trust officer of Bankers Trust Company, New York.

Steel work has been completed for the new 5-story building of INDUSTRIAL NATIONAL BANK of Miami, Fla. The building is so designed that an additional five stories can be added.

The LOUISIANA BANK AND TRUST COMPANY, Shreveport, attracted several thousand visitors to its recent formal opening. The main office and two branches had simultaneous

Mrs. Florentino Fernandez, wife of an assistant cashier of American National Bank & Trust Co., Mobile, Ala., introduces British seamen to American picnic food. Some 60 men from Her Majesty's Ship "Morecambe Bay," while on a goodwill tour of the Gulf Coast, were taken on a picnic to the beach by the bank





Leslie E. Evans



W. Grady Bowen

openings—a third branch is under construction.

LESLIE E. EVANS was elected president of the Maplewood (Mo.) Bank and Trust Company, to succeed the late CHARLES N. GILLES. He has been with the bank since 1925. MR. EVANS is treasurer of the Associated Bankers of St. Louis and St. Louis County, and is an alumnus of The Graduate School of Banking.

W. GRADY BOWEN has joined The Bank of Georgia, Atlanta, as manager of the real estate loan department. For the past 20 years he has been an officer and appraiser for the Jefferson Mortgage Corporation.

ROBERT A. YOUNG was elected vice-president and R. T. DEWALT assistant vice-president of California Bank, Los Angeles.

EARL K. CARSON, vice-president, cashier, and director of the Lafayette (Ind.) National Bank, has
(CONTINUED ON PAGE 26)

Damaso P. Perez, right, founder of the Republic Savings Bank of Manila, largest private branch bank in the Philippines, discusses purchase of equipment with Raymond Koontz, president of Diebold-York, Inc. An initial shipment of 15 vault doors is being sent to the bank, which plans to set up 50 new branches—it now has 36



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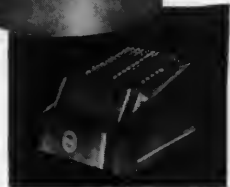
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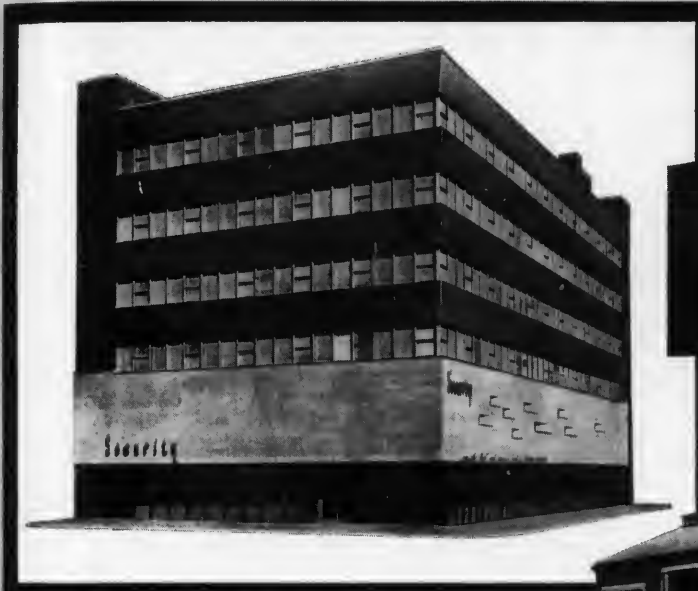
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J. ED WARREN, Vice-President, is one of the country's petroleum authorities. Working through and with local banks, his experience is helpful to correspondents who finance the oil industry; and is typical of the type of "expert" service we offer correspondents faced with problems in any industry.



COFFEE INDUSTRY SPECIALISTS Robert M. Franke, Assistant Vice-President, and John C. Slagle, Vice-President watch expert coffee taster. First National City has qualified individual specialists for every important industry and their assistance is available to correspondents.

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Donald Elliman



Fred Sundermann

MAIN STREET (Continued)

completed 40 years in banking. In point of service, he is the oldest active bank official in the city.

DONALD M. ELLIMAN has been named a vice-president of The Bank of New York, New York City. He was formerly vice-president of The County Trust Company, White Plains, N. Y.

FREDERICK SUNDERMANN has been promoted to vice-president of the National Bank of Westchester, White Plains, N. Y. He's an alumnus of The Graduate School of Banking.

Proposed consolidation: **SUFFERN (N. Y.) NATIONAL BANK AND TRUST COMPANY**, the **RAMAPO TRUST COMPANY**, Spring Valley, N. Y., and the **FIRST NATIONAL BANK AND TRUST COMPANY** of Pearl River, N. Y. Assets of the three banks total more than \$32,000,000.

LINCOLN NATIONAL BANK AND TRUST COMPANY, Syracuse, N. Y., has completed an extensive remodeling program at its main office.

FLORIDA

G. R. Griffin, president of Exchange National Bank, Tampa, is 1956-57 president of the Florida Bankers Association





This detailed model is of the proposed 60-story building for Chase Manhattan Bank, New York

The JENKINTOWN (Pa.) BANK & TRUST COMPANY plans to open a branch office in the local station of the Reading Company. It will be the first suburban railroad station commuters' branch in the Greater Philadelphia area. Two windows will open into the station building, and two open onto the station platform.

Construction has begun on a 6-story addition to the main office building of DEPOSIT GUARANTY BANK & TRUST COMPANY, Jackson, Miss.

ROD MCLEAN, assistant vice-president of Union Bank & Trust Co., Los Angeles, has been elected treasurer.
(CONTINUED ON PAGE 29)

LOUISIANA

John J. Doles, president of the First State Bank at Plain Dealing, is 1956-57 president of the Louisiana Bankers Association



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You can plan on more profits, too, when you sell NCB Travelers Checks, because you keep the *entire* selling commission — $\frac{3}{4}$ of 1%. Extensive sales aids are provided free of charge, including a complete merchandising kit, tailor-made for your ready use and enabling you to tie in with broad national and international advertising in trade and consumer publications.



Wherever they are... wherever they're going... NCB Travelers Checks simplify travel money problems for your clients.



Famous around the globe, NCB Travelers Checks are instantly recognized everywhere. In convenient denominations of \$10, \$20, \$50 and \$100, they cost only 75¢ per \$100 and are good until used.

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MAIN STREET (Continued)

urer of the Los Angeles County Tuberculosis and Health Association.

HUGH C. GRUWELL was awarded the Pioneer Preeminent Medal at a banquet meeting of the Pacific Southwest Area Council of the YMCA in San Diego. MR. GRUWELL, chairman of the board of the First National Bank of Arizona, is president of the Phoenix YMCA. The award is granted by the council to some layman who, over a period of years, has rendered outstanding and preeminent service in the YMCA in the Pacific Southwest area, and whose influence and service have extended beyond the field of his own YMCA. MR. GRUWELL was also elected chairman of the Pacific Southwest Area Board of the YMCA for the coming year.

DR. LLOYD F. PIERCE, director of the School of Business Administration and Economics at East Tennessee State College, Johnson City, will join the staff of Hamilton National Bank, Johnson City, on July 1 as assistant vice-president.

Texas Merger

THE consolidation of First National Bank and City National Bank into the FIRST CITY NATIONAL BANK OF HOUSTON has been completed, resulting in the largest bank in Houston with total assets in excess of \$650,000,000.

JAMES A. ELKINS, SR., was elected senior chairman of the board; W. A. KIRKLAND, chairman of the board; and JAMES A. ELKINS, JR., president. MR. ELKINS, SR., is former board



Top executives of Bank of the Southwest, Houston, with nearly completed bank building in the background. Largest building in Houston, the aluminum structure contains the world's largest banking lobby, covering 1½ acres. The bankers, left to right, are: Col. W. B. Bates, chairman; L. R. Bryan, Jr., vice-chairman and chairman of executive committee; and A. G. McNeese, Jr., president. The building is expected to open about June 15

chairman of City National; MR. KIRKLAND is former president of First National. MR. ELKINS, JR., was president of City National.

P. P. BUTLER, S. MARCUS GREER, and J. W. KEELAND were elected vice-chairmen. MR. BUTLER was chairman at First National. MR. GREER and MR. KEELAND were vice-chairmen at City National.

FRANCIS MARION LAW, consultation chairman of the First National Bank, was elected to the same position. He's a former president of the A.B.A.

(CONTINUED ON PAGE 164)



This is the 16th office of Girard Trust Corn Exchange Bank which opened recently in Philadelphia's Suburban Station building in the heart of the new Penn Center development



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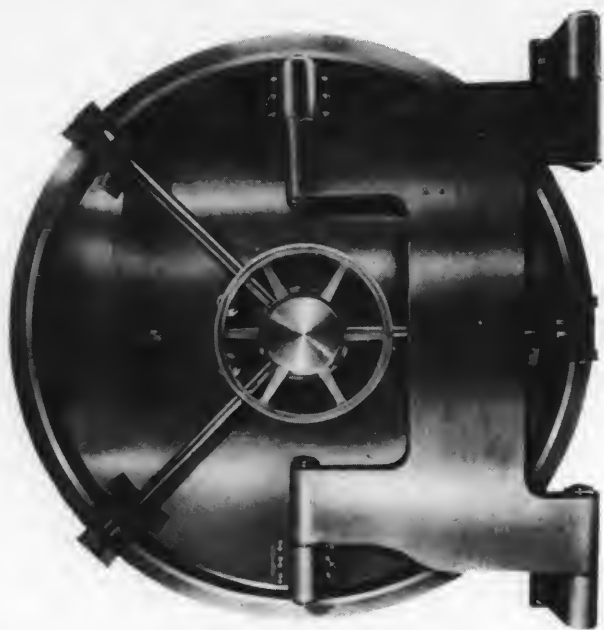
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The OUTLOOK and CONDITION OF BUSINESS

TAKE some well-done current comments on business, stir well together, sweeten to taste, and boil. The result is something like this, in the words of one eminent observer:

"I'm optimistic. Business is vigorous and prosperity is worldwide . . . I've just come from my tailor. A suit which would have cost me \$100 two years ago now costs \$150."

You can read that again. It has the main elements of sentiment and statistics in vogue today. It can be assumed that the tailor is also optimistic and buys a \$3,000 car for \$4,500. The dots are where you can add a little lemon, if desired, concerning inflation, unhappy farmers, and a thoroughly unpleasant foreign outlook, but most people like their's sweet.

The sanguine attitude toward the future is confirmed by record spending for plant and equipment, and by record dividend payments during the early part of this year.

If business did not feel confident, it would be retaining more of its earnings. The possibility of a precariously balanced budget and lower taxes are also factors in creating a buoyant business spirit. So much for logic.

Construction is strong and the automotive field is weak but hopeful. The two tend to counterbalance each other in their effects on related industries and the whole economy.

Plant and equipment spending is up more than 20% over the same period last year and is probably the biggest sustaining factor. Even with a slight increase in this rate the total should reach \$35-billion by the end of 1956.

Housing starts are down compared with last year, but the common opinion is they will not decline further, and the total for the year may be only slightly under 1955.

Automobiles are a different story. Production is not likely to equal the 1955 level, although the Federal Reserve's consumer survey was optimistic on this point.

The tire and glass people, among others, feel the cut-

back in auto output but diversification has become so general that few big industries these days depend on one or two products. The tire people have gone in for mattresses, chairs, textiles, and chemical items. The glass people, in addition to plastics and many other new products, have not been too hard hit owing to the need for more glass in today's cars.

Farm Outlook Better, or Is It?

Weakness in the farm situation continues, but the tremendous pressure for aid to farmers in this election year may still change the picture considerably in the next few months.

Such action would be felt also in farm machinery and other industries close to agriculture. An anomaly in this connection is the soil bank, which would take land out of production and lessen the use of farm machinery. It would also put additional income in the farmer's hands which he could use to reduce debt or spend in some way.

Earnings of banks have also gone up in the first quarter as they did in 1955, but the increase is still much lower than in other industries. However, the prospects are good that further progress will be made in bank profits so that bank stocks will become a more desirable investment medium as they have been in the past, when substantial institutional investors and some private individuals were buyers because of the inherent stability of the banking business.

Steel Wages and Prices

There is no worry about steel production prospects but considerable concern about steel wage negotiations. The feeling is that a substantial increase will be won and passed on to the consumer, unless the companies lean firmly against the wind.

The big argument is over steel productivity and whether it has increased as much as the unions claim. The latest report of U. S. Steel went into this question.

A \$7-per-ton rise in steel prices to meet wage in-

(CONTINUED ON PAGE 172)



UNITED PRESS

The cherry blossoms are one of the few features of the Washington scene not affected by the coming elections

Legislative Effects of Electionitis

LAWRENCE STAFFORD

CONGRESS has developed a paralysis about legislation. Each four years the session of Congress which precedes the political conventions and the Presidential election finds that the political stresses and strains are severe. Sometimes these lead to an outpouring of legislation, and at other times, as in 1948 and 1956, they lead to a paralysis.

From the fiscal standpoint the longer the paralysis has lasted the less chance there has been of committing the Federal Government to broad new responsibilities, such as those pending for additional medical facilities; for constructing local schools; for making up out of the Federal Treasury part of the losses of individuals for flood and disaster damage; and for boosting employment in domestically depressed areas, and so on.

Even the expensive new "soil bank" program may fail to lead to heavy disbursements of Treasury funds on 1956 crops because of the pulling and hauling over this issue, with the possibility after the elections are over that Congress might next year pass a somewhat less expensive farm program. The effect of the "soil bank" proposal, however beneficial it might be to farm income, would be to add a new and probably semipermanent form of subsidy costing upward of \$1-billion annually.

However, it remains to be seen whether this paralysis will endure throughout the present session. The President was expected, even if only for the record, to make some demand for action on his ambitious program. Remaining to be tested is how much influence this would have and how genuinely serious the President is

to obtain legislative action. Former President Truman learned that the popularity of the White House is just about as much advanced by talking up an ambitious program as by confronting voters with its enactment by Congress.

Holding Company Bill Stalled

One consequence of this paralysis is that the Robertson bill to provide for the regulation of the growth of bank holding companies and the divestiture by them of their ownership of nonbanking assets was, at the time of writing (in the forepart of April), exactly where it was as reported in April BANKING.

The basic question still to be decided was whether the Senate would take up the bill by Senator A. Willis Robertson (D., Va.), reported out late in the 1955 session.

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Likewise the problem remained that, if there were to be offered a number of amendments which would involve the floor consideration of the bill in considerable controversy, the Senate leaders might be disinclined to schedule the bill for such consideration.

During the past month Senator Paul H. Douglas (D., Ill.) picked up considerable support, it is reported, for his "state lines" amendment. This would prevent a holding company from acquiring a bank in a state other than the state where the holding company maintains its head office, unless the former state permits entry by specific legislation.

It was also indicated that, if the "state lines" amendment were to be approved, a number of further amendments would be offered. One of these, for instance, would redefine a holding company as one which owns 25% or more of the shares of a single bank, instead of the formula of the Robertson bill that a company, to become subject to regulation, must have an interest in two or more banks.

Additional amendments were also being prepared for offering on the floor should (1) the Robertson bill definitely be taken up on the floor; and (2) should the Douglas amendment be approved.

At writing, it was also indicated that a compromise between the Spence or House-passed version of holding company legislation and the Senate version might not be easy to achieve, assuming Senate passage of its bill. For one thing, House sources were disinclined to take any bill without some form of state lines prohibition. For another thing, the more additional amendments the Senate might tack on, the more difficult would be the process of compromise.

Favors Celler Bill

Senator Joseph C. O'Mahoney (D., Wyo.) became temporary chairman of the antitrust subcommittee of the Senate Judiciary Committee. Senator Estes Kefauver (D., Tenn.), as senior to Senator O'Mahoney, will assume chairmanship of this subcommittee in January if the Democrats organize the Senate.

It is reported that Senator O'Mahoney favors the Celler bill, passed this year by the House without any objection. This is the bill which subjects bank mergers achieved via

the asset acquisition route to the veto of the Department of Justice when such mergers, in the opinion of the department, tend substantially to lessen competition in any locality or tend toward a monopoly.

Senate sources revealed that Chairman J. William Fulbright (D., Ark.) of the Senate Banking Committee had written to the judiciary subcommittee indicating that, if the subject of special anti-bank-

Banking Legislation Outstanding

THERE follows a brief listing of legislation directly or indirectly affecting banking, giving its legislative status *at writing* (and the nearer the session's end approaches, the more rapid the prospect of a change in status):

<i>Subject</i>	<i>Status</i>
Celler antimerger bill	Passed House; favored in Senate subcommittee but no Senate committee action yet scheduled.
Bank holding company bill	Spence bill passed House; Robertson bill <i>with</i> amendments pending on Senate calendar; awaits scheduling of floor consideration.
Broadening Farmers Home Administration lending powers	Both agriculture committees hope to take up when they finish with farm subsidy bill.
Broaden residence requirements for national bank directors	Passed Senate; awaiting House passage, which was expected.
Permit waiving of one national bank examination in two years	Passed Senate; awaiting House passage, which was expected.
Continuance of Treasury power to borrow from Federal Reserve	Cleared House committee; slated for House passage.
Acceleration of Postal Savings System liquidation	Hearings anticipated latter part of April.
Supervisory officials' pay boost	Passed House; Senate hearings scheduled for late April or early May.
Flood and/or disaster loan insurance	Hearings held in both House and Senate committees; Senate committee working on bill.
Requirement of advance notice of bank mergers	House committee reported out; awaits rule for floor consideration; not yet scheduled in Senate committee.
Housing amendments	Three broad groups of proposals actively considered in House and Senate committees, with executive consideration due soon.
Extension to 10 days from five days for making national bank call reports	Probably will be taken up first in Senate committee.
Savings and loan association branching regulation	Passed Senate; no plans for consideration in House committee.

merger legislation were to be taken up, the Banking Committee would like to take jurisdiction over the bill.

Should the Banking Committee handle this subject, it probably could be expected to vest in bank supervisory officials, rather than in the Department of Justice, the responsibility for determining the Clayton Act aspects raised by a prospective bank merger, as well as the economic and financial considerations which would bear on the desirability or undesirability of a proposed merger.

It is frequently charged by business that the determination of antitrust policy within the Department of Justice is often and perhaps inescapably linked with politics.

Bar Group Endorses Celler Bill

In the April issue of the *American Bar Association Journal* it was brought out that this organization's house of delegates had endorsed the Celler bill specifically, on the motion of the association's antitrust section.

One of the members objected that, before the bar association took this

stand, the association should consult with the American Bankers Association. This suggestion was overruled after Stanley N. Barnes, chief of the Antitrust Division of the Department of Justice, said erroneously that the banking profession had taken no stand on the Celler bill. The Justice official further stated that the bill would only give parity of treatment under the Clayton Act to mergers achieved via the asset acquisition route with those achieved through purchase of bank stocks.

The bar group further directed its antitrust subcommittee to take action before Congressional groups to urge adoption of the Celler bill. Thus, law firms now representing banks are committed through their professional association to pressing for action in favor of the Celler bill.

Advance Reporting of Mergers

While President Eisenhower's proposal for advance notification of mergers looked like a likely subject for passage this year, the bill was delayed. The President proposed that, where any prospective merger

would result in an institution with \$10,000,000 or more of assets, including prospective bank mergers, these must be reported, 90 days in advance of their consummation, to the Department of Justice and the Federal Trade Commission. These agencies could take legal action during the 90-day period to halt merger. Even if there were no legal objection made during that period, mergers would be subject to legal attack by the Government after completion.

Although the House Judiciary Committee favorably reported a bill to carry out this recommendation, it did not soon get a rule to facilitate its consideration on the House floor. In the Senate the bill was also delayed because of the death of the chairman of the Judiciary Committee, Senator Harley M. Kilgore (D., W. Va.).

Federal Reserve Combats Inflation

In a rather dramatic way the monetary authorities moved last month to combat a threat of inflation of bank credit and prices.

The Federal Reserve, just after the Easter holiday period had elapsed, hiked discount rates at New York and eight other Federal Reserve banks to 2¾%, up ¼ of 1% from last November 18; and at San Francisco and Minneapolis, the Reserve banks raised their rate to 3% with the approval of the Board in Washington, a rise of ½ of 1%.

Bank loans had risen this year contrary to the normal winter trend of liquidation. Business loans alone were some \$5.2-billion greater than a year ago at leading city reporting banks near the end of March, and real estate loans were better than 10% higher.

However, the prospect was that the large business capital expansion in 1956, estimated by the Commerce Department at \$35-billion, or some 22% above 1955, would place a large strain on bank credit.

In moving to boost the discount rate, the Federal Reserve was following the policy it had adopted during the past few years of restraining the rate of growth of the economy in order that the reduced pace of advance might be sustained. Too rapid a rate of growth, officials feared, might lead to a dip.

Any number of large, prospective bond issues were in the offing—in-

HAVE YOU SEEN

(1) A summary of Democratic housing bills.

(A) That submitted by Representative Albert Rains, chairman of the House Banking Subcommittee on Housing. Write to the House Banking Committee, House Office Building, Washington, D. C., for the *Summary of Committee Print Bill, Subcommittee on Housing*, dated March 22.

(B) The Lehman bill. Write to Senator Herbert H. Lehman, Senate Office Building, Washington, D. C., for a copy of his statement before the Senate Banking Committee on S. 3158.

* * *

(2) The proposal to divert Treasury gasoline and excise tax revenue to a proposed highway trust fund. Write to the House Ways and Means Committee, House Office Building, Washington, D. C., for a copy of House Report No. 1899 entitled, *Highway Revenue Act of 1956*.

* * *

(3) A proposal by Senator Harry F. Byrd on how to balance the Federal budget. Write to Senator Byrd, Senate Office Bldg., Washington, D. C., for a copy of his *Statement on Taxes, Expenditures, Appropriations, and Debt, and Presenting a Suggested Byrd Budget*.

* * *

(4) An explanation of the factors that govern Federal approval of municipal housing plans and programs. Write to the Housing and Home Finance Administrator, Washington 25, D. C., for a copy of his memorandum on *Summary of the Workable Program for Anchorage, Alaska*.

dustrial offerings projected to finance the anticipated expansion—at the time the monetary authorities moved to restrain credit.

Furthermore, there was in prospect a further inflationary trend, suggested by the prospective rise in steel prices by an average of not less than \$9 per ton. Some observers believed that the steel price rise might run higher than \$9 a ton. This higher cost of steel was considered a fairly firm prospect because the steel companies were reported in a mood to make large wage concessions to steel labor. Higher prices were also said to be called for to help finance prospective expansion in the country's steel-making capacity.

Such a rise in steel prices could well initiate a considerable spreading throughout industry of the trend toward higher prices, a further inflationary factor in the minds of monetary officials.

Study Consumer Credit

The Federal Reserve is projecting a thorough study of consumer credit, and for that reason it did not have its complete plans for the study ready for announcement before this month.

President Eisenhower, in his economic report message, expressed the wish that such a study should be made to determine the need for stand-by authority for the Federal Reserve to be able, in case of need, to regulate such credit. The chairman of the President's Council of Economic Advisers requested the Board to make the study.

Loan Survey

Publication of the first figures on the survey of bank lending to business by some 2,000 representative banks, made by the Federal Reserve Board in cooperation with the American Bankers Association, was said to be imminent. Some of the first figures will be published in tabular form, as soon as they can be compiled, in the *Federal Reserve Bulletin*. Subsequent issues of the *Bulletin* will break down these figures in more detail and analyze their meaning.

Study of Check Cashing Costs

The Treasury, it was indicated, was still studying the recommendation (CONTINUED ON PAGE 142)

Nearer Now:

"FOREIGN AID FOREVER"

WHAT with social security, the Employment Act, and other modern innovations in this country, the old saying, "The poor we have always with us," has tended to lose some of its force at home. Not so abroad, where masses of underdeveloped peoples multiply. Those poor promise to be with us a very long time, and many Americans moved by compassion or less altruistic aims clamor for continuous large-scale U.S. aid to the noncommunist world.

The need for the clamor, if the program is to be kept rolling, is apparent from the growing discontent with the results of the "give-aways" since World War II. Senator Walter F. George, Foreign Relations Committee chairman, for example, expresses serious doubts, which many others share. Since foreign aid cannot be kept going without propaganda here—just as the Bretton Woods program, the British loan and the Marshall Plan were "sold" to the public—various groups and individuals have been putting their shoulders to the wheel to get approval of the President's \$5-billion program, long-term commitments and all.

Among these are the Citizens' Committee for Expanded Foreign Aid, of which Mrs. F.D.R. is a member; the recently formed Committee for an Effective Foreign Aid Program, headed by Morris L. Cooke and Dewey Anderson; the Committee for Economic Development, which is concerned over Soviet economic gestures in underdeveloped areas; and former ECA administrator Paul G. Hoffman, who urges us to give more billions "without . . . a thought of seeking gratitude."

This latter injunction is almost gratuitous, for the record is clear that the peoples we have been aiding, if indeed they are aware of the extent of our postwar aid to them at all, are not noticeably moved by the emotion of thankfulness. Indeed, so many Americans have been saying in print that the whole foreign-aid business is mainly a selfish program to defend America and contain communism that it would be naïve to expect gratitude from the recipients. Not a few of the beneficiaries, in fact, resent the gifts and those bearing them. Thus, we find in the *New York Times* "Ecuador Leader Scores U.S. on Aid"; a Scripps-Howard dispatch from Brazil, "There's Little Thanks for U.S. Aid." We find the Filipinos debating whether they are getting an adequate slice of the pie; and the Afghans disillusioned and embittered over the results of Eximbank and Point IV activities in their country.

THE economic aspects of the Administration's aid program focus on the Near East and south Asia. The Administration wants permission to make commitments for as long as 10 years ahead. The argument is that, by helping the underdeveloped countries to develop, we bind them to us in the cold war. All of those countries have long-range ambitions and many have long-range plans, which indeed cannot be carried out without "foreign," i.e., U.S. aid. India has big plans, and Ambassador Cooper and former Ambassador Chester Bowles have been urging us to help.

How closely and for how long dollars bind their recipients to us is a big question. Even while Washington for a time appeared to be panicked by a few words dropped in Cairo by the USSR Ambassador, Egypt's dictator premier has been indulging in violent anti-U.S. and anti-Western activities in the tense Middle East. India not only clings to neutralism but, Nehru states, "every day the bonds of friendship between the Soviet world and India are being further strengthened."

Senator Barkley tells of a constituent of uncertain loyalty. "Didn't I appoint your son to West Point? Didn't I get a postmistress job for your sister? Haven't I done many things for you over the years?" the Senator asked. "True," was the response, "but what have you done for me lately?"

It's the same abroad as at home: To buy political friends you must keep paying. They don't stay bought very long.

HERBERT BRATTER

The Degree of Care and Diligence Expected of Bank Directors

Reading Court Decisions Will Be Highly Instructive

HERBERT BRATTER

This is the second in a series of articles treating the entire range of bank directors' interests. The first, "Legal Responsibilities of Bank Directors," appeared last month. Writing from Washington, MR. BRATTER is preparing the series in close cooperation with the staffs of the Comptroller's Office and the FDIC.

WHILE neither the law nor common sense holds a bank director to be an ornament but, rather, imposes on him manifold and serious responsibilities, the degree of care and diligence which a bank director should exercise cannot easily be set down in advance. Much depends upon the circumstances. What may seem to be quite adequate care and diligence under today's conditions may in retrospect a few years hence look like actionable neglect. Once a bank gets into trouble, whether through the imprudence of its policies or as a result of some individual's dishonesty, the inquiry into the work of the bank and of its board of directors may be carried back many years. The liability of the directors is both collective and individual. An individual director who dissents with the policies of the other board members as being unwise should not neglect to have the minutes record his disagreement. In this way he can protect himself.

Study the Statutes

The first thing to do on becoming a bank director, if one has not already done so, is to familiarize oneself with the statutory responsibilities, state or Federal, as the

case may be. For this purpose, among others, the office of the Comptroller of the Currency has issued its brochure, "Duties and Liabilities of Directors of National Banks," last revised in September 1955. It cites the pertinent provisions of the National Bank Act and the Federal Reserve Act. State statutes relating to the responsibilities and liabilities of bank directors differ in many respects from the provisions of Federal laws; also they vary considerably from state to state. Hence pertinent state codes should be consulted.

Use Reasonable Diligence, Business Experience

In all matters not specifically dealt with in the statutes, bank directors must use reasonable diligence and bring their business experience to bear on the bank's affairs as common sense dictates. What is reasonable in one case may be inadequate in another. It is reasonable, for instance, to assume that the bank's officers and employees are honest and trustworthy. But it is unreasonable for the directors to neglect to check the bank's books and records—or to have them checked by competent auditors—and to take other steps to discourage dishonesty. It is reasonable to feel reassured when a bank examiner uncovers nothing wrong, but it is unreasonable to assume on that account that there is nothing wrong, for a bank examiner does not make a complete audit. And it is unreasonable to ignore cautions and warnings of the bank authorities. Some directors have done so to their regret.

A bank's operations cannot be properly directed unless the directors meet with reasonable frequency and regularity. Those who have assumed the duties of a bank director but do not give their reasonable attention to the job may be held financially responsible if the bank gets into trouble. It is not the intent of the law and regulatory agencies that a bank director's work should become onerous or prevent him from attending to his own business. If for that reason or due to illness or other incapacity a director must miss an occasional board or committee meeting at the bank, he is not going to be penalized. But he may not habitually neglect the bank's affairs and ignore directors' meetings. If the requirements of his own business are such that he cannot give proper attention to the bank, he should resign.

Loan Responsibilities

The directors are responsible for seeing to it that the loans a bank makes are within the statutory limitations. They should make sure at least that the larger loans are supported by adequate information as to the borrower's financial situation and the use to be made of the loan, and by the existence of a reasonable repayment plan. In some banks directors have met trouble because they abdicated their functions to bank officers. When the bank gets into difficulty the rule of reason determines whether the directors have any liability.

While the directors are expected to see that the bank's top employees have integrity and the ability to discharge their respective duties and

are doing so, the directors are not insurers or policemen. However, directors may not shut their eyes to information of a suspicious or derogatory character concerning bank personnel brought to their attention. Once put on notice, directors will be held responsible for knowing all facts which a reasonable investigation would have disclosed.

Clearly a bank director must do much more than avoid knowingly violating the pertinent bank statutes. He must not be negligent, for he is a trustee of the interests of the shareholders, the depositors, the borrowers, the employees, and the community. He must exercise ordinary care, meaning that degree of care which an ordinarily prudent and diligent man would exercise under similar circumstances. The degree of care called for depends upon the subject to which it is to be applied in the light of the circumstances involved. It is within the director's own power at any time to determine whether he is exercising ordinary prudence and diligence.

Examinations, Audits

While directors are not expected to watch minutely the daily routine of the bank's business, they are held responsible for knowing the general manner in which the business is conducted, the circumstances under which the larger lines of credit are given and the bank's loan and investment policies. Above all, directors must not neglect the duty to see that the bank's condition is examined and audited at least as frequently as the law or by-laws may provide, or in any case at reasonable intervals.

Where a director is also an active officer of a bank he is held to stricter accountability.

Directors' duties cannot be precisely listed and defined, since they are not the same under all circumstances; nor can they be imposed with unvarying exactness on all directors alike.

Directors-liability actions may result from violation of the statutes or common law. The statutes may be violated knowingly or through gross negligence. Failure of a director to abide by his oath constitutes statutory negligence. But a separate kind of negligence is also recognized: common-law negligence. This refers to mismanagement separate and apart from statutory re-

quirements. Failure to use reasonable and ordinary care is common-law negligence. Ordinary care is identified with prudence. But it is not the same as good judgment or sound banking. A director is not liable for the consequences of bad judgment or merely unsound banking practices. Negligence implies a careless attitude relative to the bank's affairs and the avoidance of losses. For such an attitude the director is liable at common law.

A Check List

The degree of care and diligence expected of bank directors may be gathered from the following matters which, upon the closing of the bank, are usually investigated by the authority whose duty it is to ascertain whether or not an action lies against the directors for negligence as a contributory factor in causing the losses sustained by the bank: The functioning of the examination committee during the decade preceding the closing of the bank; the pertinent by-law provisions governing duties of such committee; the dates of its meetings, showing their regularity; the extent to which its reports were referred to and considered by the board; like information on the loan and discount committee; the regularity with which board meetings were held and the pattern of attendance at those meetings and the nature of the business acted upon thereat as reflecting the degree of attention being given to the affairs of the bank; the extent to which the board considered and acted upon correspondence from, and reports of examination by, the supervisory authorities, particularly where criticisms are contained in those communications; the extent to which there were present "red flags" or irregularities, e.g., abnormal fluctuations in savings and checking account totals, in the volume and nature of the loan portfolio, in the amount of holdings of United States and other public securities and in the totals of correspondent balances, all as shown by the records and books of the bank; and, finally, any knowledge of irregular acts on the part of officers and employees and action taken as a result of such knowledge. Many other areas, such as notoriety in high living on the part of relatively low-salaried officers, normally are sifted with care to see whether a

directors' liability action is justified.

Many court decisions have held directors liable for inadequate attention to the bank's affairs. Throwing light on the degree of diligence expected from a director is the case of *Bates v. Dresser*, decided by the Supreme Court of the United States in 1920. It involved losses due to a bookkeeper's embezzlements from the National City Bank, Cambridge, Mass. Although the other directors were exonerated, President-Director Dresser was charged \$260,000 on the grounds that he had not used minimum care in performing his duties, for otherwise he could not but have run into the defalcations.

The Wages of Negligence

The case of *Bowerman v. Hammer* involved about \$200,000 of losses due to improvident loans and overdrafts granted by the First National Bank, Salmon, Idaho. Since Bowerman had not attended a single directors' meeting in five years, the United States Supreme Court in 1919 held him liable. In *Warner v. Pennoyer* in 1893 the U. S. Circuit Court of Appeals held the president-director and the members of the discount committee of the First National Bank of Watkins, N. Y., liable for illegal and improvident loans made by the cashier, whose activities they had not sufficiently watched. In another Circuit Court of Appeals case decided in 1928 all the directors of the First National Bank of Sutton, W. Va., jointly and severally were held accountable for \$40,582 embezzled and fraudulently lent by the cashier to members of his family; a case of common-law negligence involving careless attendance to the bank's affairs.

In still another appeals court decision of 1938 involving illegal overdrafts and excessive loans to the Kentucky Wagon Works by the National Bank of Kentucky, judgments aggregating about \$4,000,000 were levied against several directors in varying amounts determined by the years of their service. Involved were failure to heed warnings by the Comptroller and overconfidence in the cashier.

Possibly there is no clearer and more impressive way for a director to determine the degree of care and diligence he should give to his job than to read some of the many court decisions that have been made on the subject.

Coordinated Uses of Life Insurance and Trusts

A Spotlight on Areas Where, Under the 1954 Code, a Profitable Union Is Indicated

VENAN J. ALESSANDRONI

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THE number of happy unions of life insurance contracts and trusts is likely to increase under the Revenue Act of 1954. The charm of each to the eye of the other has been magnified by the abolition of the premium payment rule, the clarification of the rules governing taxation of short-term trusts, and the now greater certainty of obtaining the gift tax exclusion for gifts to minors in trust.

". . . Intended for Each Other"

In a sense, life insurance and trusts are intended for each other, for an appropriate union in the right circumstances will often accentuate their respective merits and lessen their demerits. It is the purpose of this article to spotlight several of the areas where, under the blessings of the 1954 code, a profitable union is indicated.

The abandonment of the premium payment rule now makes it possible for an insured to place his policies in a trust, funded or unfunded, without inviting estate tax on the trust corpus. Under the 1939 code, a gift of principal in trust to fund the purchase of insurance on the donor's life would subject the entire corpus to estate tax, on the theory that the beneficiary would have to survive the donor in order to possess or enjoy the property, and the insurance proceeds would also be taxed because the premiums were "directly or indirectly" paid by the donor. The likelihood of tax imposition via the indirect premium payment rule tended to discourage the more extensive use of life insurance trusts. The 1954 code will now relieve the

insurance proceeds and the funding corpus from estate tax, provided the donor has irrevocably stripped himself of all incidents of ownership in the insurance and funding corpus and retains no reversionary interest therein valued at more than 5% of the value of the property as it existed immediately before his death. The reversionary interest barrier can be hurdled effectively by providing for successive trust beneficiaries in the event of the death of the primary beneficiary.

Though the funded transfer relieves the donor of estate tax, he remains subject to income tax and possible gift tax. Section 677(a)(3) of the 1954 code provides that, if the trust income may be applied, without the consent of an "adverse party," to pay premiums for insurance on the donor's life, the income is taxable to him. Section 672 indicates that a person having a general power of appointment over the trust property will be deemed an adverse party. The section is not clear as to whether the power must extend to income as well as corpus, though the language would seem to accept as sufficient a general power over corpus only, exercisable at death.

Use of Adverse Party

Clearly, a power given to an adult child, for example, to apply income to his own use or to payment of insurance premiums on the donor-parent's life, would make the child an adverse party, though the income would then be taxable to him. The use of the adverse party mechanism as a means of avoiding income tax to the donor should, however, be approached with caution for the income tax implications are, at the moment, uncertain.

Notwithstanding the possibility of income tax to the donor on trusts funded by him, such trusts will often prove worth while. The estate tax advantage is considerable. True, such advantage would flow out of an outright transfer of the policy, but the donor insured would then have no guarantee that the policy would be used as he would wish. The trust mechanism gives him the right, in a sense, to control irrevocably the disposition of the insurance proceeds even though he has irrevocably parted ownership.

Startling Results

If the trust is irrevocably funded by a person other than the insured, the income is taxable to the trust as a separate taxpaying entity on the theory that the income applied to premiums is deemed accumulated for income tax purposes. So far as local law is concerned, most states permit accumulations during the donor's life. Others, like New York, permit accumulations during a beneficiary's minority only, but specifically exempt applications of income for premium payments from the prohibition against accumulations. The opportunity of using the trust as a separate taxpaying entity often produces startling results.

Let us assume a prospective insured, age 40, earning \$24,000, who wishes to set aside 10% of his annual gross income to buy insurance. His estate is currently in the 30% bracket. Ten percent of his gross would be depleted to \$1,000 after taxes, a sum sufficient to finance approximately \$33,000 of insurance. Assuming the marital deduction is not used, the insurance proceeds would be reduced at death by estate tax assessment to \$23,100. If the insured should die at age 65, he will

have used \$60,000 of income to finance an asset worth \$23,100 to his heirs. Contrast this result with that of a trust funded by a third party in the amount of \$60,000, showing a gross income of \$2,400. The net after taxes (\$1,900) would finance a policy in the amount of \$63,000. The insurance proceeds as well as the funding assets would pass, on the insured's death, free of estate taxes. Thus, using the same amount of gross income, the trust has financed an additional \$39,900 of insurance!

Funding Trusts

Unless the spouses are in the high income tax brackets, there is often a relatively small income tax advantage in having a spouse advance the funds, for presumably they already share the lower tax benefits of a joint return. Moreover, the irrevocable severance of substantial capital may not be warranted in the ordinary household. However, funding by someone in the family group other than a spouse may open up a Pandora's box of benefits. Funded trusts created by a grandparent, in the high estate and income tax bracket, to buy insurance on a son's life for the benefit of grandchildren (or the son's spouse) are classic arrangements, unfortunately more honored in the writing than in the practical observance. There are situations when their use seems instantly compelled. Grandparents who have amassed capital in the low income tax era are not unusual. Now, semiretired, they may no longer require excessive capital protection, nor are their living expenses as heavy as formerly. Their son, with high earnings, is unable to accumulate a liquid estate because of the income tax treadmill.

After-Tax Cost of Insurance

The after-tax cost of insurance would impose an impossible burden on him. A trust funded by the grandparents to purchase insurance on the son's life for the benefit of his children (or wife) can accomplish a multiplicity of purposes. It will pass on to the heirs a far greater net aggregate estate than would be the case were the property to pass through the successive estates of grandparent and son, and thus twice be subjected to estate tax levy. It will purchase insurance at far less aggregate cost. It will make

No Hard and Fast Rules

It is axiomatic that each estate planning job requires a balancing of niceties, a process of selection and rejection, and an instinct for right action, for there are no hard and fast rules. Nonetheless, there are considerations in the uses of life insurance trusts which are not lightly rejected. Such trusts can be designed to escape estate taxation in the estate of the insured and to save the second tax upon the death of a beneficiary. They can be used to insure liquid capital to purchase assets from an unliquid estate. They can insure the continuity of a business interest. They can be molded to a variety of purposes: to provide for principal invasions under almost any conceivable contingency; to provide for accumulation or sprinkling of income. They are ideal to preserve capital for secondary beneficiaries and yet satisfy any need of a primary beneficiary. They can offer the myriad advantages of nongeneral powers of appointment. In short, they can, in most situations, add infinite variety to the valuable insurance investment.—*The Author*

full use of grandparents' gift tax exemptions, thus freeing the son's gift tax and estate tax exemptions for other transfers. It will create a liquid estate where none existed before. This kind of financing is ideal in those situations where the son has a prosperous business to pass to his heirs, but little liquid capital to prevent a forced sale of the business assets at death to meet shrinkage charges.

Short-Term Trusts

The uses of so-called short-term trusts in funding insurance are many and yet to be fully explored. They offer a great stimulus to ingenuity. They hold the promise of buying insurance at the lower trust income tax rates and at the same time permit the funding capital to return to the donor after a prescribed period. The donor creates a trust for a term of not less than 10 years (the limitation can be two years if the trust is established for a charitable purpose) with the income paid to or accumulated for the benefit of a designated beneficiary. At the end of the term, the corpus reverts to the donor and accumulated income goes to the beneficiary. The income remains taxable to the trust, if accumulated, or to the beneficiary if paid out. The trust may terminate if the beneficiary dies before the prescribed term and, even though the beneficiary's life expectancy is less than the term, the income will not be taxed to the donor.

Moreover, gift tax, if any, will be assessed only against the value of the income interest given away.

The use of a short-term trust to fund an endowment policy for a son to meet educational expenses has particular merit. Under this funded plan, the donor father would surrender far less of his net income (at a period when his earnings are likely to be high) and still have access to the principal at a time when his earnings are likely to drop. Nor should the funding arrangement be overlooked in purchasing a 10-payment policy on the life of the son, to be delivered to the son upon attaining maturity. Such a policy, acquired out of the higher net income of a trust with low premiums because of the child's age and in a period when the child is most likely insurable, produces a ready-made estate for the child and his family and offers him access to cash values for business or other purposes.

Discretionary Investment Powers

Funds transferred in trust will qualify for the gift tax exclusion though the child is a minor at the time of transfer if the income and corpus of the trust *may*, in the trustees' discretion, be expended for the child's benefit (though it need not be expended) and if, on reaching 21, the child, or if he should sooner die then his estate, receives all accumulated income and principal. The trustee should be given the *discretion*. (CONTINUED ON PAGE 114)

Going After

Home Improvement Loans

"Operation Home Improvement" was inaugurated in January of this year under the direction of ALBERT M. COLE, administrator of the Housing and Home Finance Agency. The following article tells how one bank went after home improvement loans. MR. LANGER is manager of business development of the Security National Bank of Huntington, Long Island.

AWARE of the value of Operation Home Improvement to the many communities of Suffolk County, Security National Bank's key personnel met on the program's inauguration, to discuss how best they might take a leading part. All 12 branches of the bank undertook to establish 1956 as the year for the people of Suffolk County to make home improvements of all kinds. With the help of professional consultants in the development of a theme and program for its effort, the bank chose as its primary objective to acquaint the people, in the communities it serves, with the benefits to themselves, their homes, their towns, and villages—as well as to the nation—that will result from the OHI program.

At another meeting, the bank initiated an orientation program for the 350 people comprising its personnel. Part of this program consisted of showing an OHI-prepared slide film in color, with synchronized sound. Bank personnel were acquainted with the full details of the program, the need for it both nationally and locally, the bank's purpose in taking a leading part in Suffolk County, and the benefits to the community, both economically and esthetically. The bank also instituted an incentive program for its employees in their OHI drive.

As a kick-off to the program, an invitation was sent to all of the

building trade dealers and contractors in the county to attend a general meeting at which Security National's purpose in urging participation in Operation Home Improvement was explained. The belief of the bank in the potential good to the over-all economy of the nation as well as to Suffolk County was outlined, and the ways in which it could benefit individual businesses or trades people were pointed up. Also at this meeting, official OHI promotion kits were handed out. The dealers and contractors, who were assured that any additional promotional advice, help, or aid that they might need would be immediately available to them through the bank or its advertising agency, reacted with considerable enthusiasm to the meeting, and a continuing relationship has been established between them and the bank.

The first ad was widely distributed and effective. After the initial identification of Security National as the place for Operation Home Improvement loans, spotlighting of the various home improvements or repairs desired by the average home owner was developed. The main

John J. Langer



JOHN J. LANGER

theme of these ads, the "FIX series," was to help point out to the homeowner a means by which he might evaluate and, therefore, begin to solve his own particular problem. This was achieved by featuring in the ads a detailed home improvement check list, with illustrations pertaining to the particular problem or job that might need doing in or about the home. The word "FIX" established a definite link between the dealers and contractors in Suffolk County and the type of repairs highlighted in the ads.

An example of the program that is now well under way is the FIX ad No. 2, *How Is Your House Power?*, which concentrated on electrical contractors and appeared in all metropolitan papers as well as local dailies and weeklies. As a supplement to the advertising, a mailing was sent to all of the electrical contractors in the banking area. It consisted of an advance proof of an advertisement, together with a letter inviting participation and a dealer application. In the letter, particular stress was given the point that the dealers and contractors could tie in with the bank's advertising campaign in any way that they saw fit. The same follow-through procedure is planned on all of the subsequent ads in the dealer-contractor series.

Further field work on the dealer-contractor level has been carried out with personal calls on these men in the banking area who are not regular Security National customers. The bank feels that, since these dealers and contractors are in business in the communities the bank serves, they, too, should have every opportunity to learn the details of Operation Home Improvement. If they wish to participate in benefits from the program, our bank wants to do

everything in its power to make this possible.

In the over-all promotion of this program, the bank has undertaken an extensive and consistent space campaign as a means to inform homeowners of the services and financial aid available to them. These ads also have done much to illustrate the various reasons for taking advantage of the Operation Home Improvement loans—reasons of health, comfort, convenience, safety, and general attractiveness, as well as for the increased value of homes restored to good condition. These FIX ads of 1,000 lines will continue to run in the metropolitan and local dailies as well as the local weeklies. To further utilize the effectiveness of the FIX series, they have been reproduced in various forms — as 29x44 lobby display signs, as counter cards for the teller's windows, and as 8½x11 reprints used as inserts in the more than 40,000 mailings a month. The bank has also made use of specially designed blotters and postcard mailings which invite inquiry on the program. The 12 branches of the bank have also extended to dealers and contractors in their banking areas the opportunity to use the lobbies of the banks as display setting for the services or merchandise they offer.

In view of its policy of encouraging personnel to participate whenever possible in community affairs, the writer has accepted the chairmanship of the upcoming Home Improvement Exposition scheduled for the Township of Huntington. This will be the first of a number of such expositions to be held in the various townships of Suffolk County in which the bank is planning to participate.

Security National has believed so completely in the great benefits to be gained from the Operation Home Improvement program and it has so constructively and definitely aimed for and built up a completely integrated campaign, that in only a few months it has already achieved tremendously effective and telling results. Because of the complete co-operation of the bank's personnel and because of the effective use of advertising and promotion, Security National has contributed to making Suffolk County a leader in the nationwide Operation Home Improvement program.



Ad No. 1 in the campaign identifies Security National as the place for Operation Home Improvement loans and spotlights the various improvements or repairs the average home owner might most desire

fix

SECURITY NATIONAL BANK

Headquarters for your HOME IMPROVEMENT LOANS



- NEW GARAGE OR CARPORT
- ADDITIONAL REBROOMS
- HEATING - AIR CONDITIONING

- ELECTRICAL REWIRING
- MODERNIZE KITCHEN
- MODERNIZE BATHROOM - PLUMBING
- FINISHED BASEMENT
- ROOFING - SIDING - INSULATION
- FENCING - DRIVEWAYS - PATIOS
- STORM AND SCREEN WINDOWS
- PAINTING AND DECORATING
- GUTTERSPOUTS - LEADER
- SEWAGE DISPOSAL - DRAIN TILE
- MASONRY - PLASTERING - CAULKING

AT LAST IT CAN BE DONE! Now you can afford to add that badly needed garage or carport, turn your basement into a delightful recreation room or make those unused bedrooms in the attic a reality. HOW? SECURITY NATIONAL BANK makes it possible with a low-cost, budget flattening Home Improvement Loan. You'll want to get started fast when you learn how much beauty, utility and safety can be added to your home. And remember, there's No Down Payment, with up to 36 months to pay.

Make 1956 the year to modernize, repair, and remodel your home. Give your family a happier, brighter homelife. Don't delay for lack of immediate cash. Let SECURITY NATIONAL BANK help you. Use the convenient Home Improvement check list on the right. Decide what improvements are wanted, then bring this list to the SECURITY NATIONAL BANK office nearest you. We will be glad to help you with your complete program. Do it today!



12 CONVENIENT OFFICES

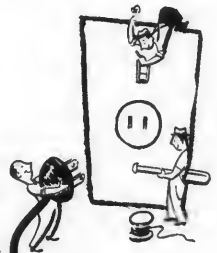
AMITTYVILLE Amityville 4100	EASTPORT Eastport 5001	NORTHPORT Northport 3100
BASTION Bastion 4100	HUNTINGTON Huntington 4100	PORT JEFFERSON Port Jefferson 4100
CENTER HORCHES Center Horches 3012	ISIP Isip 3001	PORT JEFFERSON STATION Port Jefferson Station 4100
EAST NORTHPORT East Northport 4000	LINDENHURST Lindenhurst 5000	ROCKY POINT Rocky Point 4100

Member Federal Deposit Insurance Corporation



Ad No. 2 featuring "How Is Your House Power?" appeared in metropolitan papers as well as local dailies and weeklies. In addition, a mailing went to electrical contractors in the area served by the bank

fix



HOW IS YOUR HOUSEPOWER?

ARE YOU LIVING DANGEROUSLY... ELECTRICALLY? You ran't run today a modern home on yesterday's outdated, overloaded electrical wiring. It flows. How? Frequently at your television, picture jumps and flickers when the refrigerator goes on... IT'S TIME TO INCREASE YOUR HOUSEPOWER!

LET SECURITY NATIONAL BANK HELP YOU LIVE BETTER... ELECTRICALLY Now is the time to install safe, adequate wiring, heavy-duty circuits, additional outlets and new fixtures—inside and outside. Delay can be costly, dangerous and unsafe. Make up your mind today to visit one of the 12 conveniently located offices of Security National Bank.

Ask to see the officer in charge of Home Improvement loans. He will be glad to go over your HOUSEPOWER problems, arrange for a low cost loan at terms suited to your budget and supply you with the valuable information you need to bring your HOUSEPOWER up-to-date!



12 CONVENIENT OFFICES

AMITTYVILLE Amityville 4100	EASTPORT Eastport 5001	NORTHPORT Northport 3100
BASTION Bastion 4100	HUNTINGTON Huntington 4100	PORT JEFFERSON Port Jefferson 4100
CENTER HORCHES Center Horches 3012	ISIP Isip 3001	PORT JEFFERSON STATION Port Jefferson Station 4100
EAST NORTHPORT East Northport 4000	LINDENHURST Lindenhurst 5000	ROCKY POINT Rocky Point 4100

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Dealers and Contractors—Phone No. 1, 11, Resumes, 9 P. Personal Credit Department for further information 411-1000, 6-7100.

HEAVY DUTY CIRCUITS
CONVENIENT OUTLETS
PROTECTOR FLOODLIGHTS OR SPOTLIGHTS FOR YARD DRIVEWAY

- SWITCHES
- REWIRING
- WALL SWITCHES
- CEILING LIGHTS
- OVERHEAD LIGHTING FOR BACK TERRACE OR LIVING AREA
- ENTRANCE LIGHT: RANGE TOP CIRCUITS
- CLOTHES WASHER & CLOTHES DRYER CIRCUIT
- WATER HEATER CIRCUIT
- AMPLE STAIR & HALL LIGHTS
- APPLIANCE CIRCUIT
- OVER WORKBENCH
- HEATING PLANT CIRCUIT
- BATHROOM NIGHT LIGHT
- DOWNWALKER CIRCUIT
- LIGHTING FUTURE OVER WASHING MACHINE & DRYING CENTER
- MEDICINE CABINET LIGHT
- NEW FIXTURES
- GARAGE LIGHTING
- BASEMENT LIGHTS
- SIDEWALK TERRACE AREA
- AIR-CONDITIONING CIRCUIT
- LOCAL LIGHTING AT SHIP RANGE & WORD COUNTERS

For this convenient and complete HOUSEPOWER check list, show bring the information needed, show bring the check list along when you drop in on any of our Operation Home Improvement offices. It's your best friend at SECURITY NATIONAL BANK. your HEAD-QUARTERS for Home Improvement Loans.

16 Ways to Pep Up Stockholder Relations

Uses of the Annual Report, Ads, Old-Fashioned Modesty

MERRILL ANDERSON

The author is president of The Merrill Anderson Company, Inc., advertising and public relations firm of New York City.

THE stockholder has always been important. He raised the money to start the bank. It is his pocketbook that prospers if the bank succeeds. He owns the bank. He can change the management if he wishes—and sometimes he does. How important can you get?

However, his importance has been recognized far more broadly and intensely in the past few years for these reasons:

(1) Many banks show a large increase in deposits. This calls for more capital. Stockholders (present and prospective) are the source of supply.

Influence of Market

(2) Bank A may wish to buy Bank B. Bank B is willing, but its price is high. A cash deal is not in the cards. The only way in which Bank A's management can hope to acquire B, without opposition among A's stockholders, is to find some way to move the bank's stock up 10 or 15 points in the market.

Since the market will be determined by what stockholders believe their stock is worth, it is more than convenient, at a time like this, to have a group of stockholders who are intensely sold on the bank and its future.

(3) The stocks of some good banks sell at figures well below book value. This makes them a natural target for shrewd operators who would like to pick them up at that

figure, and, with a little deft manipulation, make themselves large profits. Good communication between management and stockholders can make this less likely, by building stockholder confidence and raising the market price of the stock.

(4) There is less likelihood of proxy contests and an attempt to unseat competent management if stockholders understand what is going on, i.e., the aims and achievements of the bank.

(5) Then there is the bank which has a good many absentee owners who are not doing it much good. Management may try to broaden the base by getting a lot of smaller local stockholders, who will have more interest in the bank. If the bank's stock has worked up to a high figure, a stock split-up is likely to arouse interest among investors who would not be interested in it at the higher figure.

A Proved Formula

The ideal formula for being on good terms with your stockholders seems to be something like this: Run a good bank. Be on friendly terms with the community as a whole. Make money. (*Definitely—make money!*)

There is another item not to be overlooked: Even if you lead your bank out of the doldrums and show a huge growth in deposits, loans, and earnings, don't think that your stockholders will necessarily love you. They *probably* will. But if you are enthusiastic and outspoken about these accomplishments (which are obviously *yours*) some clever troublemaker may find a number of im-

portant people who would like to see you fall on your face, even if it is going to cost them money. And you will wonder why your stockholders are not boosting you, loyally and harmoniously. Old-fashioned modesty—or even a crude facsimile—would have made the difference.

There is a tendency among bankers to think "annual report" whenever they hear the word "stockholders." While I think this is overemphasis, there is no doubt that the annual report offers more of an opportunity than some banks realize.

16 Recommendations

On the basis of discussions and correspondence with scores of bankers and the study of more annual reports than I can count, I offer these recommendations:

(1) **Give the facts and figures that matter.** Give them over a long enough period so that real comparisons are possible.

(2) **Good figures speak for themselves with a minimum of boasting.** And they don't create so much embarrassment for you if the economy slides off some day.

(3) **Show them graphically, clearly, simply.** Unless this is your first year of charts and graphs, you will probably want to go beyond the line graph and pie chart. For the second year, stacks of coins and currency, cut-up dollars, three-dimensional columns.

(4) **Photographs are good. Color is good. Fine drawings are good. But enough is enough.**

(5) **Decide in advance just what you want your annual report to accomplish.** Don't let it run away from

you just because some other bank has gone in for "glorious technicolor, breath-taking cinemascope, and stereophonic sound." Maybe you should, too, but make your own decisions.

(6) **Include acknowledgments** to those who deserve them. Say "thank you" so that they know you mean it—perfunctory mention is not the same thing.

(7) If **stockholders** have brought or referred business to the bank, mention them by name (with their permission). You can find ways to avoid hurting feelings of any who may be overlooked.

(8) Big pages can be beautiful, but men's pockets are still about the same size they were a generation ago.

(9) Before your report is set in type, have some simple soul with no more than a grammar school education read it and tell you what he didn't understand, or what he thought various paragraphs meant. Have him or her read it aloud to you. You may learn important things about your own style. Another more academic way is to test it by the scale of reading ease developed by Dr. Rudolf Flesch at Columbia.

(10) Some banks boil every advertisement down to the bare bones: let the annual report run to 32 pages. But stockholders are members of the same human race, with greater-than-average demands on their time and attention. So . . . cut the nonessentials.

(11) A page of "highlights" is invaluable to the reader who wants to get the gist fast.

(12) **Tell the current story of the bank's services** and why they are easy and satisfactory to use. Everyone who sees the report is a prospect and, without high-pressure selling, the piece should be planned to win you new business.

(13) **Human interest stories** are potent in warming up the annual report. It's the same quality that made the New York dailies carry big front-page pictures and stories of the little girl who wanted a horse and entered her bid of \$24.03 (her life savings) when The Hanover Bank was about to sell Nashua for a million and a quarter, as part of the Woodward estate.

(14) **The community belongs in your report.** One of the most effective features in one bank's annual report is the story of the continuing movement by large national corporations to its area. You probably have stories of your own area that belong in your report.

(15) **Reproductions of newspaper headlines** or portions of stories carry more conviction than what you write—as third party recommendations generally do.

(16) Finally, some banks are realizing that they pay a **fantastic price for rushing through the annual report** in time for the stockholders' meeting on the day specified in the by-laws. One bank reported overtime charges of \$50,000.

Most banks would be better off. I think, if they did a continuing job of stockholder cultivation instead of

one mighty effort a year. The interim report—short and simple—is one aid. You might send a copy of one issue of the house organ; or reprints of some of the bank's advertising. A letter of welcome to new stockholders is routine with most banks. The luncheon at the annual meeting is well established; but people get hungry more than once a year and opportunities for business conversation are apt to be better at other times. If you have a TV program or a radio news broadcast that you want them to listen to, tell them when and on what channel or station.

One bank reports pronounced success in using photographs of stockholders in newspaper ads. The year-end statement ad featured stockholders. They find that stockholders like to have their pictures used. This year they plan to use child stockholders.

One of my friends in Indiana, John Wilhelm, is looking forward to the day when some great bank holds its meeting in Madison Square Garden or the Chicago stadium.

If that seems too remote, remember that AT&T has a staff of 300 people who devote all their time to stockholders; General Mills has a traveling panel of 35 executives who visit stockholders in eight cities biennially, explaining company projects with charts and movies. You can't do all this; but in your own area and on a proportionate scale, are you doing all that you can?

Three varied annual report covers—Equitable Security Trust Company, Wilmington, shows an "aerial view" of its personnel; The County Trust Company, White Plains, N. Y., shows a new Hudson River bridge nearby; Rockland-Atlas National Bank of Boston shows arterial highway construction in its neighborhood



METHODS and IDEAS

Operating Procedures

Computer Handling Bank's \$24-billion Loan Turnover

ACCOUNTING incident to the \$24-billion annual turnover in brokers and security dealers loans at the First National City Bank of New York is being handled on a general purpose electronic digital computer.

Unveiling a new Burroughs E-101, the bank announced that it would be applied to other commercial loan categories as soon as the work could be programed. Loan turnover at First National City runs about \$28-billion annually.

The machine has a 100-cell memory capacity. A larger unit, with a 220-cell capacity, is in production and will be delivered to the bank when available. "An even fuller use of the machine's capabilities will be possible at a later date when input and output tape devices are received," said an announcement.

The bank explained that the new machine "performs any combination of operations automatically in accordance with a program of instructions which is given to it through arrangements of pinboards.

"It eliminates a tremendous amount of machine and manual operations. The machine automatically calculates and prints interest accrued through the end of the month on loan ledger cards. It computes and prints new balances; prints a daily journal and a carbon copy of all transactions with offsets; accumulates totals of loan changes by class, interest accrual changes, offset entries and other control totals. At the end of each day it recaps and prints these totals on control ledger cards and prepares the department proof for the general ledger."

Operations men at the bank said

the machine did in 12 minutes the work of two men for a full day; it's now processing a day's job in 2½ hours. Its operator is a young woman formerly in the bookkeeping department.

The bank is prospecting for other areas in which the computer can be used, such as the general ledger and voucher departments—any operation that has limited volume but a high percentage of clerical effort.

Bank Correspondence

SYRACUSE University students of business-writing surveyed bank correspondence procedures and learned from 247 banks that:

Of the 103 employing form letters 79% use them to welcome new customers; 49.5% have form letters for notifying customers of overdrafts; 15% use them to welcome new industries; 43.6% to tell present and prospective customers about their services.

Only about 6% of the banks use a manual for dictation; 20% have

a transcribers' manual and some an over-all operational manual of which the correspondence section is a part.

There are four general types of correspondence training programs: a carefully outlined bank procedure; periodical reviews of correspondence; lecture series on letter-writing; and bank-sponsored employee training in business schools, colleges and universities.

"Several banks report that the development of a manual has been or is being contemplated," says a summary of the survey findings. Commenting on the coverage of dictation manuals it reports:

"In general, stress is upon importance of good planning of the letter, concise, clear sentences, keeping in step with management policies, eliminating distractions, voice monotony, improper pausing and faulty speed, and putting personality into a letter where possible.

"One excellent manual for dictators is based upon a 10-week letter clinic held by the bank. It covers the importance of letters, writing

The First National City Bank of New York's electronic digital computer, used in the loan department at 55 Wall Street. The "programing" is done on the pinboards at the right





Here's the new drive-in at Hibernia National Bank's Gentilly branch office in New Orleans

naturally, courtesy to the reader, sincerity and restraint, positive approach, conciseness, clear and correct language, effective openings and conclusions, and finally ways of planning the letter before dictation."

Another manual is developed principally around four tests: "Is the letter understandable? Is the letter adequate? Does the letter show consideration for the reader? Is the letter accurate?"

"A few banks appear not to favor use of manuals, saying that they do not wish to restrict their officers to the use of particular styles or forms of letters," the Syracuse survey reports.

Safe Deposit Pitfalls

SUGGESTIONS for avoiding safe deposit pitfalls were offered by Aaron D. Felsing, manager of The Northern Trust Safe Deposit Company, Chicago, to several hundred bankers attending the conference sponsored by the National Association of Bank Auditors and Comptrollers at Chicago. He made these points, among others:

Doors to the safe deposit vault should have time locks, with access under double custody. The vault doors should be thoroughly serviced at least once a year; box locks, keys, tin containers, all operating equipment should be kept in excellent repair.

The rental agreement or contract should be drawn by the bank's attorneys. No forms should be used without their approval.

If the box is leased to plural renters and access instructions stipulate that two or more persons are to be present for access, see that they are

present. Do not permit one to give oral or written instructions for free access to the other.

No access should be granted unless the customer is properly identified and his right to have access is verified on your records. Possession of the key is not identification nor is it evidence of the right of access.

Under no circumstances permit an unauthorized access.

Deputy appointments should be made on regular forms provided by the bank and should include an indemnifying clause. They might well also include a statement that access may be permitted before, during or after regular business hours. General powers of attorney should ordinarily not be accepted for access.

Bank or vault employees should not be permitted to act as deputies for customers.

Joint Control for Keys, Locks

Locks and keys to unrented boxes should be kept under joint control.

The key used by the vault attendant should never be available to unauthorized persons.

Customers should not be permitted to enter and/or remain in the vault alone.

The attendant should permit access and open a customer's safe deposit box only within full view of the customer. When the customer returns the box, it should be locked in the same manner.

The customer should not be permitted to leave his safe deposit box container in a coupon room unattended while he goes elsewhere. In-



A closed-circuit television system permits centralized bookkeeping for the Pioneer Bank & Trust Company, Shreveport, La., and its two branches. Equipment includes a "scooter" mounted on tracks in front of the bookkeeping files, two cameras, and 19 monitors

sist that he relock it in the vault or take it with him. If he must take it from the bank, make a full report of the circumstances.

Foundation for a Personnel Program

NINE broad principles for a personnel program applicable to all types of banks and jobs are suggested by C. A. Sienkiewicz, president of the Pennsylvania Bankers (CONTINUED ON PAGE 159)

"A Thing of Beauty"

IN a feature article headed "Fashion Rivalry Keen in Banking," Leif H. Olsen, bank reporter of the *New York Times*, said "esthetics" had entered the vault manufacturing field.

"A vault," he wrote, "is perhaps the most important equipment a bank buys." Noting that "there are only three in the business, Diebold, Inc., the Mosler Safe Company, and Herring-Hall-Marvin," Mr. Olsen continued:

"Vault-making is not a big industry. The makers like to keep their figures secret, but gross sales last year ran about \$50,000,000. Still, the competition is white hot at present. . . .

"This has done some curious things to the product. Up to a few years ago the low bidder got the job. . . .

But then esthetics entered the field."

The article went on to review dramatic changes in the past two or three years, particularly the beautification of vault doors.

Reporting that some observers expect the expansion and modernization of banks to "taper off," Mr. Olsen added:

"Not Raymond Koontz, Diebold's aggressive president. He insists it is just getting started. And across Ohio, John Mosler, executive vice-president of Mosler Safe, is equally optimistic. Mr. Mosler points to 1955 record sales and predicts 1956 will top them. Mr. Koontz says sales in the first quarter should exceed those in the like period of last year by 20%. And the balance of the year looks 'very good.'"

Public Relations

*Advertising . . . Promotion . . . Business Development . . .
Community and Staff Relations*

"You're Welcome"

A PERSON cashing a pay check at MERCHANTS NATIONAL BANK, Manchester, N. H., receives from the teller a yellow "You're Welcome" card (see cut). It tells him that cashing checks is only one of the bank's services and invites him to use one or more of the others.

"This idea came to us when we discovered that we were cashing a large number of pay checks drawn on other banks for people who did not have an account with us," explains Vice-president Clifford R. Thatcher. "They patronize our bank because of our large, convenient parking lot, and we cash their checks so long as we know the issuer and the person can identify himself.

"The service offers us two sources of business. First, the employee gets to know us from his weekly visits. When he needs a personal loan or instalment financing he stops in to see us. Many have opened one of our special checking accounts when they found this service was more economical than buying money orders or registered checks. Likewise, many have opened Christmas Club

Merchants National Bank of Manchester, N. H., uses this card effectively



and savings accounts because of the convenience of making payments or deposits when cashing their pay checks."

The bank frequently gets an opportunity to talk to the employer about the service his employees are getting, thus opening the door to a discussion about the bank and what it has to offer.

Down on the (Madison Avenue) Farm

IF any New Yorkers, little or big, haven't seen chicks (and we do mean the poultry kind), the fault isn't the UNION DIME SAVINGS BANK'S.

During the week before and the

week after Easter, the bank's Murray Hill office on Madison Avenue was the scene of an Easter Farm Fair, complete with eggs, little chickens, a mechanical cow, and sundry dairy products. Two dairy companies gave food demonstrations at regular intervals during the first week; in the second, members of 4-H Clubs in Orange and Suffolk counties came to the bank to show the public their activities. An incubator was on display, too.

Exhibits and demonstrations were provided through the courtesy of agricultural, dairy, poultry and packing organizations, many of them the bank's neighbors, with offices in the vicinity of East 39th Street, Manhattan.

Baby chicks in a ferris wheel were one of the Easter Farm Fair exhibits at the Murray Hill office of the Union Dime Savings Bank of New York on Madison Avenue. The event took place during a school vacation, and many little New Yorkers came in to see the diverting displays

Model of the proposed Brooklyn Sports Stadium and area is being displayed in Brooklyn savings banks, which participated in the Dodgers' pennant-raising festivities on Opening Day, April 17. The model was prepared for the Group V Savings Banks Association





"Bank Education Week" at Springfield, Ill., included tours for high school students. *Left*, at the Springfield Marine, young people inspect the ledger recording Lincoln's account. *Right*, a savings machine is demonstrated at the First National



Seeds for Gardens and Loans

THE CONNECTICUT BANK AND TRUST COMPANY, which has 23 offices in 15 Connecticut communities, distributed flower seeds this spring as a promotion for its home loan improvement service.

Slipped into a folder resembling a match book was a generous packet of seeds—"a gift that will help beautify your home."

A message inside the front cover suggested that home beautification could not be done with flowers alone. "Sometimes it takes money. Yes, money for materials to build a new sun porch, outdoor terrace, sidewalks," etc.

"If we have 'sown a seed,' come in any of our offices and ask about a Property Improvement Loan. Costs only \$5 per \$100 per year, with free life insurance included."

On the back cover was a loan repayment schedule.

"On-the-Job" Loans

UNION MARKET NATIONAL BANK OF Watertown, Mass., recently introduced an "Employee Bank Credit Plan" in several local industries.

Definite benefits are assured to both employees and employers by providing bank loans "on-the-job," says the bank. The plan furnishes an employee with the opportunity to

(CONTINUED ON PAGE 128)

Public Relations Call Statement

SOME 500 bankers who attended regional meetings in Milwaukee and Wichita, under sponsorship of the Financial Public Relations Association heard programs on the theme "What Your Public Relations Call Statement Should Show."

A feature was a panel discussion by FPRA officers, "Fitting the Tools to the Policy." Participants were First Vice-president William E. Singletary, vice-president, Wachovia Bank & Trust Company, Winston-Salem, N. C.; Second vice-president Orrin H. Swayze, executive vice-president, First National Bank, Jackson, Miss.; Third Vice-president Edward T. Hetzler, vice-president, Bankers Trust Company, New York; and Treasurer A. Gordon Bradt, second vice-president, Continental Illinois National Bank and Trust Company, Chicago. Preston E. Reed, FPRA's executive vice-president, was moderator. Here's the panel in brief:

Hetzler on Advertising. The ad program needs constant reappraisal. Before determining the budget, decide on what advertising is to do: that, rather than a formula, is the important thing. If the advertising job requires more money than is available, postpone part of the program temporarily. Keep the staff informed of your advertising so it can sell the service.

Singletary on Business Development. The front line of selling is the officer call program; it must be organized to be effective. The chief executive officer holds the key to its

success; if he gives enthusiastic support the staff will follow. Offer a challenge by setting up goals and quotas; they'll stimulate the sales effort. Some banks think this is a pressure technique, but don't forget that industry uses the idea successfully.

Swayze on Publicity. Newsworthy events occur in every bank, but often they're not recognized. Give your releases the same careful preparation you give your advertising. Gain the confidence of the press, develop its friendship.

Bradt on Community Relations. Banking education in the schools is important, but it's effective only if it contributes to the children's knowledge: schools aren't the place to promote services. Contributions present difficult problems. Compile a list of approved organizations, say "no" tactfully to those who don't qualify, explain the policy completely. Budget all contributions.

W. W. Delamater, FPRA's president, and vice-president, Trademans Bank & Trust Company, Philadelphia, told the conferences that there was a tendency to glamorize public relations. Tricks and stuntmen have no place in the banking field. The future of bank public relations depends on careful planning and intelligent execution.

L. M. Smotherman, assistant vice-president, First Wisconsin National Bank, and Kenneth E. Johnson, vice-president, Kansas State Bank, were chairmen, respectively, of the Milwaukee and Wichita conferences.

BANKS and PEOPLE

Stories That Make News

A Trust Fund for Bronze Generals

ONCE upon a time there lived in Philadelphia a National Guardsman, Brigadier General William M. Reilly, whose heroes included Lafayette, Pulaski, Montgomery, and Steuben. When he died, 60 years ago, General Reilly left a \$50,000 trust fund, the income from which was to accumulate until there was enough to erect statues of the illustrious four in front of Independence Hall.

The general picked these foreign volunteers in the cause of American freedom because "they were inspired by that nobler humanity which rises above the love of one country only—the love of liberty for all mankind without distinction of race or creed." And he sought thus to mark Americans' appreciation and gratitude.

By 1940 the income accumulation

"A Trust Fund for Bronze Generals" is also appearing in the May issue of THE TRUST BULLETIN.

"Banks and People" is by JOHN L. COOLEY of BANKING's staff.

was \$165,000 and the then Pennsylvania Company for Insurances on Lives and Granting Annuities, serving as trustee with three individuals, was ready to get the statues. However, Philadelphia's Art Jury, which must approve all decorative appendages to Independence Hall, politely said No thanks, there were enough bronze men on the lot.

The court appointed an *amicus curiae* to study the quandary, and it was decided to install the Reilly gifts at the Art Museum. Four sculptors were hired. However, bronze was scarce in wartime and another decade passed before the statues were completed.

But General Reilly had had other heroes, to wit, Generals Wayne, Greene, Sumpter, and Morgan; also

Captain John Paul Jones. The will provided that when the first four sculptures were in service the trustees would continue to accumulate income against bronze likenesses of those gentlemen.

We're informed by Robert A. Wilson, senior vice-president of The First Pennsylvania Banking and Trust Company (successor to the old institutional trustee) that work is proceeding on the Jones piece; it was decided to start with him as a courtesy to the Navy. However, interest rates being what they are, it may well take another 75 years to finish this part of the long assignment.

Just in case the trustees run out of projects, General Reilly stipulated that when all his heroes were quietly sitting out eternity on their pedestals, the income from his fund should accrue for the construction of a hospital.

That one, everybody agrees, is something for a distant tickler file.

Pulaski



Lafayette



Von Steuben



Montgomery



Big Jersey Standard Stock Issue Handled by Bank

More Than 20,000,000 Items Were Processed
in Largest Job of Its Kind



Special instructions being prepared for an electronic machine as part of the tabulating phase of processing the Jersey Standard stock split at Guaranty Trust of New York

THE 130,870,948 new shares of Standard Oil Company (New Jersey) are safe in their owners' strong boxes—and a bank did a record-breaking job to put them there.

Guaranty Trust Company of New York, Jersey's transfer and dividend-paying agent, saw to completion the vast detail incident to the company's three-for-one capital stock split. It was the biggest task of its kind ever undertaken, involving the manual, mechanical, or electronic processing of more than 20,000,000 items: mailings, enclosures, stencilings, proxy tabulation, issuance, and posting of the new certificates.

There were, for instance, more than a million mailings containing 3,588,000 enclosures to the 326,000 stockholders. Posting the new shares to the stockholders' ledgers called for 1,500,000 entries in five weeks.

Preliminary planning for the physical handling of the split started some time before the special stockholders' meeting at which the action was approved. Proxies were stenciled and related material was prepared and mailed to shareholders in advance. A stockholders' voting list was assembled, giving names and number of shares held on the record date; returned proxies were checked and tabulated against this list.

"Automation, methodication, and modern electronic equipment made the huge job possible, and kept the many varied phases on schedule," Guaranty reported. "One new machine that was used to advantage counts certificates at the rate of 60,000 an hour. Yet with all the most advanced equipment the job required the work of hundreds of members of the bank's staff, at times almost around the clock."



Several hundred of the bank's employees assembled the more than 3,500,000 enclosures

Part of the 21 tons of mail, with stock certificates enclosed, in bank's vaults before being mailed to SONJ shareholders



A few of the mail bags start their journey from the Guaranty to the New York Post Office





Some of The First National Exchange Bank staffers who completed A.I.B. courses in 1955

Commencement for Staff Students

“COMMENCEMENT time” is coming up again at The First National Exchange Bank of Roanoke, Va.

Each summer the bank has a program, in its own auditorium, to honor the staff members who have completed the work required for American Institute of Banking certificates. Conducted by the president and board chairman, C. Francis Cocke, as a special staff meeting, the exercises include an address by him, emphasizing the value of the Institute and The Graduate School of Banking.

Mr. Cocke, a former president of the American Bankers Association, also presents cash awards to the new A.I.B. alumni: \$100 to the

C. Francis Cocke, president and chairman of The First National Exchange Bank of Roanoke, Va., presenting an A.I.B. Graduate Certificate to Edward C. Tutwiler, assistant cashier, left. Mr. Tutwiler took his first A.I.B. course in 1921



student who has earned a Graduate Certificate; \$75, Standard Certificate; \$50 Pre-standard Certificate; and \$25 to the FNEB staffer who made the highest grade in each of the five courses offered by Roanoke Chapter.

Last year the bank had 62 staff members, out of approximately 160, who successfully completed Institute courses. Four received Pre-standard, one a Standard, and four Graduate Certificates.

Florida Banks Give 21 Scholarships

TWENTY-ONE students, including one woman, are now using scholarships at five colleges and universities in Florida, provided by the Florida Bankers Association Educational Foundation.

The cash awards, ranging from \$250 to \$600 a year, are made possible by voluntary contributions of banks in the state, and are given to college juniors and seniors majoring in finance and banking. The purpose is to encourage the training of bankers “to the end that the future of Florida banking will be in sound and capable hands.”

The awards are based on scholastic average, ability, need, personality, character, and future plans. The scholarships can be used only in Florida.

Blind “Extras” Do Big Job for Bank in Houston

NINE totally blind men and women recently came to The National Bank of Commerce, Houston, and completed a big job in record time.

As transfer agent for a number of large national corporations, the National’s trust department frequently makes substantial mailings to stockholders. Faced with such a job, at a time when many other things had to be done, the bank called on the Houston Lighthouse for the Blind for helpers. The group inserted 60,000 annual reports in envelopes in record time.

“This made it possible for us to put the report in the mails ahead of schedule,” says Vice-president Robert W. Kneebone. Previously, it had taken sighted persons about a week to make the inserts, whereas the Lighthouse folks did the job in just over three days.

Perhaps, as Mr. Kneebone suggests, others will like the idea. It’s a way to help worthy handicapped people help themselves—and to get what he describes as “superior service.”



President J. E. Bryan, Union Trust Co., St. Petersburg, hands scholarship check to the bank’s former employee, Joan Hope Johnson, a banking major at University of Florida

The Bank and the Piney Woods

Ask the people at Deposit Guaranty Bank and Trust Company, of Jackson, Miss., "What was your busiest time?" and the chances are they'll answer, "When we helped the Piney Woods School handle that deluge of dollars."

The flood crested into a trust fund of \$800,000, which the bank administers . . . but it's really quite a story, so let's outline it:

Ralph Edwards' "This Is Your Life" television program featured Dr. Laurence C. Jones, founder of the Piney Woods Country Life School for Negro children, located about 20 miles from Jackson. After the show that Wednesday evening Ralph suggested that viewers send \$1 to the doctor for the benefit of his project.

By Friday the donations were arriving in sacksful, and the bank pitched in to help. It drafted a station wagon to haul the cash from the post office to its vault, then hired 90 college students, home for Christmas, to reenforce the staff. At one time more than 150 people worked long hours opening letters and counting money. The bank had as many as 30 mail bags in its main vault and 15 more in the strong room at the branch. Contributions came from everywhere — even

Dr. Jones, founder of the Piney Woods School, discusses terms of the trust agreement with W. M. Mounger, president, Deposit Guaranty Bank & Trust Co. of Jackson, Miss.



Dr. Jones and a portion of one day's mail at the post office

Europe. The Brooklyn Dodgers sent \$500.

Several months later Dr. Jones invited his friends to Piney Woods for the ceremony marking establishment of the \$800,000 Laurence C. Jones Foundation, made possible by thousands of generous, friendly people. Distinguished citizens attended, among them Governor Hugh L. White, Mississippi's Chief Justice Harvey McGehee, two bishops, three college presidents.

So things are going pretty well at

Piney Woods. When Dr. Jones started his school in 1909, the first class—one pupil—met under a tree. Now there are 500 pupils, numerous buildings—and \$800,000!

A friend of the bank and the school reports that Deposit Guaranty's livestock man went to Piney Woods one rainy day to check the hog-feeding program at its farm. The banker took his boots along, climbed into the pen, called the hogs, and made his inspection—to the delight of the young students.

"Trusting Banker" No. 1 Friend in Westinghouse Strike

WHEN a New York *Herald Tribune* reporter asked Jacob Konowich of Newark, N. J., how his family of seven had been able to survive the 156-day Westinghouse strike, Mr. Konowich listed five factors—and first came "a trusting banker."

The others, as noted by Tom Barrett in a prominent feature story, were: "An understanding landlord, a sympathetic grocer, loving relatives, and a job on the side."

"Last summer," wrote Reporter Barrett, "Mr. Konowich decided to consolidate several debts through an \$1,800 loan with the Fidelity Union Trust Co. of Newark. Monthly payments were set at \$75. Beyond this debt, the Konowiches were pretty well clear. . . ."

"Today Mr. Konowich owes five months' payment on the bank loan, but has been assured by the bank of a reasonable time to make up the payments."

He is now back at work at the Westinghouse Meter Division plant, Newark.

"The Bank and Its Publics"

PERISH the thought, but if there are banks still in the disheartening condition of "intending" to do something about public relations, perhaps it's in order to suggest a little preparatory homework on so important a subject: for instance, a reading of *The Bank and Its Publics** by Robert Lindquist.

As many BANKING readers know, Bob Lindquist is an old pro with a young viewpoint. He's vice-president in charge of public relations and business development at Harris Trust and Savings Bank, Chicago. Formerly chairman and now a member of the A.B.A. Public Relations Council, he is also an ex-president of the Financial Public Relations Association and a founder of its school at Northwestern University. He lectures extensively — at The Graduate School of Banking, among other places.

Everybody's Job

Broadly speaking, his book projects the philosophy and techniques of bank public relations, a subject that has come of age in the past decade or so. Although Mr. Lindquist says this volume is not primarily a handbook but more "a study of human relations," it's as thorough as a manual. However, it keeps in close contact with the author's major premise: that the never-ending public relations job reaches into every cranny of the banking business, and is therefore everybody's job. (If this is not a new observation, let it be suggested that the existence, between two covers, of so much information on how to execute that job, is rather convenient.)

The book offers many suggestions for carrying out a public relations "program." First to bear the responsibility is management — the bank president, directors, top officers: "a place must be made at the management table for continuous attention to the human side of

banking." Without the "invisible asset of public confidence and goodwill" there would be no banks, Mr. Lindquist observes. Public relations is "of more concern to banking than to any other type of service," for banks deal in intangibles and their profits come only through the customers' continued patronage. Therefore a banker's most important quality "must certainly be an understanding of human nature."

This author doesn't offer a set plan for all banks; public relations isn't adaptable to a mold. Organizing for the job must proceed on the lines of each bank's own policies and the conditions extant in its organization and community.

Mr. Lindquist



In selecting the public relations personnel, says Mr. Lindquist, look for the ability to work with and to understand people. The P. R. specialists must know their publics. First of these is the bank's staff, which should be selected, trained, and inspired. Then there are the directors and stockholders, present customers, community, government. The book suggests procedures for working with all of these public areas.

There is much material on the implementation of the public relations program. Separate chapters cover such things as banking sales-

manship, advertising and its media, personal salesmanship and business solicitation, publicity, news releases, the public relations budget.

Advertising media, copy preparation, layouts, format and budgets are discussed at length. One chapter, "The Bank and Its Community," emphasizes the need for "sincerity and warmth of personal contact and friendship" in banker participation in civic activities. The author recommends that banks develop their own community projects, and has many suggestions.

Everybody agrees that good public relations begins at home, and Mr. Lindquist has a chapter on personnel administration: establishing a policy, salaries ("the underlying policy must be concerned with compensation"), fringe benefits, retirement plans, profit sharing, promotions, "the human touch."

The author emphasizes that banks must attract personnel "above the average in intelligence, character and personality." What is needed, he says, "is a selling job on the part of banking to show the younger generation and its teachers that banking now offers many advantages for employment." He has some practical ideas for accomplishment: booklets, letters, personal interviews with students.

That "Do Something" Urge

In his foreword Mr. Lindquist says: "The desire to serve, to 'do something about public relations,' lies in the hearts of most bankers. And this desire is prodded by newly developed competitive forces. But what action to take, and the techniques of this action, offer big questions for the average bank to answer."

If all the answers aren't in this book (or in any book), the author nevertheless helps the reader find his own. Impressing on bankers their opportunities and responsibilities in human relations, *The Bank and Its Publics* provides them with the kind of know-how that is good for the banking business.

(*) THE BANK AND ITS PUBLICS. By Robert Lindquist. Harper & Brothers, New York. 300 pages. \$5.

BANKING'S PROBLEM OF *Recruitment and Training*

EDWARD B. SMITH

The following article is based on a report made to the Association of Reserve City Bankers, at its recent Boca Raton meeting, by Edward B. Smith, president of the First National Bank of Atlanta.

BANKING has to do a far better job than it is presently doing in selling its wares to its own officers and employees. At the same time, it has a long way to go in developing a good working program for recruiting, training, and keeping potential officers and new employees.

These are among the more important conclusions that can be drawn from two surveys on banks and bankers just completed by the J. Walter Thompson Company for the Joint Public Relations Committee of the American Bankers Association and the Association of Reserve City Bankers. The surveys were conducted under the guidance of the Subcommittee on Recruitment and Training of Personnel for Banks headed by Lloyd Austin, president of the Security-First National Bank of Los Angeles; George Moore, executive vice-president of The First National City Bank of New York; and the writer.

Our committee specifically sought to find out, through carefully prepared questionnaires (a) the attitudes of bank personnel toward banking as a career; and (b) what banks are doing to attract and train competent young men and women for the banking profession.

Two Questionnaires

The two questionnaires were mailed out to a total of 134 banks in various parts of the country and were completed and returned by 127 of them. Of the 1,107 bank employees who participated in the survey, 88% were officers and the rest were trainees. Eighty-one percent

of the bankers worked in cities of over 450,000 population. The "average banker" in this test group was between 35 and 39 years of age, had entered banking 10 to 14 years ago, held the post of vice-president, assistant vice-president, or cashier; and had been in his present position about three years. College graduates slightly outnumbered nongraduates. About 80% of the trainees were college graduates, as compared to 52% of the officers.

The first survey, designed to reveal the attitudes of bank personnel toward banking as a career, contained such questions as: What single factor influenced you most in becoming a banker? What are the special "strong points" which banking offers? What are the major weaknesses of banking? What are the greatest satisfactions to you in banking? If you were to start your career all over again, would you again choose banking? Do you feel that banks "put their best foot forward" in selling banking as a career?

Important Findings

Here are some of the important things we found out:

¶"Growth opportunity" (including both opportunity and rate of advancement) is listed by most bankers as the one single factor which caused them to enter banking. Job availability (best or only opportunity when seeking employment) rates second, a finding not particularly complimentary to banking. It is interesting to note that the second reason was much less important among the younger group.

¶"Security or stability of work," however, according to a majority of these same bankers, is the strongest point which present-day banking has to offer a young man beginning a career. Second strongest point is "opportunity for advancement" (mentioned by 43%) followed by "good working conditions" and

personal "prestige, respectability."

¶"Low starting salaries" leads the list of major weaknesses of banking according to nearly half of the bankers. Thirty-four percent say "slow or uncertain advancement" is banking's biggest drawback and more than one-fifth mentioned "low pay scale" of banks compared with other industry.

¶"Associations with co-workers and customers" is the greatest satisfaction found in banking according to nearly half of the bankers, followed closely by the "opportunity to help others." These are followed by "respect, prestige" and "satisfaction of doing a job essential to the community."

The Right Career

Other findings were equally enlightening. For example, 68% of the bankers feel they have chosen the right career, 22% are uncertain, and the remaining 10% say they would not choose banking as a career if given the chance to start over again. Significantly, the size of a banker's present salary has apparently little effect on his decision in this matter.

More than 80% of the bankers surveyed do not believe that banks are putting their best foot forward in selling banking as a career. As suggestions, they offer "better contact with schools and colleges" (involving talks, conferences, printed literature, etc.) and raising salaries to a point where they will be competitive with industry. They also suggest better public relations for banks. Interestingly enough, the replies of the older officers and younger trainees do not vary much.

If it appears, from this survey, that much remains to be done by banking in the important job of selling itself to its present officers and employees, it would seem that an equal if not greater task lies ahead in the critical field of recruitment and training of *new* employees, as

pointed up by the second survey.

In this survey, we wanted to find the answers to such questions as: Does your bank use testing as an aid in selection of officer material? Does your bank have a planned recruitment program? What are your minimum educational requirements in recruiting? Do you have any method for contacting persons at the end of their military service? What percentage of your employees have you lost to other banks or to business and industry?

New Employees

Here again the results make interesting reading:

¶Most of the 127 banks have recruitment and training programs but lack standardization—the length and scope varying considerably from one bank to another.

¶Sixty-three percent have planned recruitment programs for clerical personnel and 62% have programs for potential officers, but little more than half have programs for both.

¶The personnel officer handles all of the recruitment in more than half of the banks.

¶Only a few of the larger banks maintain liaison with school placement offices for the purpose of attracting potential officers from our

many colleges and universities.

¶Half of the banks have no technique whatsoever for contacting persons at the end of their military service; of those who do, half of these again are concerned solely with their former employees.

¶One-fifth of the banks require a potential officer to have only a high-school education. Sixty-nine percent require a college degree or its equivalent, while 94% require a high school diploma as the minimum education for their clerical personnel.

¶Half of the banks use personnel testing, but 63 different tests are listed as being used, with no more than eight banks mentioning any one test.

¶“On-the-job training” predominates in all personnel categories, even that of present officers of the bank. “Job rotation” is used predominantly for both clerical and potential officer trainees.

¶Twenty-six percent of the banks say they lost at least 15% of their clerical personnel to business and industry. Thirteen percent of the banks admit experiencing a similar loss of potential officers.

¶More than half of the banks report that initial salaries for potential officers are over \$300 per month, and 76% say they pay over \$325 per

month upon completion of the training period. Most banks say they are not now contemplating an upward revision of their potential officer salary ranges.

Evaluation of Results

In summary, we find these basic points raised by an evaluation of the results of the two surveys:

(1) Banks are criticized by those who work in them for (a) paying low salaries; (b) not being competitive with industry; (c) killing initiative by starting everyone off as a clerk; and (d) slowness to recognize ability.

Although we don't believe all of this is true, the fact remains that many of our fellow officers and trainees do. Each of us must find out the truth for his own bank, and, if it is good, merchandise it; if it is bad, correct it.

(2) Banks do not sell their wares too well to their officers and trainees. Emphasis should be placed on those points in the survey wherein banks are rated well, such as opportunity for advancement. We should appraise our banks, find out who is to retire and what spots will open up in the next few years. In most cases it will be found that much more opportunity exists than appears on the surface. In effect, we must make what George Moore refers to as a “personnel audit” of our bank.

“Success Examples”

(3) Top bank executives do not enter enough into the direct effort of solving the manpower problem. Too often, the survey reveals, the personnel officer does the entire job. Not only should top officers, including even the president, participate in this work, but banks should use their own young “success examples” to seek out other qualified youngsters in colleges, business schools, and elsewhere and tell them about the opportunities for a satisfying banking career.

(4) Banks do not capitalize on their strong points and even tend to find themselves constantly on the defensive. The survey shows us that banks do have good points, often overlooked, which should be put across to the prospective trainee. These include such things as stability of location, integration into a community with a standing of prestige and respect, and pleasant asso-

(CONTINUED ON PAGE 148)

Forty members of The Bank of New York's staff were graduated from an especially arranged course in Management Development conducted for the bank by New York University. The course consisted of 24 weekly sessions covering all phases of supervision, including current management techniques and related problems in human relations. Enrollees were divided into two groups, one for department heads and the other for assistant department heads with supervisor potential. The graduating class and officials of the bank (*below*) listen to remarks by President Albert C. Simmonds, Jr. Graduation certificates were awarded by G. Rowland Collins, dean, NYU's School of Commerce. According to Assistant Treasurer Jeanne Bradley, chairman of the Management Development Committee, the bank will repeat the course next year for officers of the bank



How Banking's Numerical System Began

This article sketches the beginnings of the numerical system of identifying banks and clearing houses. It was prepared with the cooperation of Malcolm Davis, formerly with BANKING and now a New York advertising man, whose uncle, the late W. G. Davis, originated the idea. We also got an assist from Eugene D. Luken of the A.B.A. staff.

JUST 50 years ago the treasurer of Central Trust Company, Cambridge, Mass., had an idea—one of those simple ideas that lead people to say, some time later, "Why didn't somebody think of that before?"

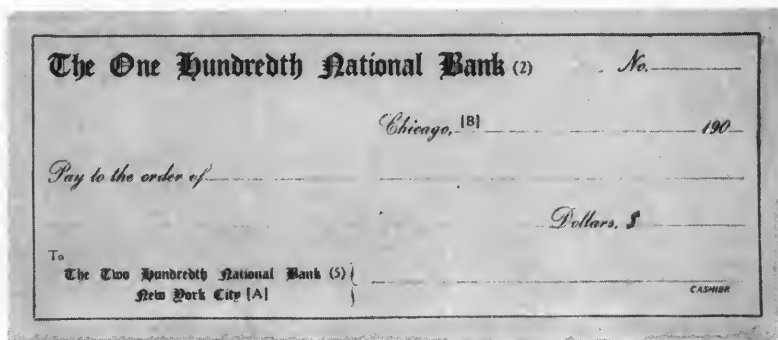
This banker, W. G. Davis, thought the banking business would serve itself and its public more expeditiously if there was an arrangement whereby all clearing house cities in the country were designated numerically.

Mr. Davis took his idea to the executive council of the Massachusetts Bankers Association. On June 21, 1906, he told these bankers that he had presented his proposal to two or three bank men, including the "distinguished manager of our Boston Clearing House." None saw any objection, "and most of them rather thought it might be a good thing." Mr. Davis further suggested that MBA bring his proposal before the annual convention of the American Bankers Association.

The MBA Council asked the Cambridge banker to draw up a plan for submission to the A.B.A. meeting, and he came back with this explanatory outline:

"There are, say, 110 clearing house cities in this country. If each should be given a number, it seems to me it would save a great deal of time in the clerical routine of banking, just as the numerical designation of the banks in each clearing house city has saved time.

"For instance, supposing New York City is No. 1, Chicago No. 2,



Specimen check adopted in 1907, carrying out Mr. Davis' suggestion. Letters designate clearing house cities; numbers, the member banks

Boston No. 3, Philadelphia No. 4, etc. The economy would be considerable in the clerical routine work in banks and in communications between banks, especially in letters covering cash items, deposits, and checks for collection.

"To illustrate: If this plan should be adopted, 12-1 is a very clear way of stating 'Chemical National Bank of New York City,' 39-3 would be 'First National Bank of Boston,' 44-4 would be the 'Franklin National Bank of Philadelphia.'"

Mr. Davis made some procedural suggestions, including placement of symbols on the checks, then pointed out that his proposal "would not only lead to the saving of time in the internal routine of the banks, but the customers would soon learn to use the clearing house city numbers."

The Plan Is Favored

At the Spring Meeting of the A.B.A. Executive Council, held at Hot Springs in May 1907, Mr. Davis' idea was referred to the Association's Clearing House Section. That group favored it, and the Section's secretary, Fred E. Farnsworth, was instructed to draw up a proper form for consideration at the annual Clearing House meeting that fall.

On September 14, 1907, Mr. Farnsworth sent to all the clearing houses a form of bank draft embodying the

numerical identifications suggested by Mr. Davis. "It is proposed to have the clearing houses numbered in the same way in which members of each clearing house are now numbered," he said, "the banks to be furnished with both sets of numbers to be used in entering, listing and reporting items. The great advantage of such a system of simplification of method—the saving in time and work—need not be pointed out."

The system was adopted by the Clearing House Section at its Atlantic City meeting on September 24, 1907, and it was offered to the country on May 2, 1908. The 25 cities using the plan at the outset were lettered on the basis of total clearings for the year 1907 in order of volume.

"This proposition has met with much favor," Mr. Farnsworth wrote Mr. Davis, "and we believe it will be extended to customers' checks."

In 1910-11, it was. Every bank in the United States got a number of its own under the "Numerical System" which is still in existence. The A.B.A. authorized publication of a book containing the names of the banks and the numbers assigned.

Mr. Davis later became president of Central Trust Company, now the County Bank & Trust Company. He died in Cambridge on April 4, 1956, at the age of 86, two years after his retirement from banking.

New Bank PR Program Is Under Way

THE national publicity campaign, designed to supplement all of the excellent promotional work of individual banks, state associations and other banking groups, and undertaken jointly last fall by the American Bankers Association and the Association of Reserve City Bankers, is beginning to show results which can be examined and appraised.

Perhaps you've noticed an illus-

Two hundred weekly newspapers and small-town dailies over the country have started using the illustrated feature (below) telling about bank services, community activities, and history. These are furnished for weekly publication to some 1,000 newspapers as part of the national promotional program for banks

trated feature, called "Bank Notes," in your local paper; or your wife has heard over her favorite radio station a broadcast about "Should Your Child Be a Banker?" or your daughter has read in one of her favorite national magazines an article about the value of having an account with a commercial bank. These are among the first results of the publicity campaign which is daily gaining momentum in telling the story of banking and its national importance.

Newspapers, magazines, radio, television, and industrial publications are regularly receiving stories, photographs, or other illustrations about banking. Take the case of the illustrated feature, "Bank Notes." Each month, four issues of "Bank

Notes" go to some 1,000 daily and weekly newspapers, and to date more than 200 are using it. Each of the 2-column features includes an illustration demonstrating a bank service; a specific instance of where a bank has aided a business firm get started; and an historical incident involving banks. A sample of one illustrated feature is reproduced on this page.

In a special effort to reach the women's world, where increasing evidence of interest in financial matters is becoming apparent, public relations activity and feature material has been provided for women's pages, with the result that such papers as the *New York Times* have been running feature columns on banks and bank services. Two such women's page features of recent date have concerned themselves with budgeting and family finances.

In recent weeks, three magazines have carried articles on banks and bank services as a result of the new national program. *Redbook* (circulation 2,212,508) had an article on the value of a checking account in keeping household records. *Glamour* (circulation 610,052) published an article titled, "How a Loan Can Be a Credit to You." *Mademoiselle*,

The general public throughout the nation is being told about banks and bankers through still another means of communication—the newspaper syndicate. This type of organization distributes material of general and special interest to more than 800 daily newspapers. Below is such an article about banking, which has been featured recently by one syndicate. Other syndicate stories are scheduled to appear soon

BANK NOTES by Malcolm

DID YOU KNOW...

THE WORD "BANK" COMES FROM THE LATIN WORD "BANCUS," MEANING BENCH. ANCIENT MONEY-LENDERS DID BUSINESS FROM BENCHES IN PUBLIC PLACES.



A YOUNG MAN WALKED INTO A BANK, PLACED A FRESHLY-BAKED LOAF OF BREAD ON THE PRESIDENT'S DESK, AND LEFT WITH A LOAN OF \$3,500. TO START A BUSINESS. TODAY HIS BAKERIES ARE AMONG THE MOST SUCCESSFUL IN THE COUNTRY.



HELPING HANDS—
IN PITTSBURGH A GROUP OF TOP CORPORATION EXECUTIVES, ACTING AS "BIG BROTHERS," OFFER COUNSEL AND HELP TO SMALLER BUSINESS MEN. A PITTSBURGH BANKER HEADS THE GROUP.



ESSENCE OF MOTHER'S DAY is in fragrances she would never buy for herself. Top: lavender water for scented bath or linen. By Lancome. Bottom left: powder and fragrance in one package by Old Spice. Bottom right: the traditional Yardley lavender

Let Your Bank Help

A lot of busy people don't seem to have the time to shop around for something for a Mother's Day gift. If that applies to you, the best thing you can do is head for the nearest bank.

Giving money as a present may not seem very personal. But it's the most practical gift in the world and one that is always welcome. And any bank will take care of the details for you.

A certified check is best in case it has to go through the mail, or a money order will serve the same purpose.

If she's the thrifty type, perhaps a bond would please her most. She can just put it away and cash it in, with the accumulated interest, whenever she needs some money.

You might want to open a savings or checking account for your mother. Of course, you'll have to carry home a card for her to sign so the bank can have her signature on file, but that's no trouble at all. Once you've opened it, she need never go near the bank at all. This can also be done if your mother lives in another city.

Mother can do all of her banking by mail, once she has an account. She can mail her checks out in payment of her bills. She can mail to the bank anything you send her to replenish her account. Or you can mail it directly to the bank yourself.

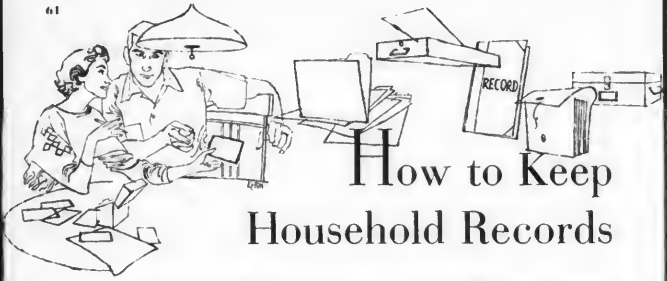
MARCH • 35 CENTS

Redbook

The Magazine for YOUNG ADULTS

SINATRA:
"I'm my own
worst enemy"

61



How to Keep Household Records

Income-tax returns will be due in a few weeks, and many households are becoming record-conscious.

"Where are those hospital bills from John's operation?" asks the man of the house. "I asked you to keep them so we'd be able to take them off our income tax."

"I don't know," his wife answers. Then, in a tone equally accusing: "But what did you do with the record of the mortgage payments?"

Income-tax time is not the only period when family records are in demand. Throughout the year, plans are common, and most of them are directed at the wife:

"Where is the bankbook?"

"I need my birth certificate in order to join a retirement plan."

"The furniture store is trying to say we never paid for the sofa—where is the canceled check?"

"I need the bill of sale or they won't let me trade in the old car."

PLENTY OF PAPER WORK

Running a family—like virtually everything else in modern life—requires a lot of paper work. The wise family should develop a system of record-keeping that will have papers at hand without cluttering the house with sales books, receipts and legal papers. More and more, the housewife

looks. In it keep a list of the various documents you have in your safe-deposit box and strongbox. In this book, too, just down such data as Social Security numbers, the dates when insurance payments are due, the serial numbers of all policies and a record of when the children were inoculated.

WHERE TO KEEP INSURANCE POLICIES

There's a difference of opinion on where to keep life insurance policies. It's generally agreed that all other types of insurance policies belong in the safe-deposit box.

Some feel that life insurance policies should be kept at home so that they will be at hand if needed. They point out that if the policies are kept in the safe-deposit box, the beneficiary may have to get permission from tax authorities to open the box after death and that this may involve delay.

Others believe that life insurance policies require the security of the safe-deposit box. They point out that the delay in opening the box in the event of death is not more than ten days, and less than that in cities. They acknowledge that the insurance companies will prepare duplicate policies if the originals are lost or destroyed by fire, but point to the delay and inconvenience in such cases.

Probably the best solution is this: Keep the policies at home if your family will need cash from the insurance immediately. Otherwise leave the policies in the safe-deposit box, where they will be secure and there is no doubt that they will be found.

In either case, it is vital that the beneficiary know their serial numbers.

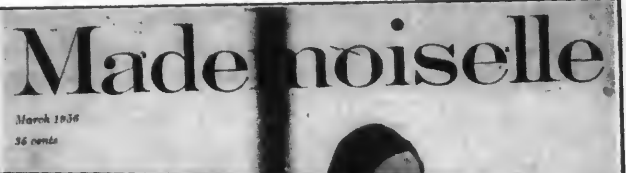
reaching 537,000 young women, had an article on "The Financial Department Store," telling about the multiple services of commercial banks. Other magazines have been approached with story materials and ideas for other articles.

CBS Television Network a while back carried a half-hour telecast on a trip through a commercial bank, showing youngsters learning about how a bank serves its community. Seventy-six television stations, with an audience of 6,500,000, carried the feature. Seventy-three television stations carried a script about safe deposit service of commercial banks, and 73 local banks cooperated in furnishing props, with local bankers appearing as program guests in several places.

A total of 648 radio stations used story materials on banks. For example, the now familiar statement by Fred Florence, president of the American Bankers Association, which appeared in a New York Life Insurance Company magazine advertisement, was used as the basis for a radio script on "Should Your Child Be a Banker?" This script was used by 132 radio stations, and, in a number of cases, local bankers appeared on these stations to give the story local interest.

Take the case of 2,800 industrial publications, chiefly employee magazines published by large business

Various phases of banking have been the subjects of recent national magazine articles as part of the national publicity program which has been undertaken by ABA-RCB. On this and the next page are examples from *Mademoiselle*, *Glamour*, and *Redbook*. Other magazine articles are expected to appear in coming months



The financial department store

Today's bank is as varied as a shop and as eager to satisfy your needs with a loan, a checkbook or a savings account

By Morton Yarnon

When you're trying "security" of a trip to Europe, you'll inevitably approach a bank to open a savings account. If you haven't been inside the doors since you withdrew all the cash presents you'd hoarded up through high school graduation, you're in for a surprise.

It used to be that banks were full of iron grilles. If you ever got to peer through at what was behind, all you saw was a stout faced shop with eyes of steel. That's no longer the case. The bankers have come out into the open, to the accompaniment of pleated skirts, subdued ruffles, soft lights and sweet smiles. They've eyes been known to smile.

In line with this change of atmosphere, the services the banks offer likewise are being overhauled mainly in the direction of the nonbusiness customer. Not that this means banks are giving up their role as suppliers of lifeblood to the commercial world. But ask by side they are trying to look out for the financial welfare of the ordinary guy and gal, together or individually.

Making loans remains the chief business of the bank, just as it was when the first bank, known to history set up shop in Babylon back in the sixth century before Christ. Lending money at interest still gives the bank the basic margin of profit that allows it to keep its head above water. Now, in addition to its usual business loans, the banks lend money for a number of non-business purposes. All you need do is come forth with a reasonable explanation for wanting the money and display enough financial responsibility as an individual you'll be able to pay it back. Loans are made for travel, for an education, for paying medical bills, for consolidating debts, buying an automobile or an outboard

Financial department

Illustrated from page 1201

In a Bible every time you go to court.

and of the recent services, like left-handed chairs, warnings when you walk on your safety belts, and so on. Garages for the bank's cars are in about the first of Pratt, Kansas, takes in customers each year in the city event at the First City Bank.

The National Bank of Commerce, provides the savings for the world's all of the Little League baseball team, for a number of years, should you do your own.

But what about the bank's most important business operation? Generally, the bank's "bank" is not the same thing.

There's the close, a market, store, so really the difference is in some later, and should have been the first commercial bank are the classic banking business, or even and called it.

So the bank may at the first department of banks, in the business of the most serious banking operation. The services are all listed in the bank's and from good operations, or service, honor-annual statements or services.

making loan just among them a all influence you do, for each which is very money, and everyone is the first, in the bank's and from about the interest at an average rate, the method of the commercial bank is less. However, there are many more in check, what the bank's outboard are the

concerns. A story titled "How's Your Banking I.Q.?" and telling about the multiple services of commercial banks was printed by scores of these publications, which have a combined circulation of more than 20,000,000. Illustrations of some of the stories appear on page 60.

Newspaper readers across the nation have been reached by still another type of article: a syndicate story. This is a national organization which services some 800 daily newspapers. Three such articles as that illustrated here have been distributed recently by one syndicate, and others will appear shortly.

This national publicity program in no way takes the place of or conflicts with what individual banks

do through their own public relations and publicity departments. Rather it blankets the nation with information about banks and banking, general in character and yet serving as an additional educational

means for the population as a whole. In the weeks and months ahead, this program will increase in momentum and BANKING will carry information on specific examples of results such as those mentioned above.

Millions of middle-income families are learning more about banking services and banking in general through story materials which are going monthly to 2,300 industrial publications. Right, and below are samples of the stories which appeared recently in some of these publications. Women's interests are considered as well as men's in the story materials.

NCR ADD-venture.

How's Your Banking I.Q.?

Who can help me plan and finance a European vacation? Where can I get advice for filling out my income tax return? I need ready dental work, where can I get money to pay for it? Where can I get a loan to pay for my son's college tuition?

There's one answer to all these questions, and it's your local bank. Many men and women, like you, are in the dark when it comes to the multiple services offered by modern banks. All too often our dealings with banks are limited to depositing money and having checks cashed, and perhaps getting some small loans each month in a set

Personal Loans. As recently as fifty years ago, banks would grant loans only for "business purposes." Today that is completely changed. To help the individual on his personal needs, banks now finance medical and dental bills, lavatory purchases, new or used cars, payments on utilities, college education, travel, income taxes, and hundreds of other purposes. Borrowers must be worthy of credit, but loans are often granted without security or collateral.

Business and Commercial Loans. Almost every businessman, whether a business loan man, finds his life in the business, loans to provide for expansion. If the loan is

How's Your Banking I.Q.?

Where can I get advice for filling out my income tax return? I need ready dental work, where can I get money to pay for it? Where can I get a loan to pay for my son's college tuition?

There's one answer to all these questions, and it's your local bank. Here there are the many services you can expect to find at the average commercial bank.

Checking Accounts. Along with savings accounts, this is probably a bank's most familiar service. A checking account allows you to pay bills on any amount, any time. You can stop payment on a check if necessary, have it certified, secure a banker's check, and best of all, get a statement from the bank regularly listing all your deposits, with



...offer printed without security or collateral. *Illustration: World Commercial*

...of those who are unable to do so themselves, either from lack of knowledge or because

ELECTRIC RURAL NEWS

VOLUME IX JAFFESON, MISSISSIPPI, MARCH 1956 NUMBER 1

NET GROSS

KNOW THE SERVICES OFFERED BY YOUR LOCAL BANK

Who can help me plan and finance a vacation? Where can I get advice for filling out my income tax return? I need ready dental work, where can I get money to pay for it? Where can I get a loan to pay for my son's college tuition?

Below, another story in a national magazine. (Other examples on preceding page)

the fashion magazine for the girl with a job

GLAMOUR

500

How a Loan Can Be a Credit to You

By Georgia Gray

- When you arrange a loan you "rent" money
- Borrowing can bolster your financial reputation
- A loan will do about as much for your credit as a charge account will
- A bank may give borrowers special advice, services

How much is it worth to you to take your vacation now, when you can get the time off? To complete your education without interruption? To have the house painted or shingled when it needs doing? It is worth \$12 of the \$200 you need for the trip to your brother's wedding? Or the clothes you should have to start a new job?

If you need money for something you can or will be able to afford, and are willing to pay interest, you are a personal loan customer.

Once are the days when making a loan was considered a mark of faith. The fact is that bank, consumer finance is set up to deal with individuals rather than corporations. The advertising is usually very clear on what type of loans are available.

One southern banker estimated that of the applicants for loans at his bank only about 75% were refused—and those who were turned down were offered suggestions as to where and how they might raise the necessary cash through consumer finance companies, credit unions, or converting their real property into cash easily.

A person moving in a new community derives many benefits from borrowing from a bank. Bankers have a finger

...they grant loans more easily than banks to people they do not know. These firms make no state but run about 12% in a year. Since you pay interest here only the spread between interest here only

A LOAN CAN BE A CREDIT TO YOU

(Continued from page 143)

CBS-TV's network program, "Let's Take A Trip," was seen on 76 stations across the nation, by an audience of approximately 6,500,000 people. The viewing families were given a tour of the standard banking services available to them, and provided a glimpse of the behind-the-scenes efforts that make these services possible for all depositors

TV INFORMS CHILDREN ABOUT BANK ROLE

"Let's Take A Trip," Sunday Network TV Program, Explains How Bank Serves Community



How Banks Can Hire Student-Learners

NEWELL BROWN

The author is Administrator of the Wage and Hour and Public Contracts Divisions, U. S. Department of Labor.

SOME banks that want to employ young people 16 years of age or over, to train them for careers in banking and finance, are showing interest in provisions of the Fair Labor Standards Act that authorize payment of special minimum rates to student-learners, under certificates issued by the U. S. Department of Labor's Wage and Hour and Public Contracts Divisions.

The current interest stems from the fact that the act's minimum wage was increased from 75 cents to \$1 an hour on March 1. The vast majority of banks—especially those in metropolitan areas—have paid student-learners starting rates equal to or more than the former minimum. They are adjusting to the higher rate as a matter of course. But banks in rural areas and small communities want to know how to continue the training of young people for banking jobs, in the light of the new minimum.

The student-learner certificate offers one possible solution. Under the act—which is popularly known as the Federal Wage-Hour Law—student-learners may be employed under certificates at not less than 75 cents an hour, to the extent necessary to prevent curtailment of opportunities for employment.

The conditions governing the issuance of the certificates are set forth in the Divisions' regulations, Part 520, on Employment of Student-Learners. These regulations may be obtained free from the Divisions' nearest office. Regional offices are located in Boston, New York, Philadelphia, Birmingham, Cleveland, Chicago, Kansas City, Dallas, San Francisco, and Nashville.

The Divisions also have field offices in most states.

Though of limited application, the student-learner program constitutes an essential part of the general program of administering the Federal Wage-Hour Law, since it recognizes the importance to industry of training new workers and affords students in vocational courses an opportunity to acquire practical working experience related to their studies. Banks and other financial institutions are prominent among employers who have availed themselves of the opportunity to hire student-learners for on-the-job training, accounting for 43% of the student-learner certificates issued for office and clerical occupations last year.

What Is a Student-Learner?

A student-learner is a boy or girl typically receiving instruction in an accredited high school, and employed on a part-time basis, pursuant to a bona fide vocational training program.

The bank that considers hiring a student under the vocational train-

ing program has the assurance that the young person must meet certain qualifications. To take part in the training program, the student must be at least 16 years of age and have satisfactorily completed all school requirements for entrance into the last two years of high school. He must have aptitude for the work to be done, show interest in training for the occupation, and must be willing to pursue training for at least one school year.

The Program

The student's employment is the result of a cooperative arrangement between school, business, and the young person himself. The employer furnishes a job, supervision, training, and wages. The school furnishes both regular and related classroom instruction.

This cooperative training is known as the Diversified Occupations Program. This program was developed over 20 years ago by educators and business leaders in local communities, as a measure to guide high school juniors and seniors over the bridge between school and work.

The Divisions' certification program was put into effect in 1940. The terms of the regulations were adopted as a result of cooperation with the Divisions by labor and management representatives, professional associations, vocational education officials of various state boards of education, the U. S. Office of Education, and interested Government agencies.

The bank that participates in the program enters into an agreement with the school to give the student-learner the opportunity to become acquainted with various phases of its work and acquire all-around experience in the industry. The student's training schedule will often provide for rotation from one job

(CONTINUED ON PAGE 132)

Newell Brown



Bankers showed the world how

**(The story of photographic record keeping
—pioneered by banks—and how it grew)**

Way back in 1928 the first Recordak Microfilmer was installed in the Empire Trust Company, N.Y.C. In a matter of months more than 100 installations had been



Libraries charge out books 3 times faster with Recordak Microfilming than with old rubber-stamping routine. As many as 100 clerical operations formerly carried out at public desks have been discontinued. Service to public is greatly expanded by releasing trained librarians from hours of tedious detail.



Today's big favorite in banks . . . new Recordak Reliant gives banks lowest per picture cost . . . makes it all but impossible to miss pictures. Many extra features . . . each reflecting the know-how acquired by Recordak and Kodak in 28 years of microfilming research and development.



made—*all in banks.* Bankers pioneered the application of the new picture-taking idea to everyday routines . . . *showed the world* how it did away with manual record keeping in transit operations; eliminated dual-posting in book-keeping . . . and greatly increased protection, too. Other businesses took notice—*a new era in record keeping was underway.*



Title Abstract Companies bring the local courthouse to their offices by microfilming all the documents filed daily. This eliminates constant travel back and forth to the courthouse to double-check on signatures and confusing transcripts. Complete film records of real property transactions are at the fingertips—no mistakes, omissions, abbreviations.

RECORDAK

(Subsidiary of Eastman Kodak Company)

**originating modern microfilming—
and its application to banking routines**

"Recordak" is a trademark



Retail Stores were the first to apply Recordak Microfilming to billing operations. Photographing a customer's sales checks—and sending them out with the bill—eliminated a description of each purchase . . . reduced posting 85%.

Today many types of business follow similar billing short cuts . . . oil and telephone companies, dairies, country clubs, to name a few.



Railroads eliminate tieups at junction points by microfilming freight waybills instead of copying them with pen or typewriter. What used to take hours now takes minutes . . . trains are ready to roll as soon as shipments are transferred.

Follow-up accounting is also much easier. No transcription errors or omissions on the film records, when they're viewed in a Recordak Film Reader.



Transportation Companies keep track of every shipment by microfilming the sender's shipping ticket and the corresponding delivery receipt. This eliminates lengthy check sheets . . . and bookkeeping that was "days behind" and prone to mistakes. One clerk can now process over 3,000 tickets and receipts in a few hours.



Brokerage Offices no longer have to transcribe the stock certificate numbers for the millions of dollars worth of securities passing through their hands daily. Or list the certificate numbers and the amount of shares on customer stocks going exdividend. "All-day" jobs for two clerks are now done in one hour by girl at Recordak Microfilmer.

**Read
"Short Cuts
That Save
Millions"**



This new booklet shows examples of how Recordak microfilming is cutting costs for more than 100 different types of business . . . thousands of concerns. It's the story, really, of how your "baby" grew. Bankers tell us, too, that it has enabled them to suggest economies to their customers. We'd like to send you a copy *with our thanks!*

MAIL COUPON TODAY

RECORDAK CORPORATION
(Subsidiary of Eastman Kodak Company)
415 Madison Avenue, New York 17, N.Y.

K-5

Gentlemen: Please send free copy of "Short Cuts That Save Millions"

Name _____ Position _____

Bank _____

Street _____

City _____ State _____

Highlights

OF THE YEAR'S OPERATIONS

Gross operating revenues reached a new peak of \$443,500,000, exceeding those of the previous year by \$57,255,000, or 14.8%. Higher gas rates and colder-than-normal weather contributed to this record growth in revenues.

Sales of electricity to customers totaled 16,399,000,000 kilowatt-hours, an increase of 9.0%. In addition we delivered 1,392,000,000 kilowatt-hours for the account of others. Combined sales to customers and deliveries for others exceeded those of 1954 by 11.3%.

Sales of gas to customers totaled 286,792,000,000 cubic feet, an increase of 17.8% over the previous year. In addition, 95,232,000,000 cubic feet of gas was purchased and transported for use as fuel in our steam-electric generating plants.

The net gain in customers was 151,158, which includes 15,080 customers added as a result of the dissolution on December 31, 1954 of Vallejo Electric Light and Power Company, formerly a wholly-owned subsidiary. At the year-end the Company was serving 3,124,748 customers.

Bonds and preferred stock with an aggregate par value of \$75 million were sold to finance our continuing construction program. This brings to approximately one billion dollars the amount of new money obtained to finance our postwar construction program.

Construction expenditures totaled about \$133 million, compared with an average of \$170 million over the past five years. This reduced level of construction expenditures was made possible by the substantial completion of our program to build up adequate operating reserves.

The cost of out-of-state gas, effective April 15, 1955, was further increased about \$8 million annually. Pursuant to an authorization of the California Public Utilities Commission, the Company increased its rates in May 1955 in an amount which should substantially offset this increase in the cost of out-of-state gas.

Nuclear energy continued to engage the Company's attention. The Nuclear Power Group, Inc., of which the Company is a member, received approval from the Atomic Energy Commission to build the largest all-nuclear power plant yet scheduled for construction.

Stockholders totaled 217,821 at the year-end, a gain of 485 for the year. It was the sixteenth consecutive year in which we experienced a gain in the number participating in our ownership. Of the total, 88,320 were preferred stockholders and 129,501 common stockholders.

Net earnings for the common stock were equivalent to \$3.32 a share on the 16,255,733 shares of common stock outstanding throughout the year. This compared with earnings of \$2.89 a share on an average of 16,160,533 shares outstanding in the previous year.


Chairman of the Board


President and General Manager

For additional information on this vital western company write our Treasurer, K. C. Christensen, 245 Market St., San Francisco 6, California, for a copy of P. G. and E.'s Annual Report.

Pacific Gas and Electric Company

245 MARKET STREET
SAN FRANCISCO 6, CALIFORNIA



P·G·E. SERVES 47 OF CALIFORNIA'S 58 COUNTIES

FAMILY DOLLAR NEWS

The Trend to Home and Family Life

Arno H. Johnson

Vice-president and director of research,
J. Walter Thompson Co., New York

THERE is a trend toward increased home life and family living in America that points to pressure for substantial improvements in our living standards.

This trend is reflected in:

(1) The rapid increase in number of families

(2) A higher percentage of the population being married

(3) Marriages at an earlier age

(4) An extraordinary increase in the number of children under 10 in our population, resulting in more children per family and a higher percentage of families having children

(5) A rapid increase in home ownership and in expenditures for activities of home life

(6) The mushroom growth of family viewing of television in the home

(7) A movement of population to the suburbs

(8) The rapid growth of shopping centers and self-service distribution

(9) A resurgence of religious worship and church membership, as shown by the growth of 51% in church membership from 1940 to 1954, while population was increasing 24%.

The change toward family living, even since 1947, is reflected in the trend of consumer expenditures. Those items having to do with family living have gone up since 1947 considerably more than average, whereas expenditures for other types of items, like spectator amusements, have declined even though purchasing power is much higher.

Along with a rapidly rising standard of living, we have the added

stimulus of a bulge in population growth and a likelihood of a large increment in family formations five to 10 years hence.

Our population has doubled since 1900, reaching 165,000,000 in 1955, and the number of families has tripled to over 48,000,000.

Population continues to grow at the rate of 2,839,000 per year, or 237,000 per month, and the 4,100,000 children born in 1954 marked the highest point in our history, with an increase of about 3% above 1953.

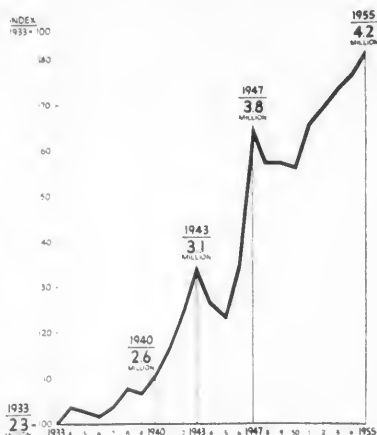
The birth rate has continued at a level far above earlier predictions by population experts. Births in the first nine months of 1955 were the largest on record and were 1% above 1954.

THE high level of consumption and home building reached in 1954 was achieved in spite of the negative factor of a long-time declining trend

Bank Customer Potential

BY 1960 it is expected that the number of families with over \$4,000 of disposable income will have grown threefold [in a decade]—from 12,000,000 in 1950 to over 36,000,000.

That means about 24,000,000 families moving up from income groups, 75% of which currently have no checking accounts, to income levels which, in the past, have been regular users of bank services. Seventy percent of those with incomes over \$5,000 have regular checking accounts.—ARNO H. JOHNSON



The baby BOOM, BOOM, BOOM

in the number of persons reaching adulthood. The year 1954 was the low point in many years in the number becoming 21.

From now on this factor will change to the positive side as an economic force pointing to increased family formations. Ten years from now the number reaching 21 will be 51% over the 1954 level, while—after 15 years, 1971 to 1975—those reaching the family formation stage will be 68% greater in number.

As of July 1955 the number of adults (over 20) with a full high school education totaled over 4½ times as many as in 1930 and 90% more than in 1940. A population containing over 44,000,000 high school graduates is quite different from a population with 23,000,000 graduates as in 1940, or from a population with about 4,500,000 graduates—a condition that existed shortly after World War I, in 1920. Some 8,500,000 veterans, for example, or over 50% of the 16,000,000 eligible, have taken advantage of the GI Bill for further education—whereas only 7% were expected to be interested.



The banker suggests: How to Use Your Bank! New A.B.A. film shows how specific bank services help people meet the fundamental needs for money . . . needs everyone experiences many times the course of daily living

New Film:

How to Use Your Bank

WITH a series of six educational films on banking and finance already available to banks for use with school-age audiences, the American Bankers Association has come up with a new film intended for use with adult groups as well as young people. The film, *How to Use Your Bank*, has been announced to A.B.A. member banks in a letter from Harold J. Marshall, chairman of the Association's Public Relations Council, which produces and distributes A.B.A. films.

Mr. Marshall is president of the Manufacturers National Bank, Troy, N. Y.

The new film is part of a continuing A.B.A. program to make available to banks audio-visual aids in telling the story of banking in their communities. Up to the present, more than 1,000 individual banks and over 450 bank groups, such as clearing houses, county as-

sociations, and the like, have purchased A.B.A. films for showing to elementary, junior high, and high school classes, to other youth groups, to bank employees in conjunction with training programs,

The first step is taken toward accumulation of a fund for the future. The film cites important advantages of regular saving at a bank



and to adults on a variety of occasions including television. The new film is, however, the first especially designed for use before adult audiences as well as school groups.

How to Use Your Bank is based on a survey of 1,923 high schools in 16 states. In the survey, the schools indicated that this was the subject they wanted and needed most in a banking film. Another survey of commercial banks conducted by the A.B.A. Advertising Department showed that 1,392 bankers felt that their "big objective" is "to sell the advantages of dealing with a bank for specific and complete financial service."

In contrast to the other six A.B.A. films, which cover only one facet of banking, *How to Use Your Bank* tells a comprehensive story of bank services and illustrates how these services can be used for a variety of personal needs. In addition, it

Eller and Grant Cooper enjoy a satisfying experience—opening a joint checking account. The picture and story show how easy it is to do business with a bank



points out the relationship between banks and their communities within the fabric of the American economic system.

According to the Public Relations Council, the film is planned with two objectives in mind: (1) to obtain a better understanding of all bank services; and (2) to show the advantages of using all bank services. Aimed at these objectives, the film covers its information in an informal, simple style. It clears up some popular misconceptions about banks and bankers and takes the audience for a behind-the-scenes look in a bank.

The film opens with an informal chat by the narrator on the historical background of banking. From that point, he describes how banking today is designed to meet three basic financial needs of people: routine needs (checking accounts); future needs (savings accounts);

and financial and emergency needs (loans).

The film then goes on to describe the nature of checking and savings accounts, how they are opened, and how they are used. It explains the kinds of loans banks grant, the reasons why banks want to lend, and the circumstances under which they may consider it wrong to grant a loan. Finally it refers to other bank services such as safe deposit facilities; sale and redemption of U. S. Savings Bonds; issuance of travelers checks, money orders, and letters of credit; and the settling of estates and handling of trusts.

The film closes with another informal talk by the narrator showing the contrast between modern and primitive ways of handling and safeguarding money.

Like the other films in the A.B.A. series, *How to Use Your Bank* can be purchased either by individual

banks or banking groups for lending or donation to schools and for use with youth, adult, or employee audiences. The A.B.A. does not make prints available to schools or other viewers directly, either by sale, rental, or loan. Thus, distribution is made only through local banks or bank groups.

The new film is a 16 mm black-and-white sound picture and runs approximately 10 to 12 minutes. A teacher's guide is supplied with each print to aid teachers in putting the film to the most effective classroom use.

Banks ordering the new film will have the option of having the print delivered now or in the fall when schools have reopened.

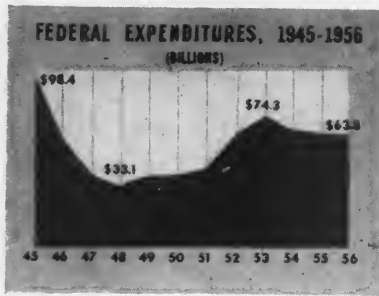
The national A.B.A. film program is based on a long-range policy of banker-educator-technical consultant collaboration in planning, production and distribution. Educational authorities, institutions, and associations, including the scholastic press, have endorsed A.B.A. films as informative, instructive, and entertaining.

The other films in the A.B.A. series are *Pay to the Order Of*, *How Banks Serve*, *Money Talks*, *A Future to Bank On*, *Using Bank Credit*—all intended primarily for high school audiences; and *A Bone for Spotty*, intended for elementary school children.

Information and order forms for any of the seven films may be obtained by writing Public Relations Council, American Bankers Association, 12 East 36th Street, New York 16, New York.



This is how it is done — one step in the servicing of a checking account. The new PR tool explains the work done by banks in "handling" this type of account

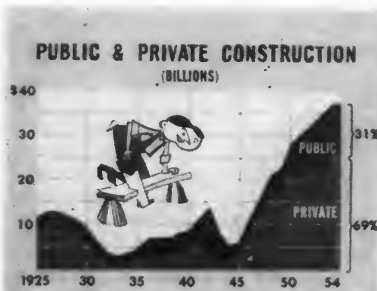


MAJOR SPENDING PROPOSALS (BILLIONS)

PROGRAM	POSSIBLE COST
HIGHWAYS	\$35.0
SCHOOLS	6.6
WATER RESOURCES	1.8
HEALTH	.2
TOTAL	\$43.6

POSSIBLE ANNUAL SAVINGS Hoover Commission (MILLIONS)

Personnel	\$437
Substance and Transportation	552
Paperwork Management	288
Overseas Economic Operations	360
Federal Medical Services	290
Other	638
OVERALL ESTIMATES	
Includes Overlapping	
Budget and Accounting	
(through improved financial management)	4,000
Use and Disposal of Federal Property	2,000



THE HOOVER COMMISSION FOUND:

Waste:
EXAMPLE: 71,007 servicemen's cars shipped across the ocean at a round-trip cost of \$800 per car.

Necessary Programs:
EXAMPLE: Building more new Federal hospitals despite \$1 billion of unused beds in present hospitals.

Competition With Private Business:
EXAMPLE: Estimated 2,500 out-of-pocket with over \$15 billion government capital in Defense Department alone.

Tax Story

THIS year's difficult problems of Federal taxation and expenditure are presented for the average interested taxpayer in a slide-film now being made available by the Tax Foundation, a private research organization.

The film, in color, is being shown to taxpayer, farm, employee, and other groups, under local sponsorship. The film is called *Clinic on Federal Finances*. It tells a story in charts and tables and quotations from national fiscal leaders about the growth of U. S. expenditures, the problem of controlling debt and inflation, and the present tax burden. The film has much to say about the possibilities of Federal tax reduction this year.

WITH the film comes a prepared script that can be adapted to meet the requirements of any group. Excerpts from it follow.

"... yardsticks can be useful to measure the various tax reduction proposals up for Congressional action this year.

"At the top of the list: Can we afford it? This should be basic after so many years of deficits and debts.

"Is the proposed tax reduction clearly related to savings in Federal spending? If it is not—if it is merely a tax handout, we can be sure it will tend to encourage irresponsible demands for Government services without regard to their tax cost.

"Is the tax proposal equitable? The best tax reduction spreads benefits fairly among different taxpayers. We should avoid tax handouts to a favored group at the expense of the rest of the taxpayers.

"Finally, we should take a look at each new tax-cut proposal to see if it tends to invite more inflation."

In the columns at the left and right are reproductions of some of the individual frames in the slide film being distributed by the Tax Foundation

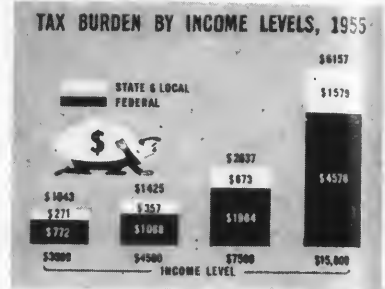
.....CAN UNCLE SAM DO IT?

.....COMPETES WITH PRIVATE ENTERPRISE

.....PUBLIC RISK FOR PRIVATE PROFITS

.....WILL FUTURE COSTS MUSHROOM?

.....WILL YOU PAY FOR IT NOW?

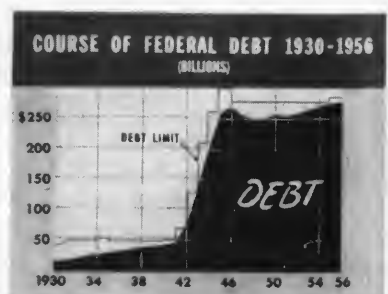


HIT HARDEST BY INFLATION

Category	Millions of People
Social Security Recipients (retired)	5
Private Pensioners	1/2
White Collar Workers	24
Life Insurance Policy Holders	93
Veteran Pensioners	3
Widows & Orphans (OASI & VETERANS)	3

"Control of Federal expenditures must be recaptured by Congress if the government's solvency and integrity are to be preserved."

Senator Harry F. Byrd



Which American is the Canadian?
They look alike, speak alike, eat the same foods, listen to the same radio programs, follow the same sports. But when you seek to sell to the Canadians (who buy more from the United States than any other people) it will pay you to understand the distinct nature and wide diversity of the Canadian market. With over 600 branches located throughout Canada, The Canadian Bank of Commerce has long been the Canadian bank for Americans who are actively in business north of the border. May we serve you?

Commercial Letter
THE CANADIAN BANK OF COMMERCE
FACTS ON CANADA
Letter published by Canadian Bank serves authorities, business interview to get facts and Canadian and specific new products on Canada, etc.

They look well together
Canada and the U.S. are more complementary than competitive in

Good Hunting Grounds for any Business!
As a market for products of all kinds, Canada is the biggest customer of the United States... as a source of raw materials, semi-finished goods, and finished goods is \$16 billion

What? Bigger than TEXAS?
Canada's potential oil area is larger than the combined states of California, Texas, Oklahoma, Kansas and Louisiana—and tremendous areas remain to be explored. Canada is big in other ways, too—in manufacturing, as a source of raw materials, as a market for products of any description. American businessmen interested in doing business with Canada—or in Canada—are invited to do business with The Canadian Bank of Commerce. One of the world's leading banks, it has over 600 branches in Canada to serve you.

always among the leaders
The Canadian Bank of Commerce early recognized the importance of the oil resources in the western provinces. It was the first Canadian bank to establish a Petroleum & Natural Gas Department to render special services in the field. It was also the first to issue a brochure giving pertinent useful information to those interested in the Canadian oil and gas industry. Possessing the largest oil and gas reserves in the U.S. business terms. Moreover, 140 Western Canadian cities are served by a complete pipeline system. If you can't get it and pay, we will get it and pay you a copy of the "Energy Western".

THE CANADIAN BANK OF COMMERCE
Head Office—Toronto
New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and more than 600 Canadian Branches

THE CANADIAN BANK OF COMMERCE
Head Office—Toronto
New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and more than 600 Canadian Branches

THE CANADIAN BANK OF COMMERCE
Head Office—Toronto
New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and more than 600 Canadian Branches

Making friends across the border

Reproduced here are a few of the scores of advertisements of The Canadian Bank of Commerce which have appeared in recent years in a number of United States newspapers, from coast to coast.

These advertisements express our active interest in assisting United States banks and their industrial and commercial customers to develop their business activities north of the border.

Many American bankers and business executives have found our monthly Commercial Letter a useful

source of information on conditions, industries and opportunities in Canada. We shall be glad upon request to place your name on our mailing list to receive the Letter regularly.

For further information on our facilities—just write to one of our Regional Business Development Departments, located at Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, or to the Business Development Division, Head Office, Toronto.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE—TORONTO

NEW YORK • SAN FRANCISCO • LOS ANGELES • SEATTLE • PORTLAND, ORE.
AND MORE THAN 700 CANADIAN BRANCHES



DRAFT PLAN

for Paying Premiums and Other Instalment Payments

The following discussion of a recent American Bankers Association survey was sent to A.B.A. members as a letter dated April 14. It was issued over the signature of WILLIAM W. COTTLE, chairman of the Bank Management Commission and vice-president and cashier, Security-First National Bank of Los Angeles.

IN 1954, the Bank Management Commission of the American Bankers Association issued a statement advising A.B.A. member banks against adoption of various plans whereby insurance companies and others drew drafts against customers' checking accounts to pay insurance premiums and other instalment payments and processed these drafts as cash items through the check collection system.

Subsequently, at the request of the Life Office Management Association and the Life Insurance Agency Management Association—organizations representing the majority of the insurance companies of America—the Bank Management Commission met with representatives of both associations to consider new proposals designed to overcome previous objections to such plans. These new proposals have been very carefully studied by the members of the Commission as well as by a representative group of bankers throughout the country.

A Large Response

In conjunction with this study, the Commission circulated a questionnaire on this subject to all its members, and it is of interest to note that it brought forth one of the largest responses in the A.B.A.'s history. The answers to the questionnaire have now been tabulated, and the results are shown on the attached recapitulation. (A partial release of these results was made on February 8 to satisfy the numerous requests from banks for guidance in considering what course of action to take in the face of renewed pressure.)

As indicated in the recapitulation, 6,491 banks answered "No" to the

question, "Are you in favor of these plans generally?" and 736 banks answered "Yes." In other words, 89.8% of the banks answering the question disapprove of these plans. This percentage held fairly true for all sizes of banks, as the following table shows:

Size of Bank	Percentage Opposed
Under \$2,000,000	89.0%
\$2-\$10-mil.	89.7%
\$10-\$50-mil.	91.1%
\$50-\$250-mil.	91.8%
\$250-mil.-\$1-bil.	87.5%
Over \$1-bil.	94.8%

Of the banks responding, 2,945 indicated that they are presently participating in these plans. It is especially interesting to note that of these 2,945 banks, 2,142, or 72.7%, recorded themselves as *not* in favor of these plans generally.

Many Letters, Too

Many of the 8,295 banks responding to this questionnaire felt so strongly about this subject that they took the time to amplify their answers by personal letters. Most of these letters were written by bankers with actual operating experience under these plans; and, here again, the adverse comments far outnumbered the favorable ones. Many of the letters mentioned the spread of the draft plan idea to other types of businesses besides insurance. One banker stated that 35 companies in his locality, including insurance companies, savings and loan associations, mortgage companies, and a public utility were currently asking their customers for permission to draw drafts on the customers' checking accounts. This banker also stated: "How our customers are ever going to know what their checking account balances are is beyond my comprehension." These reports of the draft plan spreading to other businesses were further substantiated by a survey conducted by the bank management and research committee of a state association, which revealed that utilities, civic clubs, churches, country clubs,

hospitals, cemeteries, savings and loan associations, chambers of commerce, as well as insurance companies, were using or suggesting such plans for their customers.

Many of the letters also stressed the fact that banks were not receiving adequate compensation for the additional work and hazards involved. These bankers stated from experience that these drafts could not be handled as inexpensively as checks. Internal operating policies, in many cases, required that these drafts be referred to a designated person for approval before payment. Even in those banks where bookkeepers were given authority to pay these drafts without approval, the drafts still had to be checked to the customer's authorization before payment, resulting in an extra operation and added costs. These bankers felt quite strongly that the drafts are special items requiring special handling and therefore subject to a special handling fee.

This overwhelming adverse reaction should perhaps be discounted to some extent in that some banks not now participating in such a plan may have been considerably influenced by the Bank Management Commission's letter of September 1954. They also might not have been aware at the time they answered the questionnaire of the latest plans put forward by the life insurance associations which solved some of the operating problems present in most of the original plans. Even after making allowances for these two factors, however, there is no question that the vast majority of the member banks are definitely opposed to draft plans.

BMC's "Worries Well Founded"

Banks that have participated have found from actual experience that the Bank Management Commission's worries were well founded. The letters from these banks indicate that these plans continue, as predicted, to spread to other businesses besides insurance business. They have caused overdrafts and more returns. They have caused

bad customer relations. They have been sold to special checking account customers, causing additional special handling due to the nonuse of prescribed forms and resulting, in some cases, in some loss of income.

These plans have also placed banks in the awkward position of appearing to discriminate between customers. While a bank might feel justified in handling drafts for a regular checking account customer, it may not feel justified in doing it for a special checking account customer because of the additional operating problems involved. Likewise, it may feel justified in handling drafts of an insurance company which maintains a satisfactory account with it, or one whose standing is well established, but not otherwise. Smaller companies, as well as charitable organizations and others, would also pressure the banks to

accept their drafts, and they may not be as well equipped to give the banks satisfactory guarantees against losses and errors. The bank's efforts to exercise discretion in this regard both to protect itself and its customers might very well be misconstrued and subject it to unfair criticism.

"Not in the Best Interests . . ."

The only logical conclusion, therefore, that the Bank Management Commission can come to as a result of this survey and its previous studies is that these plans, from a long range point of view, are not in the best interests of the member banks or their customers.

While individual banks may consider it necessary to acquiesce, to meet certain local situations, the Bank Management Commission cannot recommend to member banks the general adoption of these plans.

Members of the Committee on Draft Plan for Instalment Payments, Bank Management Commission, are John A. Kley, vice-president, The County Trust Company, White Plains, N. Y., *chairman*; E. A. Cook, vice-president, University Branch, Pacific National Bank, Seattle, Wash.; W. H. Greenfield, vice-president, Republic National Bank of Dallas, Tex.; G. A. Guerdan, vice-president and cashier, First National City Bank of New York, N. Y.; C. A. Kramer, president, Farmers and Merchants State Bank, Fredericksburg, Va.; Arthur McCormack, assistant vice-president, The First National Bank of Miami, Fla.; H. E. Randall, vice-president and comptroller, First National Bank of Boston, Mass.; J. A. Wallace, executive vice-president, Willard United Bank, Willard, Ohio; and Melvin C. Miller, deputy manager, A. B. A., *secretary*.

A.B.A. SURVEY ON DRAFT PLAN

Question	Under \$2-mil.	\$2-mil. through \$10-mil.	\$10-mil. through \$50-mil.	\$50-mil. through \$250-mil.	\$250-mil. through \$1-bil.	Over \$1-bil.	Recap
Have you ever been solicited by any company to participate in a draft plan or any similar plan?							
Yes.....	987	2,049	868	261	81	15	4,261
No.....	1,300	1,930	588	101	26	7	3,952
No answer.....	28	39	15	—	—	—	82
Total.....	2,315	4,018	1,471	362	107	22	8,295
Have you agreed to participate in any of these plans?							
Yes.....	735	1,489	515	146	52	8	2,945
No.....	1,417	2,244	867	196	49	13	4,786
No answer.....	163	285	89	20	6	1	564
Total.....	2,315	4,018	1,471	362	107	22	8,295
If yes, how many of your individual personal accounts use this service?							
	15,549	74,905	53,401	22,076	8,669	1,027	175,627
If you now participate in a plan, was the primary motivation for entry:							
To retain company account?.....	33	172	118	63	32	3	421
To compete for a company account?.....	6	29	17	4	2	—	58
To increase company balances?.....	19	12	12	4	2	—	49
To retain individual depositor's accounts?.....	398	824	277	41	12	4	1,556
Other.....	343	572	493	117	25	7	1,557
Total.....	799	1,609	917	229	73	14	3,641
Have you successfully resisted any of these plans?							
Yes.....	453	997	551	188	61	13	2,263
No.....	625	1,033	289	71	17	2	2,037
No answer.....	1,236	1,989	632	102	27	9	3,995
Total.....	2,314	4,019	1,472	361	105	24	8,295
Was the A.B.A. letter a factor in resistance?							
Yes.....	238	596	355	112	36	8	1,345
No.....	493	776	282	92	27	5	1,675
No answer.....	1,584	2,646	834	158	44	9	5,275
Total.....	2,315	4,018	1,471	362	107	22	8,295
Are you in favor of these plans generally?							
Yes.....	218	362	116	27	12	1	736
No.....	1,765	3,141	1,181	302	84	18	6,491
No answer.....	332	515	174	33	11	3	1,068
Total.....	2,315	4,018	1,471	362	107	22	8,295
Those who have agreed to participate in these plans but do not favor them generally:							
	517	1,073	395	115	36	6	2,142



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Grand Rapids Holds A Small-Manufacturers' Seminar

A SMALL-MANUFACTURERS' SEMINAR covering various phases of management development was held recently at the Grand Rapids Junior College in Grand Rapids, Mich., under the sponsorship of the Grand Rapids Clearing House Association and the Manufacturers' Department of the Grand Rapids Chamber of Commerce, in cooperation with the University of Michigan's School of Business Administration and the Small Business Administration.

The program was presented in a series of eight weekly seminar meetings held on Wednesday evenings from 7:30 to 9:30 P. M. Edward J. Frey, president, Union Bank of Michigan, is president of the Grand Rapids Clearing House Association.

The subjects covered and the speakers at the various seminar sessions included:

I. HUMAN RELATIONS IN MANAGEMENT. Speaker, L. Clayton Hill, professor of industrial relations, University of Michigan; *moderator*, Mr. Frey.

II. PERSONNEL ADMINISTRATION. Speaker, John W. Riegel, professor of industrial relations and director, Bureau of Industrial Relations, University of Michigan; *moderator*, William W. Irwin, president and general manager, Irwin Seating Company.

III. WORKING CAPITAL MANAGEMENT. Speaker, Wilford J. Eiteman, professor of finance, University of Michigan; *moderator*, C. Lincoln Linderholm, president, Central Bank.

IV. EQUITY CAPITAL AND CREDIT. Speakers, Fred W. Pritchard, manager, Detroit Branch Office, Small Business Administration, and Rodkey Craighead, assistant vice-president, The Detroit Bank; *moderator*, William J. Schuiling, Jr., president, Peoples National Bank.

V. ACCOUNTING. Speaker, Leo A. Schmidt, professor of accounting, University of Michigan; *moderator*, Waldo I. Stoddard, senior vice-president, Michigan National Bank.

VI. MARKETING MANAGEMENT. Speaker, D. M. Phelps, professor of marketing, University of Michigan;

moderator, Carl H. Morgenstern, president, Old Kent Bank.

VII. ADVERTISING. Speaker, James D. Scott, professor of advertising, University of Michigan; *moderator*, Kenneth Brown, vice-president, The Michigan Trust Company.

VIII. BUSINESS OUTLOOK IN GRAND RAPIDS—PRESENT AND FUTURE. Speaker, J. Philip Wernette, professor of business administration, University of Michigan; *moderator*, James R. Sebastian, president, Rapids-Standard Company.

"The basic objective of these seminars," said Mr. Frey, "is to broaden the understanding and appreciation of business functions and of forces which influence generally all types of small manufacturing businesses." He emphasized that the seminar was not designed to train specialists, but more specifically to aid the participants through improving their ability to analyze the problems of their businesses, to enlarge their understanding of important economic and social forces which affect the environment in which modern business operates, and to stimulate the small businessman's continued interest in the study of the American economy and of business administration.



"He'll gain permanent possession of it if he wins one more potato sack race at the office's annual picnic!"



Allan Green

For all of us, something to cheer about

ASSISTANT cheer leader Allan Green is a sophomore in the College of Letters, Arts, and Sciences of the University of Southern California.

He's also, through foresight, one of the youngest of the 46,175 people who hold shares in Union Oil, the 40th largest industrial company in the country. And his 55 shares entitle him to a report on our 65th year of business.

In 1955 our customers paid us the record amount of \$368,760,900.

\$59,286,200 of this amount, or 16.1%, was paid our 8,839 employees as wages and for benefits to protect them and their families.

Taxes took 3.6%. This does not include the \$65,875,000 we also collected from customers as fuel taxes for governmental agencies.

We spent 72% with more than fifteen thousand other companies and individuals with whom we do business.

This left 8.3% of the \$368,760,900 as net profit. Slightly more than half of these earnings were paid in cash dividends to Allan Green and our other 46,174 share owners, who also received one additional share of stock for each ten held.

The balance of net earnings, equal to 3.9% of the customers' dollars, we reinvested in the business for necessary expansion and modernization of facilities.

Whether or not you own stock in this or any other company, it seems to us that this report is of vital concern to you.

For so long as companies like Union Oil have the incentive to compete and make a profit, Allan Green and others like him will have the incentive to hold shares in that company.

This is the best possible economic climate for continuing prosperity. Which is, for all of us, something to cheer about.

* * * *

YOUR COMMENTS ARE INVITED. Write: The President, Union Oil Company of California, Union Oil Building, Los Angeles 17, California.

Union Oil Company OF CALIFORNIA

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL

What Is GOOD IDENTIFICATION?

W E OFTEN read of burglaries involving the theft of Savings Bonds. Since these are in registered form, one may wonder whether they will do the burglar any good. But here is an actual case from the Treasury Department's files.

An impostor presented to a bank for redemption \$3,750 worth of stolen Savings Bonds. Refused payment because he could not establish that he was the person named on the bonds, he went out and got a temporary driver's license—which some states issue without any investigation—and on the basis of the license collected the cash and vanished. The freshly issued driver's license was worthless as identification.

Another story in the Treasury's files relates to a bank which was victimized in the amount of more than \$60,000 through bond cashing activities of three new customers.

Each used the same procedure. Each opened a savings account with a cash deposit of \$200 to \$250 and, beginning the following day, cashed Savings Bonds in lots of several thousand dollars, using the new savings account passbook as "identification." One of these "good customers" got \$22,000 within five weeks, the second \$14,000 in three weeks, and the third more than \$23,000 within a month. All the bonds bore addresses in a different city and proved to have been stolen in safe robberies and "fenced" for cashing.

Treasury Requirement

Not a few cases are on record where a bank has cashed bonds for a stranger "identified" by a local businessman who actually did not know the stranger more than casually. In such cases the bank's mistake is to fail to inquire how long and how well the identifier has

known the stranger. For, the Treasury's General Counsel has advised, the Treasury is not authorized to relieve a paying agent of liability for a loss when the agent merely accepts as sufficient the statement that the stranger is the owner of the bond or bonds. When confronted with such a request, the bank should tactfully explain that it is the Treasury's requirement that proof of identity be furnished.

It is understandable that local businessmen, anxious to close a sale, will try to help customers get bonds or checks cashed. Sometimes the merchant will accept the bonds in payment for goods sold. Banks, of course, are not authorized to pay such bonds. Nor has a person the right to cash a spouse's bonds.

While only a very small fraction of Savings Bonds have been erroneously paid by banks, such errors can be costly to the bank concerned in dollars and in time. Between October 1, 1944 and December 31, 1955, nearly \$3,100,000 was erroneously paid out for Savings Bonds. Some \$1,200,000 was recovered from persons other than the banks concerned. The latter, however, was held liable for \$1,050,000. The Treasury assumed liability for \$491,000, and the rest was still under investigation, with the banks believed liable for possibly \$241,000.

All sorts of papers and cards are used for identification. None is fool-proof. None but can be fraudulently duplicated or obtained illegitimately by ruse or deceit, payment of a fee, finding, or theft. Among evidences of identification commonly used are automobile owner's and operator's permits, automobile certificates of title; club, lodge, union, fraternity, and similar membership cards; company employment cards and building passes; courtesy cards, airline travel cards, hotel cards, business cards; fishing and hunting licenses; library cards; utility bills and re-

(CONTINUED ON PAGE 76)

A Matter on Which Banks Can Help

THE FACT that automobile drivers' permits are very widely accepted as identification in payment for merchandise by check and for check-cashing is well known. Not so well known is the fact that in a number of states such permits may be obtained by individuals who are not required by the licensing authorities to identify themselves. In some cases drivers' licenses are sold over the counter, the applicant merely filling out a form and paying the fee. Often the applicant's description is merely typed on the permit and may readily be altered. Various safeguards may be employed to minimize the risk that a license may be issued to an unidentified person.

Banks may be helpful to their communities and also themselves if they will ascertain whether, in their cities and states, automobile permits are being issued with reasonable precaution, and, if they are not being so issued, endeavor to bring about improvements. For example, delivery of the permit by mail rather than over the counter, whether it is a case of an original permit or a renewal, may eliminate some dishonest applicants. The mail should not be forwarded. More careful verification of the applicant's identity at the traffic bureau also is desirable in many states.



THE CHASE MANHATTAN BANK

STATEMENT OF CONDITION, MARCH 31, 1956

RESOURCES

Cash and Due from Banks	\$1,531,623,529
U. S. Government Obligations	1,136,238,884
State, Municipal and Other Securities	510,504,955
Mortgages	178,223,473
Loans	3,537,004,045
Accrued Interest Receivable	19,205,322
Customers' Acceptance Liability	89,096,737
Banking Houses	43,953,292
Other Assets	18,734,761
	<u>\$7,064,584,998</u>

LIABILITIES

Deposits	\$6,338,642,554
Foreign Funds Borrowed	10,784,930
Reserve for Taxes	32,556,147
Other Liabilities	51,568,757
Acceptances Outstanding	\$104,976,894
<i>Less: In Portfolio</i>	<u>10,471,002</u>
General Reserve for Securities	7,792,296
Capital Funds:	
Capital Stock	\$150,000,000
<small>(12,000,000 Shares—\$12.50 Par)</small>	
Surplus	300,000,000
Undivided Profits	<u>78,734,422</u>
	<u>\$7,064,584,998</u>

Of the above assets \$581,320,256 are pledged to secure public deposits and for other purposes, and certain of the deposits are preferred as provided by law.

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 74)

ceipts; seamen's cards; passports; selective service cards, social security cards, GI service tags; company badges and buttons, Red Cross cards, and many others.

Driver's License

Possibly the most commonly accepted "identification" is the automobile driver's license, which in many states may be obtained with a minimum of formality and without investigation. In Washington, D. C., for example, until early this year when the *Evening Star* called attention to the situation in a front page story, one could get a driver's permit without identifying oneself. One man got eight D. C. permits in six years, each under a different name and address and by their use cashed 75 bogus checks. A convict just out of prison equipped himself with a driver's—and check-cashing—license and in one day cashed 20 checks for \$50 to \$100 each in Washington.

Social Security Cards

A social security card is worthless as identification. Anybody can get a new card under any name with the greatest of ease. Anyone can get a social security card in your name. Most of the cards, passes, bills, receipts, and the like mentioned above are of uncertain value in identifying a person. Where doubt exists, the bank or other payor should ask for corroborative identification, either documentary or personal. Where documents are being depended upon, every care should be taken to compare the applicant's signature with the handwriting on the documents. Where his physical description is given, it should be carefully, not perfunctorily, compared with his person. The age of the identifying document should be noted; be careful if it is new.

If the individual is being identified by another person, the latter's personal integrity and reliability is not enough. The nature and length of his acquaintance with the subject are also important.

Cards without a witnessed or corroborated signature are not certain identification, for a signature may be forged or imitated. A notarized signature also is useless for identification purposes, since anyone can walk into a notary public's office and get the notary's at-

testation for a few cents. Selective Service classification cards should also be viewed without trust when presented by strangers.

According to the Treasury Department, the best form of identification of a stranger is by someone well known to the paying agent. Other identification classed by the Treasury as acceptable includes:

Acceptable Means

(1) *A pass issued by an employer* (whose existence is known to the paying agent) bearing the photograph of the employee or an adequate identifying description, and his signature countersigned by some person purporting to be authorized by the employer, or bearing some other evidence of validation of the employee's signature.

(2) *An insurance policy* having attached a photographic copy of the application therefor, showing the insured's signature and adequate identifying description.

(3) *Army, Navy, Air Force, Marine Corps, and Coast Guard separation documents* setting forth either in a single document or two documents in combination a physical description and witnessed signature or photographs of such documents.

(4) *Original (not duplicate) draft registration cards* bearing the registrant's physical description and signed by him and the registrar.

(5) *Motor vehicle operator's license or permit* (with due caution for reasons already mentioned).

Prior to making payments on the basis of such identifying documents the payor should examine them carefully for any alterations.

Where a bank account is being used as identification, it should have been in existence for at least six months, unless satisfactory identification was provided at the outset.



Whenever the amount involved is large, extra care should be used by the paying agent. Cases are known where bank tellers have paid out large sums on inadequate identification in perfunctory manner.

Reliance upon identification by telephone is especially dangerous. Many swindles have been perpetrated on banks by the use of the phone. The telegraph has also been used by crooks, whether actually bank customers or merely posing as customers, coupled with the use of improper identifying documents.

The good teller, moreover, while examining documentary identification with care, also relies on intangibles, such as the behavior of the stranger.

There is one foolproof identification, fingerprints; but for various reasons this method cannot be generally used in bank-customer relations.

Six Teller Precautions

Bank tellers and employees who pay savings bonds should:

(1) Be instructed as to the tricks likely to be used by dishonest strangers. For this purpose the A.B.A.'s literature will be helpful.

(2) Review periodically the instructions on identification procedure issued by the Treasury Department. These instructions are now in process of revision.

(3) Scrutinize with care identification credentials offered by strangers, examining them for genuineness, alterations, length of time in force, physical description, signatures, photographs, and the like. The stranger's signature and appearance should be compared with those on the identifying documents.

(4) Where a personal introduction is made by someone known to the bank, inquire into the nature and length of the introducer's acquaintance with the stranger; and be especially wary of telephone introductions.

(5) Guard particularly against the use of a new account as identification.

(6) Prevent emotional, sentimental, charitable, or urgency factors from being decisive.

In cashing checks and bonds for strangers a good motto for anyone concerned with identification is: "When in doubt, don't pay."

HERBERT BRATTER



"In a Nutshell"

Sales and assets of Pittston and its subsidiaries reached new highs in 1955 while net earnings on common stock, after preferred dividends, amounted to \$3.60 per share. In the prior year, excluding extraordinary items of profit on the sale of capital assets, and adjusting to a comparable 1955 basis with respect to preferred dividends and common shares outstanding, net earnings on the common

stock amounted to \$1.44 per share.

The resurgence in the demand for bituminous coal has resulted in greatly increased tonnage and earnings in Pittston's coal division. Other operations — petroleum products, natural gas, trucking and warehousing — are continuing at capacity levels, and all indications point to another year of continued growth and improved profits.

—from "The President's Letter" to Pittston Stockholders
in the Annual Report for 1955.

HIGHLIGHTS FROM 1955 REPORT

	1955	1954
Barrels of petroleum products sold.....	40,195,249	34,067,414
Net tons of coal sold.....	10,945,859	8,131,606
Total revenue	\$205,798,315	\$159,735,766
Net income	\$ 3,105,023	\$ 1,979,416*
Total assets	\$121,458,752	\$103,665,084
Common stockholders equity.....	\$ 34,184,392	\$ 29,225,911

*Includes profit on sale of capital assets.

Copies of the Company's ANNUAL REPORT are available on request.

THE PITTSTON COMPANY

250 Park Avenue, New York 17, N. Y.

PITTSTON SUBSIDIARIES

Clinchfield Coal Corporation, Dante, Virginia • Compass Coal Company, Clarksburg, W. Va. • Lillybrook Coal Company, Lillybrook, W. Va. • Amigo Smokeless Coal Company, Lillybrook, W. Va. • Metropolitan Petroleum Corporation, New York • Maritime Petroleum Corp., New York • Globe Fuel Products, Inc., Chicago • Metropolitan Coal Company, Boston • Pittston Clinchfield Coal Sales Corporation, New York • Clinchfield Fuel Company, Spartanburg, S. C. • Davis-Clinchfield Export Coal Corporation, New York • Ruth Coal Export Corp., New York • United States Trucking Corporation, New York • Independent Warehouses, Inc., New York • Tankport Terminals, Inc., Jersey City • Valentine Tankers Corporation, New York • Valentine Transportation Corporation, New York



whatever goes on
INDUSTRY-WISE
in the **U. P. west...**

we hear about it!



Here's something to consider if you're thinking about a western plant site.

Throughout the eleven western states where Union Pacific operates, we have representatives located in the various cities and towns. Through their contacts with the press, their membership in the Chamber of Commerce and other organizations, their acquaintance with leading business men, they gain an intimate knowledge of the local area.

They are familiar with the labor situation, land values, the planning of new projects having to do with power, light, water and transportation. Information of this nature is funneled back to Union Pacific headquarters in Omaha.

So, if you are planning to establish a new plant in the western territory, we suggest you contact your nearest U.P. representative or get in touch with us direct.

INDUSTRIAL DEVELOPMENT DEPARTMENT
UNION PACIFIC RAILROAD
Room 407, Omaha 2, Nebraska

UNION PACIFIC RAILROAD

Financing College Housing

THE Housing and Home Finance Agency has issued a circular outlining the manner in which private financial institutions can make construction loans in connection with college housing projects. The purpose of this interim financing is to enable the college to proceed with construction at the earliest possible date without waiting until the permanent bonds are disposed of.

College borrowers having loan agreements with the Government can deposit with lending institutions the statements of the Government's intent with respect to the lending agreement along with a certified copy of the loan agreement "as evidence of the Government's obligations under the agreement."

The loan agreement (Sec. 6) stipulates, subject to compliance by the borrower with the provisions thereof, that the borrower may apply to and receive from the Government an advance against the bonds which the Government has contracted to purchase in an amount sufficient to liquidate any interim financing borrowings which may become due before the bonds have been prepared.

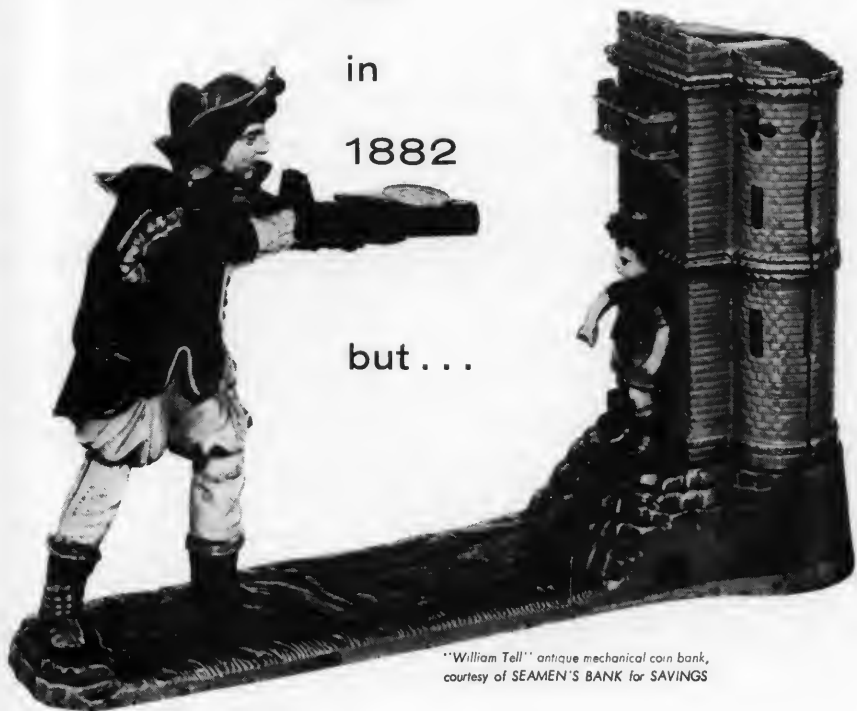
Thus, the lending institution's security for such temporary or interim loans will not be real estate, as is ordinarily the case with construction loans, but the borrower's creditworthiness and the Government's obligation under the loan agreement to liquidate temporary loans.

The yield to the bank on this type of financing, depending upon the plan used, is very favorable.

Anyone interested in additional information should either write to the Credit Policy Commission of the A.B.A. or directly to the Housing and Home Finance Agency, Washington, D. C., for Circular No. 254 (January 25, 1956).

L. A. Jennings, Deputy Comptroller of the Currency, has advised the A.B.A. that the Treasury sees "no legal objection to national banks participating . . . , although, of course, determination of the creditworthiness of the particular borrower and the firmness of the Government's commitment . . . is the responsibility . . . of the lending bank."

A
hit
in
1882



but . . .

modern
banking
requires
modern
protection

*"William Tell" antique mechanical corn bank,
courtesy of SEAMEN'S BANK for SAVINGS*

Whether your protection problems are big or small it pays to specify Federal Insurance. Here you'll find a broad and intimate knowledge of modern protection techniques plus the ability to apply fresh thinking to your individual problems. It is this interest in your problems that enabled us to introduce many of the protection standards that are today serving the leaders of the financial industry.

FEDERAL INSURANCE COMPANY



into which has been merged

THE UNITED STATES GUARANTEE COMPANY

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GOVERNMENT BONDS

*Credit Demands Increase . . . Loans Rise Sharply . . . Treasury
Bill Sales Erratic . . . The Weather Gives an Assist . . .
The Market Can't Take It . . . Treasury Has Huge Receipts*

MURRAY OLYPHANT

ON April 13 the Federal Reserve Board announced increases in discount rates for all but one of the 12 Reserve banks.

The exception was Chicago, but the rate there, too, was increased on April 19.

In the San Francisco and Minneapolis Reserve Districts the rate was upped to 3%, and in the 10 others to 2¾%.

Following closely on this announcement were the following developments: (1) Leading banks raised their prime rate from 3½% to 3¾%. (2) Commercial paper rates went up ⅛ of a percentage point; the new yield to the investor, on paper maturing in three to six months, now ranges from 3⅛% to 3½%. (3) On bank loans to brokers and dealers to finance purchases of securities for their own accounts, as well as loans to such dealers to finance purchases by their customers, the rate became 4%.

It was not expected that the rate on personal and consumer loans would be affected by the change.

THE major development recently, which had a depressing effect on the market for Government securities, was the growing opinion that no setback in the volume of business was in prospect.

Estimates of capital expenditures both by business corporations and public units—state, municipal, and authorities of one sort or another—were raised well above those contemplated earlier this year. To a large extent corporations found it necessary to maintain or increase their inventory positions as deliveries failed to keep pace with incoming orders. The possibility of international trouble is always a factor, and it is unpredictable.

Settlement of wage disputes laid down a pattern of increases in pay which threaten to be continued in the ensuing months when, for example, the steel industry must write new contracts. That production can be raised enough to offset increased wage costs is doubtful. Hence the cost of what is produced must be passed along to the consumer in whole or in part. To prevent the well known inflationary spiral from further reducing the purchasing power

of the dollar will require extraordinary wisdom on the part of the monetary authorities. That is their chief concern, and it grows more acute from month to month.

Credit Demands Increase

To keep the business wheels turning at high speed, the supply of the lubricant of credit must be maintained. The demand for the "lubricant" has shown no diminution. Not only were bank loans required but new corporate financing was steadily resorted to.

The rate of dealers to carry securities was upped to 4%. As new corporate issues were coming along with 3⅜% and 3½% coupons, this made pricing of the new offerings a difficult problem, if losses were not to be sustained by the underwriters.

Furthermore, the higher rate of return available from the best grade of corporation bond issues was very competitive with that available from the longer-term Government issues, and decidedly lessened the attractiveness of the latter for even the most conservative investors.

From February 29 to March 23 the total of loans of the reporting mem-

ber banks rose \$1,697,000,000. Commercial, industrial, and agricultural loans accounted for \$1,404,000,000 of the increase.

The largest weekly increase occurred over the March 15 tax payment date, when the commercial and industrial loans rose \$681,000,000—clearly indicating that business needed more assistance to pay taxes than had been expected in view of the supposed large corporate holdings of cash and short-term Government issues.

That some of this borrowing was of a temporary nature became clear when the New York banks reported a decline of about \$250,000,000 for the week ending April 4, although the pay-off was not so great or so rapid as might have been expected.

The demand for loans to pay taxes, however, came on top of a continuing demand for normal business requirements. A substantial portion of the increase was said to be due to the financing of increased inventory.

For the month the several categories of loans increased in the following amounts:

Commercial, industrial, agricultural	\$1,404,000,000
Real estate loans	125,000,000
Consumer loans	105,000,000
Loans to carry securities	19,000,000

Liquidation

This increase in loans forced the banks to continue—as they have been doing for months—the liquidation of their investments. Holdings of Government securities declined \$277,000,000.

The rise in loans and the decrease in investments reached the point, where, in New York City on March 21, the ratio of loans to deposits had

(CONTINUED ON PAGE 82)



How to judge a builder who wants mortgage financing

Judge His Experience. How long has he been building? How long has he been building in this community? How many homes has he built? Then . . .

Judge His Reliability. How have his older houses held up? Are they still sound and salable? Has he chosen his designs wisely? How's his reputation—among businessmen and among the general public? Has he maintained a pretty steady pace, or increased his starts, year after year? Can he "move" his homes, once they are built? . . . does he know how to sell? If he still qualifies, then . . .

Judge His Homes. Are they well planned, attractive? Do they meet the needs of the people in his community? Can he adjust his designs and his operations to meet changing

needs of the community? Will his homes remain attractive and desirable a few years from now? Are they approved for FHA and VA financing? The answers to these questions ought to give you a pretty good line on any builder.

When you finance a United States Steel Homes Dealer, this investigation has already been made—by United States Steel Homes, Inc.—before the franchise is granted. Our requirements are the same as yours. Certainly you will still want to make some investigation of your own; but you can feel sure that any United States Steel Homes Dealer will pass the strictest muster. He had to, to get his franchise.



Rates on Weekly Offerings of Treasury Bills

risen to 61%. In the remaining 93 reporting centers, the ratio had climbed to 50%.

So "loaned up" a position has involved a decrease in liquidity, which fully explains the entire lack of interest on the part of the banks in any but the shortest-term Government issues, even when some funds may be available for investment.

Bill Rate Fluctuates

The rate at which Treasury bills were taken in the weekly offerings during March fluctuated considerably as shown in the tabulation on this page.

The low rate on March 26 was the result of several factors which produced a temporary surplus of available funds: (1) The Treasury T&L accounts in the banks had swelled because of the addition to their deposits of 50% of the large checks drawn to pay taxes. (2) The float rose unduly because of bad weather. A severe snowstorm grounded planes. Checks were not cleared ac-

ording to schedule. So the banks had T&L accounts, and the corporation accounts—not being charged—stayed up. The float averaged nearly \$1.3-billion for the week ending March 21.

Then buying for Cook County, Illinois, accounts (so that they would have Governments—not taxable—instead of cash—taxable) absorbed what early maturities were available. For several days money seemed easier, although it was obvious that the condition was temporary. Actually Federal funds stayed close to the ceiling of 2½%. That the ease was ephemeral was proved when, the

Date of Sale	Average % Price	Amount Taken by Dealers (millions)	Subsequent % Price Range
3/5	2.17	\$382	2.27-2.32
3/12	2.37	350	2.36-2.30
3/19	2.42	190	2.24-2.20
3/26	2.17	348	2.19-2.16
4/2	2.39	402	2.42-2.36

following week, dealers got over 25% of the \$1.6-billion bill offering and the average cost to the Treasury was 2.39%.

OMC Not Too Busy

Only minor changes were made in the Federal portfolio during the month. As the credit supply moved up or down Treasury bills were bought and sold in rather small amounts. Dealers were accommodated with repurchase agreements when necessary. For the entire period only \$134,000,000 was added to the portfolio. It was clear that no

(CONTINUED ON PAGE 162)

THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THERE is no sign of a reduction of new financing in the blueprint stage. This applies to both tax-exempt municipals and corporate securities. Federal agencies and the states plan big issues, too. Spring, usually, produces a bulge in new financing, and this year is no exception.

The new capital market has not been too steady in recent weeks. Fixed interest securities suffered declines in prices because of the continuation of rising interest rates. Syndicates of new issues dissolved on some occasions when prices fell sharply in the open market, and appreciable portions of new issues remained unsold.

Financial quarters, therefore, have been raising the question how far the rise in yields and the decline in bond prices can go before one or the other has to "give." A recent survey of dealers in state and municipal securities disclosed the overwhelming opinion that interest rates on the shorter-term municipals will drop in 1956, thus arresting the price decline, and that the same will happen in the area of long-term dollar bonds.

Generally speaking, the investment markets are still supported by excellent statistics. Dividend payments by corporations hit a new record in January, with distributions to stockholders of \$809,000,000, against \$721,000,000 in January 1955. This is evidence of management's confidence in the future. Therefore, the cautious estimates for coming months are being revised by Government economists, and the fear of inflation is still more prevalent than that of deflation.

Activity in the equity markets has been more than

satisfactory, and prices have been rising at a gradual pace. The New York Stock Exchange has had the best income from commissions and other charges to members since 1929.

A partial cause of this was that the number of shares listed is steadily increasing, in turn producing greater volume. They recently topped the \$4-billion mark for the first time in the exchange's 164-year history. This feat was accomplished with the listing of 196,306,422 shares of new common stock of Standard Oil Co. (New Jersey) as a result of a 3-for-1 split.

AMONG the new issues to make an early appearance is a \$250,000,000 offering of American Telephone & Telegraph Co. bonds, authorized by directors. The company and the underwriters, as usual, are apt to await favorable market conditions.

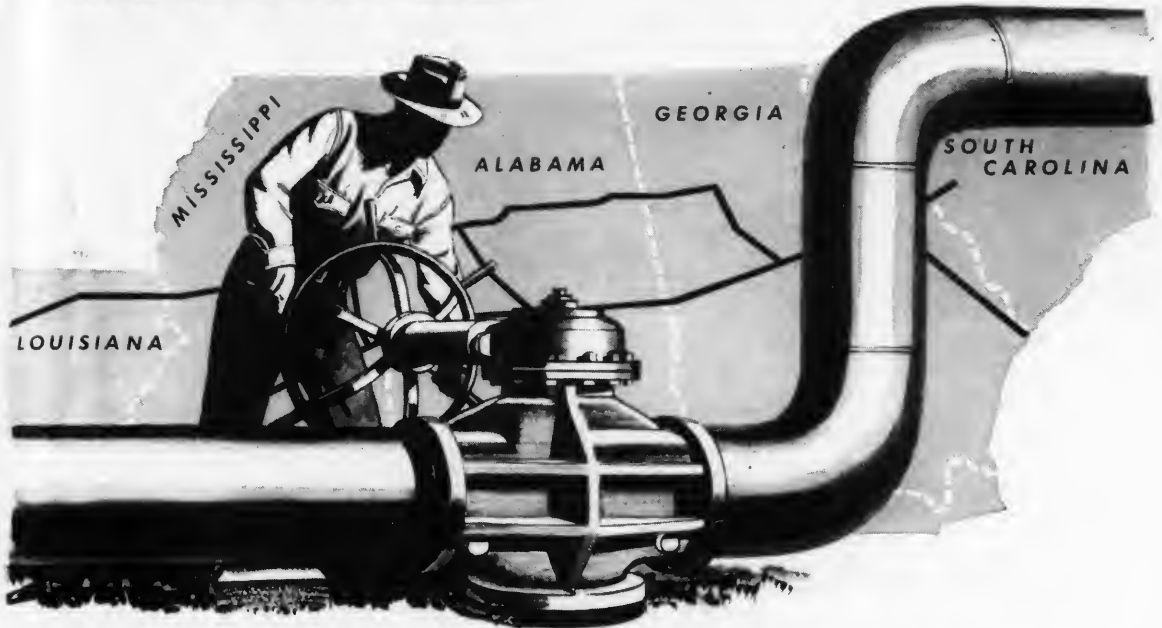
The last debt issue of this kind was offered to the public in September 1954, when an equal amount was marketed publicly. The proceeds will be used by the giant company for additions and improvements in the Bell system's telephone service.

Another point of interest in the securities' markets is the question of variable annuities, which has touched off a storm of controversy. Involved are insurance companies, mutual fund dealers, and the Securities and Exchange Commission. The National Association of Securities Dealers is reported anxious for the SEC to take on the job of controlling the sale and administration of variable annuities which are chiefly backed by common stocks.

1955

"Turn-on" year for 60 more communities.

A pipeliner bends over the valve wheel. As the wheel turns, natural gas flows at a rate of thousands of cubic feet per minute into the pipes of a gas distribution system serving one of the thriving communities of The Industrial Southeast. In 1955, some 60 additional communities in The Industrial Southeast began to use natural gas transported by Southern Natural Gas Company.



SOUTHERN NATURAL GAS SUPPLIES THE INDUSTRIAL SOUTHEAST

In 1955 Southern Natural Gas supplied about 191 billion cubic feet of gas to

- 725,000 consumers in communities whose population totals
 - 3,100,000 people (including Atlanta & Birmingham)
- plus
- 73 billion cubic feet of gas to 60 direct industrial consumers.

THE RESULTS:

Gross revenues and net income higher in 1955 than in any previous year.

	1955	1954
TOTAL VOLUME OF GAS SOLD—Mcf	274,851,165	254,373,522
AVERAGE DAILY SALE—Mcf	753,017	696,914
GROSS REVENUES	\$69,919,556	\$59,535,432
NET INCOME	\$ 8,534,139	\$ 6,497,643
NET INCOME PER SHARE	\$2.37	\$1.89
DIVIDENDS PAID PER SHARE*	\$1.65	\$1.55

*Increased, as of December 13, 1955, to a quarterly rate of 45 cents per share, equivalent to \$1.80 per year.



Write to the Secretary of the Company for your Copy of our 1955 Annual Report.

SOUTHERN NATURAL GAS COMPANY

WATTS BUILDING, BIRMINGHAM, ALABAMA



The Country Bank Operations Commission in session. Left to right, Messrs. Wilson, Harmon, Johnson, Beaujon, (George B.) Ward (director, A.B.A. Bank Personnel Administration), Amy, Welman (chairman), Mildren, Gallagher, Firstenburg, Weydahl, Burdette, and Betts

News for Country Bankers

Country Bank Operations Commission Lays Plans

FIVE new major projects to aid the operating men of smaller banks were discussed at the annual meeting of the Country Bank Operations Commission, Hotel Peabody, Memphis, Tenn., on March 8-9, 1956.

The projects which were given special consideration are: (1) a new study on bank costs and earnings; (2) a reference guide for employees to be entitled *Do's and Don'ts for Bank Bookkeepers and Proof Clerks*; (3) a bank employee training program; (4) a service charge survey; and (5) publication of new salary tables to be used in conjunction with the program contained in the booklet *How to Set up a Salary Program in the Smaller Bank*.

The Commission's latest project, *Trends in Bank Costs—1956 Edition*, which was completed in cooperation with the Bank Management Commission, was distributed last month to member banks. This study contains current cost and earnings data obtained from 57 smaller banks and 25 larger banks ranging in size from \$10,000,000 to over \$1-billion in total assets. In addition to factors that are generally

considered for service charge purposes, the booklet contains current cost information and related data for other items and transactions, servicing payroll checks, special checking accounts, savings departments of commercial banks, safe deposit operations, and a section on checking account distribution by size groups.

Bookkeeper, Proof Clerk Book

A new booklet, *Do's and Don'ts for Bank Bookkeepers and Proof Clerks*, is being developed as a handy reference guide and training aid for employees of smaller banks. This booklet will be similar in style to *Bank Tellers Do's and Don'ts*.

The bank employee training program is to be conducted as a joint project with the A.B.A.'s Bank Personnel Relations Department. The discussion on this program was led by George B. Ward, director, Bank Personnel Administration. L. M. Schwartz, president, Citizens State Bank, Paola, Kan., and former CBOC member, has been appointed chair-

This department is edited by MARY B. LEACH of BANKING's staff.

man of the new A.B.A. Committee on Employee Training which will be responsible for developing this program. The Committee will consist of members of the CBOC and specialists in this phase of personnel work from some of the larger banks. The Committee will review the training problems of the smaller banks and develop practical training guides. It is believed that combining the technical knowledge and experience of the men from the larger banks with the knowledge of the members of the Country Bank Operations Commission of small bank problems will result in material of great value to the thousands of smaller banks.

A survey of service charge practices in smaller banks is planned for early in 1957. This survey, which will be similar to one that was conducted during 1949, will aid in comparing changes that have taken place since then. In addition to service charges for regular and special checking accounts, the new survey will contain a section on charges for miscellaneous services.

The sample salary tables used in the previously mentioned salary booklet were based upon the former 75¢ per hour minimum wage which was increased to \$1 on March 1. The

tables are to be revised to reflect the new minimum wage so that banks using this plan can make any changes they deem necessary. Upon completion they will be distributed to all member banks.

Members of the Commission are J. C. Welman, president, Bank of Kennett, Mo., chairman; G. R. Amy, deputy manager, American Bankers Association; C. E. Betts, Jr., secretary, CBOC; F. E. Allen, president, Canton (Miss.) Exchange Bank; C. E. Beaujon, Jr., president, Canaan (Conn.) National Bank; H. P. Burdette, president, First National Bank, Mount Airy, Md.; E. W. Firstenberg, president, First Independent

Bank, Vancouver, Wash.; Hazel Gallagher, Tulare County National Bank, Visalia, Calif.; L. G. Harmon, cashier, First National Bank, Riverton, Wyo.; J. V. Johnson, president, Johnson County Bank, Tecumseh, Nebr.; M. C. Lockard, president, First National Bank, Cobden, Ill.; W. E. Mildren, president, Commercial Banking and Trust Company, Parkersburg, W. Va.; F. B. Post, president, First Security Bank, Ionia, Mich.; F. W. Thomas, president, Washington Loan & Banking Co., Washington, Ga.; E. A. Weydahl, vice-pres., Bank of Killdeer, N. D.; T. G. Wilson, exec. vice-pres., First State Bank, Conway, Ark.

the future of their business, it was noted during the discussions. Most of the farm land purchases now being made are to add acreage to existing farms with a view toward more efficient operation.

The increased emphasis on semi-permanent types of investments in today's farming has, in the recent past, spotlighted the use of intermediate-term loans by banks in financing farmers. Farm machinery, soil conservation measures, and irrigation systems are examples of such investments. The Commission had previously announced inauguration of a program to expand the use of intermediate-term loans by banks; and at the New Orleans meeting, it authorized a study of intermediate-term credit aimed at the publication of a manual on the subject to be supplied to the banks.

Mechanization, Efficiency Key to Successful Farming

THE key to successful farming under today's conditions lies in mechanization and efficiency, according to the Agricultural Commission of the American Bankers Association. The Commission held its annual meeting in New Orleans, La., with Jesse W. Tapp, chairman of the Commission, and chairman of the board, Bank of America N.T. & S.A., Los Angeles, presiding.

Such increased efficiency and mechanization will require large scale financing by the nation's banks—financing which they stand ready to provide, the Commission asserted. More effective use of the existing correspondent bank system in the area of farm lending will permit banks to do an even better job in meeting the credit requirements of their farmer-customers.

Although farm income has been declining over the past several years, American agriculture generally is not in serious financial trouble, the Commission agreed. Farm assets are at record levels, they noted; there are indications of farm income leveling off, but the situation is not serious enough to be characterized as a "depression." The concern over the agricultural situation has been generated largely by the fact that American agriculture has not been sharing fully in the enormous expansion which other segments of the economy have been enjoying.

American farmers have been putting huge amounts of money into improving their farm plants and farming methods, which in itself indicates that they are optimistic for

Projects Being Planned

Other projects discussed at the meeting were publication of a book on farm finances for young farmers; reorganization of the Commission's committee set-up to provide better service to A.B.A. member banks; and plans for the National Agricultural Credit Conference, which the Commission will sponsor in St. Louis next December. The group also strongly favored an agricultural credit film as one of the series being developed by the A.B.A. Public Relations Council.

Besides Mr. Tapp, the members of the Agricultural Commission are R. L. Adams, president, Bank of York, Ala.; J. H. Crocker, chairman

Members and special guests at the meeting of the A.B.A. Agricultural Commission. Seated, center foreground, Messrs. Rutledge, Drawdy, Zorn, and Adams. Clockwise around table, Messrs. Parker, Crocker, Knox, Timm, Scott, Kreider, Tapp (chairman), and Savidge; Mrs. Kennedy; Messrs. Stratton, Hart, Jesness, and Jamba. Standing, Messrs. Gill, Stebbins, Downie, Johnson, Wall, Gile, Schaller, Didier, and Love



and president, Citizens National Bank, Decatur, Ill.; Sherman Drawdy, president, Georgia Railroad Bank & Trust Company, Augusta, Ga.; B. L. Gill, Jr., president, American National Bank, Terrell, Tex.; N. A. Jamba, vice-president, National Bank and Trust Company, Norwich, N. Y.; C. K. Johnson, president, First National Bank, Artesia, N. M.; W. C. Knox, cashier, First National Bank, Fairmont, W. Va.; J. Ed. Parker, Jr., vice-president, First National Bank and Trust Co., Lexington, Ky.; H. W. Schaller, president, Citizens First National Bank, Storm Lake, Iowa; J. W. Scott, president, First State Bank, Gilby, N. D.; R. B. Stratton, assistant vice-president, Security Trust & Savings Bank, Billings, Mont.; and E. T. Savidge, deputy manager of the A.B.A. in charge of its Agricultural Commission.

Commission's Advisers

The Commission's advisers are Dr. V. B. Hart, professor of farm management, New York State College of Agriculture, Cornell University, Ithaca; Dr. O. B. Jesness, head, Department of Agricultural Economics, University of Minnesota, St. Paul; Dr. H. M. Love, head, Department of Agricultural Economics and Rural Sociology, Virginia Polytechnic Institute, Blacksburg; Dr. T. R. Timm, head, Department of Agricultural Economics and Sociology, Texas A & M College, College Station; and Dr. G. B. Wood, head, Department of Agricultural Economics, Oregon State College, Corvallis.

In addition to Commission members and advisers, the meeting was attended by Clayton Rutledge, president, Bank of Commerce and Trust Co., St. Francisville and chairman, Agricultural Committee, Louisiana Bankers Association; Lawrence E. Kreider, agricultural economist, A.B.A.; Edwina Kennedy, Agricultural Commission; G. H. Stebbins, president, Simsbury (Conn.) Bank & Trust Co., and vice-chairman, A.B.A. Subcommittee on Agricultural Credit; R. N. Downie, president, Fidelity State Bank, Garden City, Kan., and chairman, A.B.A. Subcommittee on Agricultural Credit; N. J. Wall, head, Agricultural Finance Section, Production Economics Research Branch, ARS, U. S. Department of Agriculture, Washington, D. C.; Bueford M. Gile, head, Department of Agricultural

Economics, Louisiana State University, Baton Rouge; and R. Irby Didier, executive secretary, Louisiana Bankers Association.

Banks Pay Short Course Tab

A FUND of \$1,112 was contributed by 42 Utah banks to defray the expenses of 81 young farmers enrolled in the six-day Agricultural Short Course held at the Utah State Agricultural College during February 1956. This program is sponsored by the Utah Bankers Association.

Subjects in which the students showed the greatest interest included:

Livestock feeding and disease control; proper management of the dairy herd; crop production and fertilization; soils and irrigation; agricultural policy and marketing; insurance problems of the farmer; farm organization programs; weed control; and farm management and farm planning.

"Ventures in Credit" Book

THE Kentucky Bankers Association has issued a folder, *Ventures in Credit*, designed to teach the principles of the wise use of credit and to show the need of establishing a good credit standing early in life. It is intended primarily as a credit guide for 4-H Club and FFA members and other farm youths.

The folder includes a loan application and repayment plan, promissory note, financial statement form, and a memo for the use of the borrower in keeping a record of his outstanding indebtedness.

In a message to the borrower, the bank explains the three C's of credit. There is space for the bank's signature.

Rural Planning Conference

IN cooperation with the School of Agriculture of the University of Delaware, the Agricultural Committee of the Delaware Bankers Association will conduct a rural planning conference in Agricultural Hall on the Newark campus on Tuesday, May 3.

The conference is designed to explore various aspects of rural planning in the hope that a better understanding can be achieved through education.

Speakers will include Samuel Stout, chairman, Planning Commission of Henry County, Indiana; and Erling D. Solberg, agricultural economist, U. S. Department of Agriculture.

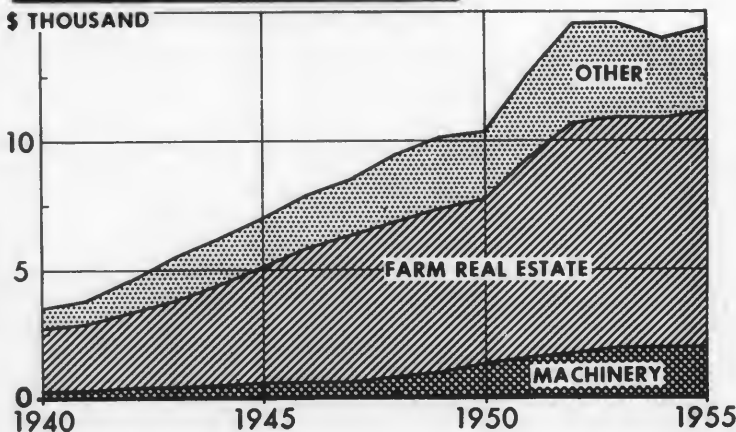
Oklahomans Bag Stock Prizes

FOUR officers of The First National Bank & Trust Company of Oklahoma

(CONTINUED ON PAGE 136)

In 1950 the investment per farm worker averaged \$10,267. Five years later it had climbed to \$14,389. This compares, judging from a 1954 U. S. Chamber of Commerce study among 83 manufacturing industries, with a 1955 average investment figure for each worker of \$13,281

Investment Per Farm Worker Averages \$14,000 in 1955



U. S. DEPARTMENT OF AGRICULTURE

REG. 55 (9)-750 AGRICULTURAL RESEARCH SERVICE

South's Timber Crop Could Be Doubled

PHILIP A. BRIEGLER

The author is director, Southern Forest Experiment Station, Forest Service, U. S. Department of Agriculture, New Orleans, La.

IN the South, the fortunes of the farm and of the forest are closely related. In the first place, one out of every two acres of forest in the South is on farms. In the second place, half or more than half of the average farm is in forest.

Agriculture has a problem and forestry has a potential—perhaps not fully realized.

The press, the radio, and everyday personal contacts emphasize the crop-surplus side of the farm problem. Probably less publicized is the fact that many southern farmers have not shared very fully in our general upsurge in national productivity, income, and level of living.

I do not belittle the progress that has been made. In recent decades southern agriculture has become more diversified and more stable over large areas. Farms have decreased in number; they have increased in average size and in efficiency. Manufacturing has moved in and now surpasses agriculture in flow of income to the people. But the job is only partly completed. Further industrialization is the big hope; it is under way, and expanding forest industry is among the more promising prospects.

Annual Output of \$5-billion

In manufactured form, the South's annual output of forest products is valued at more than \$5-billion. If all of the southern forest were well managed, it could, in time, sustain double or perhaps even triple the current timber industry. The South has about half of our national timber-growing capacity, and there are strong indications that the demands for this growth will continue to increase.

Actually, we are surrounded by expanding forest industry right now.

"The South has about half of our national timber-growing capacity and there are strong indications that the demands for this growth will continue to increase."

Eight new pulp mills are in process of development, and 11 major expansions of established plants are under way in this area.

Opportunities for increasing forest growth in response to mounting demand are outstanding, but it will take a lot of work to capture this promise. Bankers are in a good position to continue to take an important part in the jobs ahead.

For example, some 22,000,000 acres of idle land in the South should be planted to trees. The rate of planting has increased in recent years, but even so it will take more than 40 years to complete this task at the present rate. Progress needs to be stepped up.

"... Where Banks Can Help"

In many parts of this region, the first thinning—usually when the stand is 15 years old—will repay planting costs threefold and still leave the owner with a growing forest worth more than five times the cost of establishment. Most of the land that needs planting is privately owned. Much of it is on farms. Public and industry assistance is available in some areas, but almost everywhere the owner will need some cash also to get started. This is where the banks can help, and I know that many of them already are helping.

Another outstanding opportunity for increasing forest growth lies in the application of timber stand improvement practices developed by research in recent years. An investment of \$5 an acre in releasing promising young trees overtopped by worthless culls can increase the value of timber growth over the following decade or so by as much as \$50. Here again the banks can push things along by supplying some of the cash needed.

About one-fourth of the forest land in the South is owned by the forest industries and by the public. Timber cutting on most of these areas leaves the lands in a good

condition for future growth. But on the other three-fourths of our forest, mostly that owned by farmers and small owners, only one-third of the recent cutovers have a "good productivity" rating.

It is significant that the minority of the small owners who do follow good forestry practices are well financed. More small owners could practice better forestry if they were less pressed for cash to meet current expenses.

Better methods of harvesting and utilizing timber can also do much to increase the values we get from the forest. For example, recently developed log barkers are an attractive investment for medium and larger sawmills. Operated in connection with a wood chipper, they make it profitable to produce pulp chips from slabs and edgings that would otherwise be sent to the burner. Other milling and harvesting modernizations have increased the productivity of labor and the profits to the operators at a time when both are needed.

These are just a few suggestions of promising improvements in the use of our forest wealth that timely financing can make possible.

Other Jobs Need to Be Done

Some other jobs need to be done if a greater part of our full forest potential is to be realized. For example, we still have 30,000,000 acres of southern forest land without any organized protection from fire. We still have a big job to do in protecting our forest wealth from destruction by insects and diseases. Accelerated forest research can step up progress on every front.

It is good to remember that the crop that occupies most of our farm acreage in the South—the forest—is not in surplus. Its products are increasingly in demand. Fortunately, the productivity of our forest can be increased also. To do enough soon enough is the challenge.



Charles R. Diebold
President, National Association
of Mutual Savings Banks

“...making us a nation
of home owners”

“We, in mutual savings banks, have a natural interest in better living for the communities we serve. Mortgage-loan investments are a major part of our business. Campaigns, like Live Better Electrically, that promote better living also promote the trend which is making us a nation of home owners. Home ownership creates better citizens, provides an increased sense of security, builds better communities and makes possible raising better children. I believe a home with adequate wiring, lighting, and with ample provision for electrical products and appliances is a more valuable home — a sounder investment.”

.....

How bankers can make the most of

LIVE BETTER...

It has been estimated that new housing starts this year should reach 1,300,000. The Live Better Electrically campaign will acquaint the buyers of these new homes with sound reasons why it is important to provide for a growing use of electricity in the years to come. Over 30 new electrical appliances for home use have been introduced in the last twenty-five years. A home that's built to accommodate all of these, with spare provision for new electrical products not yet on the market, will keep its value until the mortgage is paid.

Another objective of the Live Better Electrically program is modernization of older homes. Over half of the



Fred F. Florence
President,
American Bankers Association

“Banks welcome
the opportunity . . .”

“As the principal lenders to home owners, banks constantly seek means of encouraging maintenance and improvement of homes. We believe the Live Better Electrically campaign is one of the practical and realistic approaches to this problem.

“In financing new homes, we realize the advantage to the home owner, as well as ourselves, of sound construction and adequate wiring, with provision for future electrical aids. Banks have the capacity and the background of many years of experience in this field of financing. Banks welcome the opportunity of cooperating in this effort by providing financing for sound programs which enhance the value of a home.”

Electrically



present homes in this country were built prior to 1925, when there were few available uses for electricity. Today owners of these older homes need financing in order to enjoy the full advantages of electrical living. Many of them will turn to you.

A new 64-page book has been produced to help you help your customers live better electrically. In digest size, this book contains complete plans for “load-matched” residential wiring systems . . . a new and realistic approach to a steadily growing problem. For your copy, please contact your local electric utility or mail coupon at right enclosing 10 cents to cover the cost of handling.

LIVE BETTER . . . *Electrically*
P.O. Box 543
Great Neck, New York

Please send me a copy of book entitled “How to help home owners LIVE BETTER . . . *Electrically*.” I enclose 10 cents to cover cost of handling.

Name _____

Street Address _____

City _____ State _____ Zone _____

1-902-7

Farm Machinery Financing Pointers

DAVID R. BUTTREY

"No bank in rural America can justify an indifferent attitude toward financing agriculture."

MR. BUTTREY is president of the State Bank of Jacksonville, Jacksonville, Fla. The points he makes in this article are taken from an address on "The Importance of Farm Machinery" at the A.B.A. Installation Credit Conference in St. Louis.

YOUR bank and mine were chartered to safeguard the economic resources of our community, to meet the legitimate credit needs of our people, to use the funds entrusted to them in the best interest of the community, and to earn a reasonable return for their stockholders. Certainly, no bank in rural America can justify an indifferent attitude toward financing agriculture.

Machinery Purchase Credit

When you extend credit for the purchase of farm machinery, you are not extending consumer credit. In fact, the theory of purchasing paper on farm implements, and of making collections, is entirely different from consumer goods contracts. You are extending credit to enable a farmer to own a machine which will substantially pay for itself in use, and the credit analysis should be made in that light. A man of good character, with a record of steady employment and prompt payment of debts, whose income is not pledged to the hilt, can walk into practically any bank and finance an automobile. The same individual is as good a risk on a farm implement contract, but should not be approved unless the ownership of the machine will increase the efficiency of his farm unit.

The local banker is in the best position of any one to appraise a farmer's character, his ability, and need for the equipment, as well as the payment terms best suited to his operations, and is under somewhat of an obligation to see that his farm customers are not oversold.

Farm equipment obligations are somewhat of a hybrid. The expense

of operation, maintenance, and absorption of depreciation falls under production expense. Proper use of equipment increases production, but it is the purchase of capital equipment which normally cannot be paid for in any one crop year.

When a farm machine is sold to fill a need it will pay for itself in use. It is not a luxury and is not bought for pleasure or show. It is bought for one reason only — to make money for the owner.

Overinvestment Problem

Overinvestment in equipment is always a problem with individual farms. However, it must be kept in mind that being overpowered is not likely to be nearly as costly as being underpowered. Most farmers profit from surplus power for their peak loads. Farms in the United States as a whole probably are underpowered and underinvested in farm machinery. Even with lower farm prices, farms may need more power and machinery per man, and not less. With the possibility of overinvestment always with us, I am afraid there has been some tendency on the part of a banker here and there to advise his farm customers against the purchase of any machinery. Of course, in cases where the farmer has a tendency to overinvest, or just likes to trade for a new one,

he should be discouraged. In such cases, I am of the firm opinion that the dealer is under a moral obligation to exercise a certain amount of restraint, regardless of how badly he needs the sale.

In such cases, the bank should decline the credit, even though the note is collectible. The loss taken by the purchaser is bad for the dealer and the bank in the long run. However, a stock answer advising against the purchase of machinery is not fair to any one. In fact, the purchase of the right equipment at the right time may well be the difference between the dealer and the bank having a customer who can pay and one who cannot.

Retail Financing

Of the various plans being used by the banks to finance retail sales for their dealers, the nonrecourse mutual reserve plan is closest to the answer, in my opinion; and the full recourse plan is the least desirable in the case of volume dealers.

Under full recourse arrangements, the dealer is fully liable for all defaulted obligations of the purchaser. There are several disadvantages to this plan:

(1) In many states, a dealer endorsement is considered a direct obligation and creates legal limit problems.

(2) Dealer endorsements have been of limited value in times of serious financial strain, and that is the only time when you really need to be concerned about losses.

(3) It is easy for the lender to be lulled into a false sense of security by the full recourse arrangement and not keep each transaction on a sound basis.

(4) The dealer obligates himself for so much he is likely to get into a frame of mind of not being concerned; and he, too, becomes careless in handling credit.

From many angles, the full recourse plan is probably the least desirable.

There is a limit to the extent any dealer can make good on his guaranty; and it is much better to ac-

(CONTINUED ON PAGE 92)

David R. Buttrey





Here's the four-man team that's making poultry financing a successful operation in Morgan Hill, California. (L. to r.) Mr. J. W. Jepsen, Branch Manager of the Gilroy, California, Bank of America; Mr. Andrew J. Unruh, Poultryman from Morgan Hill, California; Mr. Manual J. "Lucky" Barroza, Purina Dealer from Gilroy, California; and Purina Salesman, Mr. Noel Bengner.

"Four-man team makes poultry financing profitable!"

Working as a team, the four men pictured above, have been making poultry—and poultry financing—a profitable operation for all concerned! "Andy" Unruh, the man responsible for raising the poultry, has been feeding fryers since 1951. Sometimes as many as 44,000 birds in a single batch. His Purina Dealer, Mr. "Lucky" Barroza, and his Purina Salesman, Mr. Noel Bengner, watch the birds carefully to make sure they are growing the way they should.



Mr. J. W. Jepsen

The Bank of America finances this operation, and Mr. J. W. Jepsen, Manager of the Gilroy Branch, makes the financial arrangements.

With each man doing his part, the operation is a successful—and satisfactory—money-making concern for all parties.

For additional information on how team-work makes poultry financing a profitable arrangement, visit with our Purina salesman serving your area, or write: Ralston Purina Company, 1605 Checkerboard Square, St. Louis 2, Missouri.



Here, Banker Jepsen hears Purina Dealer Barroza tell why today's chicks grow faster following modern methods. Mr. Jepsen: "The close supervision of growers by 'Lucky' Barroza has contributed much to the success of our financing program with Purina feeders in this community."

Partners in Prosperity

Farm Machinery Financing

(CONTINUED FROM PAGE 90)

cept the paper in the first instance on its own merits, rather than to depend on the dealer's guaranty. If, however, the bank feels that the amount of reserve which a dealer can afford to have removed from his working capital is not sufficient to protect it against risk of loss, a decision should be made concerning the amount of liability the dealer could be expected to make good. After such a decision has been made, the bank should take a guaranty from the dealer for that amount applying to losses on all outstanding contracts and not fool itself or the dealer about his total outstandings being guaranteed. With such an arrangement, there would be a little less tendency to accept notes on the strength of the guaranty rather than the credit responsibility of the maker of the contract.

Nonrecourse Endorsement

It is obvious that a dealer with a net worth of \$100,000, consisting largely of fixed assets, could not perform on a contingent liability of \$300,000, or \$400,000 at any one time, much less in a period of economic hardship. In all probability, the welfare of the bank, the dealer, and his farm customers would be best served in such a case by the dealer executing a guaranty of 25% to 50% of his net worth, giving the bank additional protection over and above a modest hold-back reserve, and then to sell each individual contract on a nonrecourse endorsement.

The idea of protecting his bank against ultimate loss does not disturb the average dealer. The possibility of being called upon to dig up the face amount of the number of notes in cash does. Most dealers are willing to work hard and long to avoid serious difficulty on notes that become delinquent, but his nervous system won't stand up under the shock of a telephone call to "bring \$10,000 in today for your past-due customer contracts."

The nonrecourse mutual reserve plan recognizes that the bank is a financial institution and that the dealer is a merchandiser. The dealer agrees to pick up, recondition, store, and resell distress equipment. The bank agrees to purchase contracts on creditworthy farmers where the

sale is made in accordance with downpayment and term requirements of the dealer contract, with the dealer's liability limited to the percent of the unpaid balance of the contracts put into the reserve account, usually 3% to 5%.

When Losses Exceed Reserves

In case losses exceed the reserve balance, the bank absorbs the excess. The reserve balance belongs to the dealer if there are no losses. The excess reserve, over an agreed percentage, usually 5% to 10% of the dealer's outstanding, is payable to the dealer at different dates during the year, as mutually agreed upon.

There are several advantages to this plan. The dealer is selling his paper without recourse, yet a sufficient reserve is created to protect the bank against losses. Where the dealer has a volume of paper, a substantial amount builds up in the reserve account before either the bank or dealer realizes it. The immediate effect is that the dealer stays away from long trades to protect his cash reserve, and both the bank and dealer work diligently on slow accounts and work-outs for the same reason. When that reserve balance builds up, it's their money; and they just do not want anything charged to it. It makes them better credit men.

Collection Service

The bank must not fall into the habit of relying on the reserve to protect it from loss, but must keep each transaction on a sound credit basis. The importance of an adequate collection program cannot be overemphasized. If the bank does not have an adequate program of credit approvals and collection follow-up, poor collection experience and abnormal losses are bound to follow. In such a case, the bank will be inclined to protect itself by requiring a larger reserve, depriving the dealer of much needed working capital.

Some banks apparently feel that the responsibility for the collection follow-up should be assumed by the dealer. I do not agree with that. I have always felt that a bank earns the finance charge by giving complete service, along with making funds available to carry the note. When a contract becomes delinquent to a point where a work-out is ap-

parent, even though the bank is completely protected, every effort should be made to obtain additional security, to refinance, or to group debts into a different type of sound loan, to avoid or minimize the dealer's loss.

The bank cannot provide an adequate collection service without recognizing the distinction between handling delinquencies on automobile contracts, or other luxury-type obligations, and farm machinery, which is an income producer.

Another interesting distinction between regular consumer paper and farm equipment obligations is that generally a fairly definite relationship between delinquencies and losses can be established on the regular consumer-type paper, whereas a low or a high delinquency ratio on farm machinery paper has very little bearing on its ultimate liquidation. A bank certainly does not fulfill its responsibility for collection service just by notifying the dealer so he can get out and do the collecting job unless the dealer contract and the rates agreed upon provide for such an arrangement.

Floor Planning

The majority of floor-planning activity in our banks concerns merchandise with yearly model changeovers, bringing rather rapid depreciation on carry-over equipment, and possibly even obsolescence. We sometimes fail to recognize that such is not the case in the farm equipment industry. If the farm implement dealer's inventory is properly stored, its value changes very little except as the manufacturer's prices change, and a number of the implement companies make allowances for some time after the dealer's purchase on any given item which has a subsequent reduction in price.

Another distinction, which manufacturers naturally understand, but which has been a little difficult for lenders in general to make, concerns machines which will sell year around, as against those which sell only during a certain season. If a harvesting or seeding machine isn't sold at a particular time of the year, the floor-plan contract might just as well be extended for a full year, whereas a piece of dairy equipment unsold at the end of the original term of the floor-plan note, may well move within a matter of days.



Can you
tell this
embezzler's
EQ*?

**Embezzlement Quotient*

It's no news to the banker that an honest face often masks a defaulter. What is significant is that the mask also hides the Embezzlement Quotient—how long she's been at it, how deep she's dipped. . . . Discoveries believed moderate have often developed into shocking sums, like the default for \$270,000 and the one for more than \$2 million. This inflationary trend suggests that employee dishonesty (Bankers Blanket Bond) may be the bank's most inadequately controlled exposure.

Indemnity Insurance Company of North America, through its agents, is in a good position to advise on a bank's security or vulnerability. It's the leading independent underwriter and has the capacity, the facilities, the experience and the prevention program to give Extra Value in protection. Its recent Fidelity study has interested many financial institutions. If you haven't seen it, ask the Indemnity agent or your broker to show you a copy of "Portfolio of Protection for Banks."

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INDEMNITY INSURANCE COMPANY OF

NORTH AMERICA

Philadelphia

Hoosier Bankers Study Hog Financing

"It is our responsibility to see that the good and worthy, reliable and ambitious farmers have sufficient credit to carry them over until . . . our population catches up with our supply of food."

J. H. ATKINSON

The author is assistant professor in the Department of Agricultural Economics at Purdue University, Lafayette, Ind.

NEARLY 500 Indiana bankers and county agents recently attended the twelfth annual Bankers Agricultural Clinic at Purdue University. This two-day "school term" was sponsored jointly by the Indiana Bankers Association and Purdue. Begun in 1942, attendance at the clinic has increased every year.

This 1956 clinic was of special interest to bankers and county agents, in part because of the timeliness of the major themes—the hog situation and financing hog farmers. Participants in the conference appropriately recognized the importance of the topic.

Major Source of Farm Income

First, hog production is a major source of farm income. Cash receipts plus home consumption amounted to approximately \$4-billion per year in 1953 and 1954. Second, efficient family-sized hog farms require large amounts of capital. For example, the Midwest hog farmer with about 220 acres of tillable land and 25 or 30 sows would have an investment of over \$85,000. Roughly, \$10,000 would be invested in machinery and equipment; an equal amount in feed, grain and supplies; and about \$12,000 in livestock. Cash outlays for a year's operation would likely amount to over \$20,000. Third, the sharp price drop nationally to \$10.60 in December 1955, the lowest level in 14 years, compounded the problems of this major segment of farming.

Banker J. Alvin Hardin of Knightstown, Ind., and Professors J. B. Kohlmeier and Noah S. Hadley of the Agricultural Economics Department of Purdue University, pinpointed the fundamental causes of the plight of the nation's hog farmers and outlined the important re-



A close-up of a group of the Hoosier bankers attending the clinic

sponsibility of bankers during this adjustment period. Bankers and Purdue economists agreed that present hog prices were caused primarily by extremely large supplies of pork. Low grain prices in previous years made hog production unusually profitable and resulted in our present record output of hogs. At the same time, production of beef and poultry products increased. Another factor contributing to declining pork prices is too much low priced lard on the backs of many hogs.

Mr. Hardin suggested that bankers are in a position to encourage more farmers to produce meat-type hogs which have a higher percentage of high priced cuts preferred by housewives and a lower percentage of fat which is being supplied by farmers at a lower cost in the form of vegetable fats.

Hog Price Gain Explored

Bankers and county agents considered the prospects for improvement in hog prices. Purdue economists suggested that seasonal increases may be expected to continue until midsummer. The spring pig crop is smaller than a year ago, thus

prices of hogs this fall are not expected to decline as much as the \$8 drop experienced in late 1955. However, the bankers were told that no general increase in the level of hog prices can be expected before 1957.

Even though the hog situation may be expected to improve eventually as supplies are reduced to a level at which the nation's 40,000,000 housewives will reasonably accept, present increasingly higher fixed capital requirements must be met. Bankers face the responsibility of supplying substantial amounts of this investment as well as operating capital. They also must be in a position to evaluate the farmers' productive potential, for it is from production that loans will be repaid.

Credit Problem a Reality

Mr. Hardin also suggested that credit problems are now with us even though they may be of short duration in some cases. Each problem must be handled on an individual basis embodying the mutual confidence of the farmer and the banker. There are several types of farmers with whom bankers have to deal.

(CONTINUED ON PAGE 96)

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in less space...**

You can use practically all of your banking floor for customer service with a GPL BANK TV System. As this photo of new Rockefeller Center office of The New York Savings Bank shows, with GPL BANK TV it is not necessary to clutter your costly floor space with records. You can store them elsewhere in low cost space — because GPL's closed-circuit TV system keeps them instantly available for visual checking.



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There's a man working in your community who knows all the tricks of bank embezzlement and robbery—and bankers are welcoming him with open arms. They're inviting him to "case the joint" from front lobby to vault!

The reason? They know that a call from this man can discourage the visits of others whose intentions may be less friendly. For this man is on the banker's side. He's a Bank Protection Specialist of American Surety Company.

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All this is a part of the service that American Surety offers banks—and with no charge nor obligation.

Just phone the nearest American Surety Agent for this important service. If you don't know his name, write us and we'll supply it promptly. American Surety Company, Agency Department, 100 Broadway, New York 5, N. Y.

Hog Financing

(CONTINUED FROM PAGE 94)

"You have farmers who have made a success of the hog business and have proved their ability as managers. They know how to feed, they have the physical setup, they operate as economically as possible. If these men need cash I know you will go along with them. They will be your future depositors."

At the other extreme have been farmers who could barely make it when hogs were at a good price. "I think you would advise them to sell out while they still have an equity and can find something else to do. Decisions regarding the two extremes are not difficult. It is the farmer in between who is your problem. He has not made much progress, and you feel a little uneasy about his future. Can you advise him; get him on a better farm; encourage better feeding practices; extend to him long-term credit, or set up smaller payments and eventually make a good hog farmer out of him? This is where your ability as a banker comes into play."

In his concluding remarks Mr. Hardin summarized the attitude of many of his fellow bankers: "I am thoroughly convinced that we as bankers have a definite role to play in the next few years in carrying out our part of the readjustment of agriculture, whether it is hog farming or other types. It is our responsibility to see that the good and worthy, reliable and ambitious farmers have sufficient credit to carry them over until our surplus is in some manner disposed of and our population catches up with our supply of food."



-ALL-

FPRA Surveys

Bank Advertising

THE Financial Public Relations Association has recently issued a report on commercial bank advertising which was based on a nationwide survey. The report, prepared by F. J. Blake, director of public relations, Central National Bank of Cleveland, says, in part:

"THE majority of banks reported an increase in advertising expense of about 5% in 1955, compared with the previous year. The budgets for 1956 reveal that a third of the banks plan to spend about the same as in 1955, whereas the others expect to increase their advertising budgets by as much as 10% to 15% . . .

"It is interesting to note the continued increase in the percent of total expense devoted to institutional advertising. In 1954 it was 23.6%. Last year it advanced to 27.6%, and the banks estimate that it will reach 29.6% of total expenditures in 1956.

"ALL predictions point to 1956 as being a good year statistically—perhaps better than 1955, which marked an all-time high in gross national product, income, and employment. Moreover, most agree that it will be the most competitive year in our history. We can expect this to be true in the banking business. Income promises to be higher than in 1955, but if we are to continue to build our banks and be prepared for higher levels of business activity in the future, we must develop a strong program to develop new business and particularly deposits. . . .

"The relatively high expenditures for institutional advertising indicate that many bankers participating in the survey believe the primary advertising job is to 'sell banking as a whole.' In other words, major stress should be placed on choosing a bank for complete financial services. Others believe that a major portion of the advertising dollar should be concentrated on savings and checking accounts, since our capacity to make loans is limited only by our ability to increase deposits."

*Leading banks throughout
the land save on record
handling with*



THE FIRST NATIONAL BANK
And TRUST COMPANY of OKLAHOMA CITY



Miss Carmelita Patterson, Secretary-Clerk in the Central File Department at the First National Bank and Trust Company of Oklahoma City, has, within her reach, information on each of the bank's 23,000 checking account customers.

The Rol-Dex equipment of this bank centralizes the Central File Information so that it is easily accessible, as needed, to one employee. The Central File, a section of the Bank's Credit Department keeps up to date information on the Bank's 23,000 checking accounts. Because it is a centralized source of quick information, all departments of the bank contact the department constantly. ROL-DEX equipment speeds the passing on of information needed and speeds the preparation and recording of the data.

Rol-Dex can solve your active record handling problems, too, —and save you money while doing so!

Send coupon for our bank record handling bulletins.



for
CONSUMER CREDIT
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and many other
active bank records

WATSON MANUFACTURING COMPANY, Inc.
Rol-Dex Division, Dept. E-6
Jamestown, N. Y.

Please send me information about Rol-Dex record handling equipment.

Name
Company Title
Street Zone
City State

WATSON (established in 1887) also builds standard and custom built bank counter equipment, as well as a complete line of filing cabinets, courthouse and hospital equipment.

BANK LAW NEWS

Uniform Commercial Code—Common Trust Funds

UNIFORM COMMERCIAL CODE

New York legislative study group finds that the Code does not fill the need for a uniform codification of commercial law.

NEW YORK'S Law Revision Commission, directed in 1953 by then Governor Dewey to make a detailed study of the Uniform Commercial Code in relation to the existing commercial laws of New York, has now reported that the Code "is not satisfactory in its present form and cannot be made satisfactory without comprehensive re-examination and revision in the light of all critical comment obtainable." The Commission's conclusions are similar in this regard to those of the American Bankers Association's Uniform Commercial Code Subcommittee, which reported in October 1954 that the Code "should not be regarded . . . as a finished product nor as one not subject to substantial improvement both in substance and in form."

The report of the Commission, 106 pages long, consists of a general appraisal of the Code, together with illustrations of its findings with respect to particular elements and features of the Code that support its conclusions. At a later date, the Commission will present to the legislature, supplementary reports setting forth in detail its conclusions as to individual provisions and groups of related provisions, including criticisms and suggestions for improvement of the Code.

The Commission was not without praise for the Code, which was drafted under the joint sponsorship of the American Law Institute and the National Conference of Commissioners on Uniform State Laws. Its report stated that many of the Code's provisions would improve New York law, and that others were unobjectionable and could be substituted for existing New York

statutes in the interest of achieving national uniformity of commercial law, provided that the codification were satisfactory in other respects.

But the Commission then made it plain that it did not consider the Code satisfactory in other respects. In the Commission's own words:

There are, however, a number of important matters of policy on which the Code rule is questionable or has not been adequately worked out, and there are many problems of ambiguity or other defects of drafting.

Some provisions of the Code are unsatisfactory because of the phraseology in which a rule is declared, or the extent to which a policy is carried, or the inclusion of specific detail or rigid rules, or conversely, because of failure to deal explicitly with matters the Commission believes should be covered. Redrafting of these provisions requires careful consideration of the effect of the revision on other sections. The Commission has, moreover, encountered

serious difficulty in determining the intent of the draftsmen as to some provisions, or the meaning that would be given to them by the courts or the bar. In a number of cases, it has concluded that redrafting is needed to resolve ambiguities, or to limit the terms of a provision to a specific area within which the objective seems desirable. In other cases it believes that satisfactory solution of important problems requires thorough reconsideration of policies involved, as well as extensive rewriting.

So far as codification of commercial law is concerned, the Commission reported that it had considered the arguments for and against and had come to the conclusion that "the preponderance is in favor of careful and foresighted codification of all or major parts of commercial law." Such a codification would, in the Commission's view, consist of

. . . articles on specific bodies of commercial law that are ripe for codification, carefully coordinated with respect to basic policies and also with respect to exceptions, and of general rules providing a framework of logic, policy and terminology for the specific rules. The Commission believes that such a code would be of greater value to the public and the legal profession than the enactment, even with revisions, of separate uniform laws. The Commission also believes that such a code is attainable with a reasonable amount of effort and within a reasonable time.

Incidentally, the report dispelled any thought that may have been entertained, that the Law Revision Commission would undertake to rewrite the Code. The report, together with the research materials which will supplement it, might be considered a blueprint for revising the Code to make it palatable for consumption, at least in New York.

BRIEF NOTES

Principal and income: Where resolution of corporation's directors described a distribution of its stock as a dividend, court is not justified in treating distribution as a stock split; and explicit direction in will that stock dividends be treated as income will take precedence over statutory provision that they be considered addition to principal. In re Chapman's Will (N. Y. Surro. Ct., Westchester Co.) 144 N.Y.S. 2d 431.

Check without funds: Giving a check to a bank to hold in escrow until the completion of certain work to be done for the drawer, constitutes delivery for the purposes of state statute making it a crime to issue a check without sufficient funds on deposit to pay it. State v. Brennan (Kans. Sup. Ct.) 285 P.2d 786.

(CONTINUED ON PAGE 100)

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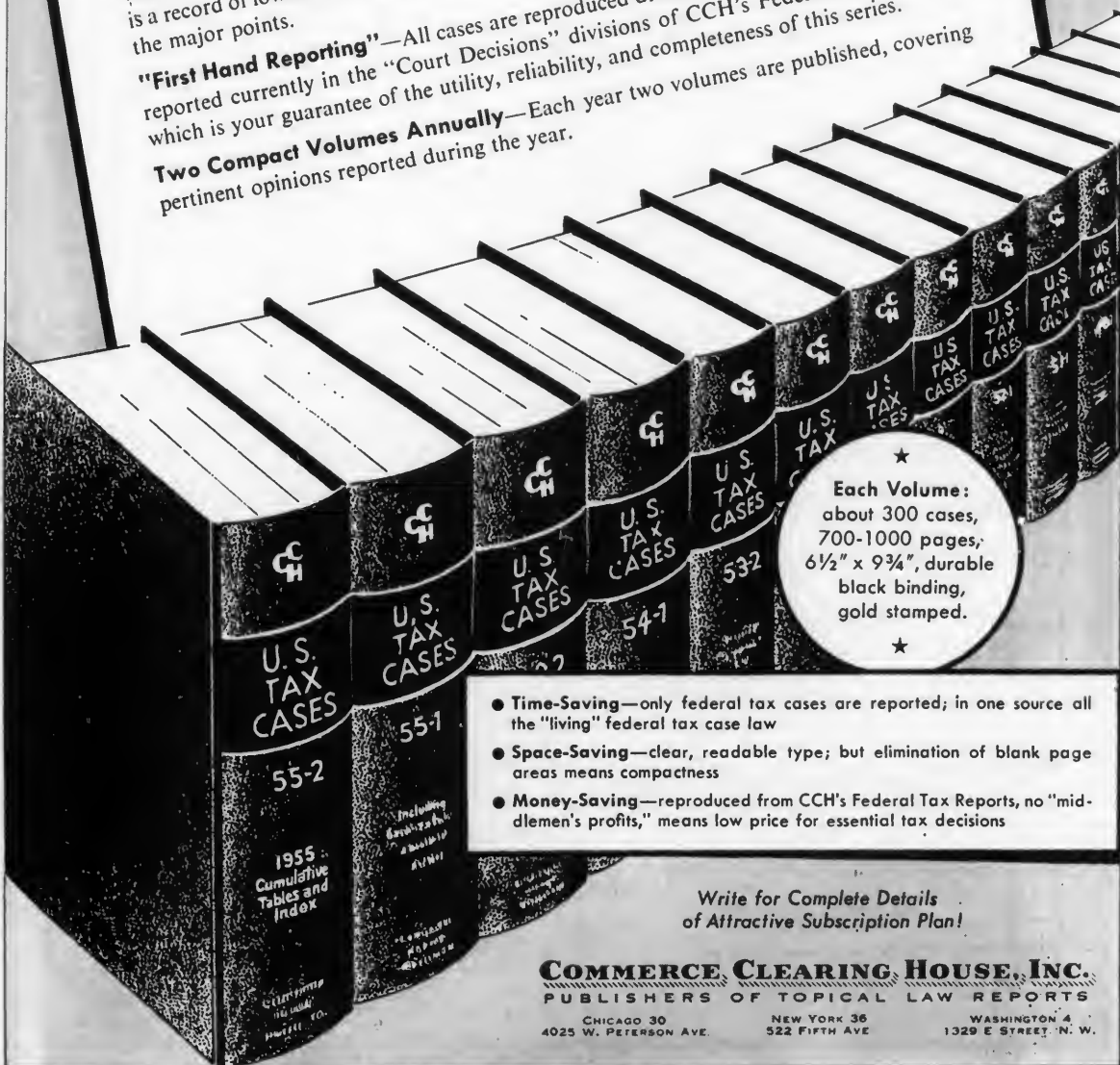
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(CONTINUED FROM PAGE 98)

However, the report went on to say:

The Commission cannot and should not rewrite the Code. Such an undertaking by it would be repugnant to the very nature of the Code as a proposal for uniform legislation, as well as beyond the scope of the task assigned to the Commission. Nor has the Commission considered that, within its statutory function, it could engage in negotiation for specific changes in the Code to meet criticisms arising out of its own study. Most of the problems shown by the Commission's study of the Code must be solved for uniform legislation; otherwise no useful proposal will result and the considerable values of the Code will be lost. Special problems of other states and the considered opinions of spokesmen for those states must be taken into account. In cases where interpretation of a Code provision presents difficulties, a revised text drafted by the Law Revision Commission to resolve ambiguities or modify the effect of the provision as interpreted might, indeed, state a rule never intended by the organizations sponsoring the Code, and might express a policy in which other states would be unwilling to concur. Further work toward the improvement of the Code must be the responsibility of the organizations who prepared the Code.

COMMON TRUST FUNDS

Board of Governors expounds on advertising, and use of income as collateral for loans.

THE Board of Governors of the Federal Reserve System recently rendered two opinions relating to its Regulation F, authorizing the establishment and maintenance of common trust funds.

The first opinion had to do with the advertising of common trust funds. Said the Board:

In recognition of the usefulness of common trust funds when soundly administered within the framework of their intended purposes, it would seem that the tone of common trust fund advertising should in every manner be appropriate to the collective uses and advantages of such funds without seeking to popularize any particular use or advantage. However, advertising which fails to make clear that a common trust fund is solely a facility for the investment of funds held for true fiduciary purposes or advertising which over-emphasizes the advantages of such



Sure, we'll lend a hand...

We've been helping customers establish themselves in business in Utah and the Intermountain West since 1909. Just say the word and our banking facilities are at your disposal.

The Continental Bank and Trust Company OF SALT LAKE CITY

MAIN OFFICE: 200 South Main Street
CENTRAL BRANCH: 1575 South Main Street



Member Federal Reserve System • Member Federal Deposit Insurance Corporation

funds for investment or estate building purposes would be inconsistent with the applicable restrictions on publicity of such funds. Banks operating common trust funds are enjoined to use particular care in the preparation or the approval of advertising copy and to see that it is in every way compatible with the spirit as well as the letter of the provisions of section 17(a) of Regulation F.

The second opinion dealt with the assignment of a beneficiary's income from a participation in a common trust fund as collateral security for loans made to the beneficiary by the trustee bank's commercial department. The Board stated its opinion that the acceptance of such an assignment would give the trustee bank an "interest" in the participation, in violation of §17(a)(2) of Regulation F. 21 Fed. Reg. 1483 (March 8, 1956).

HOLDER IN DUE COURSE

A California court, in a case of first impression in that state, has held that a negotiable instrument payable to a named payee is "negotiated" when the physical possession of it is handed to him for value and, thus, that the payee may be a holder in due course within the terms of the Uniform Negotiable Instruments Law.

Prior to the adoption of the Negotiable Instruments Law in California in 1917, a payee of a negotiable instrument who took in good faith without notice was considered by the California courts to be a holder in due course. However, not until now have the appellate courts of the state had occasion to pass upon the question under the N.I.L. The decision follows the majority of the courts of other states which have had occasion to pass upon it. *Flores v. Woodspecialties, Inc.*, 292 P.2d 626. See Paton's Digest, *Holder in Due Course*, Op. 2:1, Vol. II, p. 1987.

JOHN RENÉ VINCENS

Success would be a little more attractive if successful men seemed happier.

You can be on the right track and still get run over if you are standing still.

May 1956

POPULATION IN THE SOUTHERN HALF OF CALIFORNIA is estimated to have increased from 7,992,000 on January 1, 1955, to 8,374,000 on January 1, 1956—a gain of 382,000 or 4.8 per cent. The increase averaged nearly 32,000 per month, or more than 1,000 per day.

Since the April 1, 1950, Census, the area has shown a net population increase of 1,958,000 or 30.5 per cent.



SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

FOUNDED 1875

STATEMENT OF CONDITION

MARCH 31, 1956

RESOURCES

Cash and Due from Banks		\$ 363,766,625.75
U. S. Government Securities	\$ 957,890,071.19	
State and Municipal Securities	88,643,625.62	
Other Bonds and Securities	<u>31,009,521.45</u>	1,077,543,218.26
Loans (less reserves)		647,790,283.98
Earned Interest Receivable		8,186,325.13
Customers' Liability—Accept. and L/C.....		4,644,873.09
Bank Premises		3,871,687.65
Other Assets		<u>186,636.84</u>
TOTAL.....		\$2,105,989,650.70

LIABILITIES

Capital	\$ 50,000,000.00	
Surplus	50,000,000.00	
Undivided Profits	<u>43,970,784.15</u>	\$ 143,970,784.15
Reserves for Interest, Taxes, etc.....		15,740,977.75
Interest Collected—Unearned.....		5,011,590.08
Acceptances and Letters of Credit		4,644,873.09
Other Liabilities		340,999.44
Deposits—Time	\$ 651,009,358.35	
—Demand.....	<u>1,285,271,067.84</u>	<u>1,936,280,426.19</u>
TOTAL.....		\$2,105,989,650.70

Securities carried at \$240,620,809.00 are pledged to secure trust funds and U. S. Government, State and other Public Moneys, and for other purposes as required or permitted by law.

143 Offices and Branches serving Central and Southern California

BOARD OF DIRECTORS

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BANKING NEWS

Three New American Institute of Banking Texts Nearing Completion Will Be Available for September Class Use

Three new American Institute of Banking textbooks are now nearing the final stages of their production and will be available for September 1956 classes, according to Dr. Leroy Lewis, national educational director of the Institute. These new books, which are an important achievement in the A.I.B.'s program of producing new texts to satisfy the needs for training and education of bank personnel, include *Accounting I*; *Principles of Bank Operations*; and *Public Relations for Your Bank*.

In addition, the Institute is also preparing for fall classroom use two booklets, namely, "How to Study" and "How to Teach." The latter, of course, is for the use of the A.I.B.'s nationwide faculty.

Educational Program Expanded

The educational program of the Institute has been expanded in recent years as the needs of the banks have increased for better trained people in a wider variety of fields, Dr. Lewis said. The March 31 membership and enrolment figures are greater than ever before, he added.

The Institute's membership on that date was 121,366, compared with 119,094 a year earlier, while class enrolments were 67,176 on March 31, compared with 61,144 the previous year.

Leo A. Schmidt, professor of accounting, School of Business Administration, University of Michigan, Ann Arbor, is the author of *Accounting I*. He has written widely on accounting and has written several definitive texts on the subject. Serving on the critic committee with Mr. Schmidt are Jesse Lawrence, assistant treasurer, The Chase Manhattan Bank, New York City; Raymond Mannix, professor of accounting, College of Business Administration, Boston University; and Oscar K. Thornton, CPA and practicing commercial accountant, Dallas. Each of these three members of the critic committee is an experienced instructor of Institute classes in New York, Boston, and Dallas chapters.

Principles of Bank Operations re-



Dr. Leroy Lewis

places the Institute's earlier text *Fundamentals of Banking*. The chairman of the committee in charge of the production is George D. Bushnell, vice-president, American National Bank and Trust Company of Chicago. Other committee members include Frank M. Dana, vice-president and supervisor of operations, Bank of America N.T.&S.A., San Francisco; James J. Durkin, cashier, Colorado National Bank, Denver; Melville M. Parker, executive vice-president, The First National Bank of Lebanon, Pa.; Harold W. Wallgren, vice-president, The Philadelphia National Bank; and J. C. Welman, president, Bank of Kennett, Mo., and chairman, Country Bank Operations Commission. A.B.A. Consultants include A. Anton Friedrich, professor of economics, Washington Square College, New York University, and George A. Amy, A.B.A. deputy manager in charge of the Country Bank Operations Commission.

In addition to the committee that is supervising the building of this book, there were a dozen or more contributors of individual chapters.

The third text is *Public Relations for Your Bank*. Herbert V. Prochnow, vice-president on leave of The First National Bank of Chicago (presently Deputy Under Secretary of State for Economic Affairs,

(CONTINUED ON PAGE 104)

"Present Day Banking 1956," Including 30 G.S.B. Theses, Is Just Off the Press

Special Offer Is Made on 5-Edition Sets of PDB

Present Day Banking 1956, a valuable collection of material on important banking and business subjects, which is published annually by the American Bankers Association, will be available about May 1, it was announced by Robert R. Spooner, circulation manager of BANKING magazine. The supply of available copies of this year's edition promises to be exhausted rapidly in view of the large number of advance orders which have already been received.

The attractive 400-page book contains 30 condensed Graduate School of Banking theses which have been selected for the libraries of the American Bankers Association, Rutgers University, and the Harvard University Graduate School of Business Administration. The selected theses were outstanding among the more than 300 written by members of the G.S.B. class graduated in 1955.

Subjects covered include trust administration; investments; employee relationships and publications; pension and profit-sharing plans; executive development; salary review procedures and controls; and a wide range on the extension of credit to business classifications.

\$6 to Members

A.B.A. member banks may purchase *Present Day Banking 1956* for \$6 by writing to the Circulation Department, BANKING Magazine, 12 East 36th Street, New York 16, N. Y.

In addition to the opportunity to purchase copies of the current 1956 edition, there still remain a few complete sets of the publication for each year since 1952. Together these present more than 2,500 pages of material on 200 important banking subjects; and the complete sets from 1952 to 1956 inclusive are priced at \$14 a set for the five books. Individual copies for previous years will be available as long as they last.

Advance Program for AIB's 54th Annual Convention in Dallas June 4-8 Announced

A.B.A. President F. F. Florence and England's M. Megrah to Speak

The president of the American Bankers Association and the secretary of the Institute of Bankers in England will be the featured speakers at the 54th annual convention of the American Institute of Banking in Dallas, Texas, June 4-8, according to Bernard J. Lunt, president of the A.I.B. Mr. Lunt is assistant vice-president of The Fort Worth (Tex.) National Bank. The A.I.B. is the educational section of the American Bankers Association.

The two key speakers—Fred F. Florence, president of the A.B.A., and president of The Republic National Bank of Dallas; and Maurice Megrah, secretary of the Institute of Bankers in England—will address the two general business sessions. Mr. Florence will be the featured speaker at the opening session on Monday morning, June 4; and Mr. Megrah will speak before the convention's closing session on Friday, June 8. These sessions, along with the other convention meetings, will be held in the Adolphus Hotel.

Among the other outstanding events on the 5-day convention program will be the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes on Monday evening, June 4; the National Debate Contest for the Jesse H. Jones National Convention Debate Fund prizes on Tuesday evening; and the National Publicity Exhibit, which will be judged on Monday.

Harold Stonier Award

In addition, the opening business session will see the presentation of the annual Harold Stonier Award for excellence in A.I.B. graduate courses. This award was inaugurated at last year's A.I.B. convention, and this will be its first presentation. It was set up to honor Dr. Harold Stonier, retired executive vice-president of the American Bankers Association, former national educational director of the A.I.B., and now dean of the A.B.A.'s Graduate School of Banking. The prize goes to the student with the highest average grades who received his Institute Graduate Cer-



Fred F. Florence



Maurice Megrah

tificate during the preceding year.

Monday afternoon, Wednesday morning, and all day Tuesday and Thursday of the convention week will be devoted to a series of conferences on various aspects of banking and A.I.B. work. The banking subjects to be covered will be Trust Business and Investments, Credits, Bank Management and Operations, and Savings and Mortgage Banking. Institute conferences will cover A.I.B. Educational Chapter Administration, and Women's activities.

Each of the conferences on general banking subjects will be arranged by a different banker who will preside during the conference itself. These "Departmental Conference Leaders" are Pierre N. Hauser, vice-president, First Wisconsin National Bank, Milwaukee, for Bank Management and Operations; Martin J. Travers, vice-president, Power City Trust Office, The Marine Trust Company of Western New York, Niagara Falls, for Credits; Harry R. Smith, vice-

AIB District Public Speaking Contests Are Held in April

"The Uniqueness of the American Capitalist System" was the subject for the 12 district public speaking contests of the American Institute of Banking held between April 14 and April 28 throughout the United States, according to John W. Harris of the Central-Penn National Bank, Philadelphia, who is chairman of the Institute's National Public Speaking Committee.

The district contests are the second step in the selection of the six participants for the finals of the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes on June 4 in Dallas, as part of the Institute's annual convention.

The general theme for the 1956 public speaking contests is "Our American System of Capitalism," with a specific phase of this theme used as the subject material for each step in the program. The phases to be the subject for the semifinal and final contests will be announced about May 10.

president, Bank of America N.T. & S.A., San Francisco, for Savings and Mortgage; and William C. Way, vice-president, Central National Bank, Cleveland, for Trust Business and Investments.

Wednesday afternoon of the convention week will be devoted to an outing for delegates at Dallas' Fair Park, including an afternoon rodeo and evening barbecue. Other social activities will include a "Get Acquainted Hour" on the opening day; informal dancing after the Monday evening session; and the President's Ball in the Ballroom of the Adolphus on Friday evening, June 8.

A political sidelight of the convention will be the election of Institute officers for 1956-57. The convention will elect an A.I.B. president; vice-president; and four members of the Executive Council, the Institute's governing body.

The 5-day convention will be attended by delegates from about 450 chapters and study groups throughout the United States, representing over 114,000 Institute members. This is the third time the convention has been held in Dallas. It was there previously in 1914 and 1926.

New Bank Advertising and Promotion Material Offered

New advertising and promotion material recently completed by the A.B.A. Advertising Department, under the direction of G. Edwin Heming, includes a newspaper advertisement and folder featuring savings. Illustrated with an attractive lady, the folder and advertisement answers three basic questions about savings. First, "Why Save?" and then, "How to Save" and "Where to Save." The advertisement, which comes in two sizes, is suitable in its larger size for joint use by groups of banks and clearing house associations. (See illustration page 104.)

Three other direct mail folders have been completed by the Department. One of these, "Is Your Home Adequately Wired?" ties in with two national promotional campaigns being conducted by other groups—the "Operation Home Improvement" program, being sponsored by the home building industry, and the "Live Better Electrically" campaign, being sponsored by the electric utilities industry.

"How to Be First in Line . . ." and "If You Need a Home Improvement Loan" are the other two new folders. The "first in line" folder makes four suggestions for avoiding rush hour queues. The latter features repair and improvement loans at the bank.

Few, if any segments of the business community in the United States are represented in the field of advertising and trade promotion

William Powers, left, A.B.A. deputy manager and registrar of The Graduate School of Banking, with Colonel John R. Fox, Chief of Audit & Records Operation, The Finance Center, Fort Benjamin Harrison, Indianapolis, at the Command Management School, Fort Belvoir, Va., where Mr. Powers was guest speaker. Both were members of the first class at The Graduate School of Banking



Hawaiian Holiday

The Central States Conference, of which Ralph L. Stickle, executive manager of the Michigan Bankers Association, is president, is arranging a 15-day Hawaiian Holiday following the American Bankers Association's annual convention in Los Angeles (Oct. 21-24). The banking group will leave Los Angeles by plane on the evening of the 24th and arrive in Honolulu the following morning.

The itinerary calls for 9 days at the Royal Hawaiian Hotel on Waikiki Beach (shown above). An optional trip may be made from Honolulu to the Garden Island of Kauai and the Big Isle of Hawaii.

Return to the mainland will be either by air or aboard the S. S. Lurline, sailing on November 3. Write Mr. Stickle at 1502 Bank of Lansing Bldg., Lansing 16, Mich., for further particulars.

with as complete a service as that provided member banks by the A.B.A. Advertising Department. It recently mailed to A.B.A. members a miniature catalog reminding them "What the A.B.A. Advertising Department Does and How It Does It for Member Banks."

A partial list of subjects covered in an annual subscription "Proofs-in-Advance Plan" of newspaper advertisements includes: appliance loans; automobile loans; banking-by-mail bank money orders; business loans; checking accounts; "drive-in" banking; holiday messages; home improvement loans; instalment loans; mortgages; personal loans; savings accounts; and special checking accounts. A special service for country banks is also available. The department also prepares numerous special series of complete newspaper mat campaigns on many subjects, such as automobile loans; bank-by-mail: checking accounts; Christmas Club; general loans; home improvement loans; instalment loans; mortgages, etc.; window and lobby display posters; *School Saver*; and a wide variety of direct mail material.

3 New American Institute of Banking Textbooks

(CONTINUED FROM PAGE 102)

Washington, D. C.), is chairman of the committee producing this text. He is assisted by Henry J. Engler, Jr., dean, College of Business Administration, Loyola University, New Orleans; Louis B. Lundborg, vice-president, Bank of America N.T.&S.A., San Francisco; Harold J. Marshall, president, Manufacturers National Bank, Troy, N. Y., and chairman, A.B.A. Public Relations Council; Preston E. Reed, executive vice-president, Financial Public Relations Association, Chicago; and Everett D. Reese, president, The Park National Bank of Newark, Ohio. Consultants include William R. Kuhns, director, A.B.A. Public Relations Council and editor of *BANKING*, and Rudolph R. Fichtel, secretary, A.B.A. Public Relations Council.

According to Dr. Lewis, it is not anticipated that these textbooks will be available until shortly before the opening of September classes. Ruth M. Hume, A.I.B. text editor, is supervising the final editing and production of the new books.

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Publish Credit Book

Using Our Credit Intelligently is a new book intended for classroom use in high schools. And in many communities, local sponsorship is making a copy available to each graduating senior, whether or not he has studied the subject.

The book is published by the National Foundation for Consumer Credit.* William J. Cheyney, executive vice-president of the Foundation, has contributed a preface which tells that the new book "is written for the young people who in the years just ahead will accept responsibility for family income and its expenditures and who will be the users of consumer credit. It should prove helpful to those who today budget and plan to make family income meet the demands upon it in these times."

The book is printed in two colors; is lavishly illustrated. It is thoroughly indexed and contains a complete glossary of terms.

"Many of the young people in school today will use credit in their adult lives," the preface notes. "The account books and sales records of American business and industry prove this. It may be safe to say most of them will use credit over and over again, for close to 65% of the major durable products reach the family by some credit route.

"The credit they use will be their own. No one can grant it to them. Since it is theirs, they should use it when and only when to do so is to their own advantage. When they adhere to this principle the business transactions that result will prove likewise advantageous to the nation's private enterprise system. The final result can and should be higher standards of living, better and more lucrative employment for millions, and prosperity in our economy.

"The vast majority of those using their credit today are quite satisfied



Some of the more than 1,450 who attended the National Instalment Credit Conference in St. Louis. Next year: The Conrad Hilton, Chicago, March 18-20

with it as an economic tool. Like all tools, however, credit can be made more effective and the results of its use more satisfying to the individual, the family and the community, to the degree that people understand what it really is, what they should and should not expect of it in use, and how to handle it with skill and intelligence."

*1627 K Street, N.W.
Washington 6, D. C.

Conference Quotes

IT is not absolute changes but changes in the rate of change that stimulate or depress demand. . . . Taken by itself, a mere decrease in the rate of increase of credit will be deflationary. — *Edwin B. George*, Director of Economics, Dun and Bradstreet, Inc.

INSTALMENT credit represents a tremendous force for good but, like all good things, it can be overdone—it needs reasonably judicious use if we are to be permitted to be our own judges of what constitutes reason-

able terms and a reasonable amount of such credit that can safely be extended to the borrowing public without creating a too heavy debt load.—*Carl A. Bimson*, chairman, A.B.A. Instalment Credit Commission, and president, Valley National Bank, Phoenix, Ariz.

Better to Plan Production Than to Control Credit

BETTER production planning rather than just an elaborate system of credit controls was suggested by Paul M. Welch as one solution to what some authorities feel is a dangerous level of consumer debt.

Mr. Welch, who is vice-president of The Citizens & Southern National Bank in Atlanta, addressed a meeting of the National Industrial Conference Board in Atlanta.

Mr. Welch drew a parallel between the consumer credit situation today with that of 1937-38. At that time, automobile manufacturers voluntarily cut back production with the effect that overextended terms fell back in line. Use of the same volun-

The particularly timely address of **Kenton R. Cravens to the National Instalment Credit Conference appears in virtually complete text, beginning on page 122**

tary techniques today might iron out certain credit excesses, he said.

"Our people today," said Mr. Welch, "are beyond question better managers in the use of personal credit in their family budgets than they have been at any other time in history." Also, the goods people are buying with consumer debt are built to last longer and give more service, he added. Borrowing to purchase such objects, when the repayment is complete, leaves the buyer with assets of value, thus adding to his worth.

The experience of the 1930s, Mr. Welch declared, shows people will pay their debts even in depressed periods. Therefore, lenders as a group are not concerned about any mass abrogation of debt. He urged study, however, to find ways to keep abuses of instalment credit by a few from giving the country's economy a black eye.

Arden House Meeting Set

THE fourth annual Consumer Credit Management program will be held June 3-8 at Arden House on Columbia University's Harriman (N.Y.) campus. The 6-day program is

This "Facts" folder has been sent by The Formica Company to its 7,500 fabricators to explain its new Selected Time Payment Plan. The plan invites cooperation between the individual Formica fabricator and his local bank. It stresses the business advantages of the new plan and suggests that financial advice and working details be obtained from the local bank.

A small downpayment will be required with each purchase and the balance is due in regular monthly instalments. Customers will be able to obtain FHA Title I loans or similar financing, and have up to 36 months to pay



sponsored by the University's Graduate School of Business in cooperation with a group of commercial banks, national and New York State business and finance groups and associations.

The program will be directed by Dr. John M. Chapman of the Graduate School of Business, and will con-

sist of 18 sessions devoted to intensive coverage of areas directly affecting consumer credit policies, problems, and practices from the point of view of top management. The number of executives who may attend the program is limited to assure maximum participation in the discussions.

News On Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

School Banking Creates Customers for Bank Services

BY aggressively promoting school savings in elementary schools and teaching the values of thrift and sound money management in high schools, banks will be better able to maintain their position of financial leadership in their communities, it is indicated by a recent survey on high school savings banking, conducted by the Committee on School Savings Banking of the American Bankers Association. The survey was made on behalf of the Committee of the Savings and Mortgage Division of the Association by two of its members: W. A. Blossom, public relations officer, Springfield (Mass.) Institution for Savings; and Robert McCarter, assistant secretary, Middletown (Conn.) Savings Bank.

A questionnaire was sent out to 529 banks conducting school savings programs, to learn how many of the banks continued school savings at the high school level. Responses were made by 189 banks; and of that number, 135 banks carry on high school banking programs. Ninety percent of these banks which continue school savings banking in high schools use substantially the same system as in their elementary school programs, while the remaining 10% make use of different systems in the high schools, all of them showing varying results.

The 13 banks using a special approach to high school savings banking showed, generally speaking, no outstanding results, "which some-

what explodes the theory that a different system is necessary to interest high school students in savings," according to the Committee.

16 Most Successful Studied

In studying the reports of the 135 banks with high school savings banking programs, the 16 shown to be most successful were carefully studied. The largest single category among factors for success was the interest and cooperation given by school authorities from the superintendent right down to individual teachers, followed by an adult approach to savings and money management, teaching the high school boys and girls to save for a goal, and the promotion activities carried on

by the bank among the students.

Another important factor in successful programs was that in each case the successful high school savings banking activity followed a well conducted school savings banking program in the elementary schools. "Perhaps we are failing to appreciate the habit-forming value of elementary school savings," the Committee comments.

The Committee learned in the course of making the survey that while it is true there are many demands from school and social activities for money among high school students, there are also many ways for them to earn money; and, generally speaking, high school students do have money for saving and spending available. The saving of money as such was found to be of less interest to high school students than money management.

One school program which was sponsored by a city board of education arranged facilities for savings; tours to community banks; programs for thrift; assemblies; and placed emphasis on the wise use of school supplies, natural resources, property, time, and money.

In one outstandingly successful high school program, trained student tellers handle all transactions. In another, Junior Achievement savings banks are carried on in the high schools. In many high schools, the student council or student govern-

This "Wishing Well" in the lobby of the American Irving Savings Bank, New York City, is used to promote special-purpose thrift accounts. Robert A. Barnett, chairman of the American Irving's board of trustees, explains the features of the bank's plan to a customer and her daughter



New A.B.A. savings advertisement featuring the bank as the place to save. A folder patterned after this format is also available. See story on page 104

ment group is responsible for the savings program; and one promotional incentive with universal appeal is the establishment of interesting and realistic goals toward which high school students save.

"Teaching high school people to save is important," according to the survey Committee. "From recent figures, it is shown that 75% of high school students above the age of 15 have jobs; and 48% of all new brides are teenagers. The habits of saving at a bank and money management learned in school undoubtedly carry over into adult life."

Travel Savings Plan

THE Bankers Trust Company, New York City, will handle the deposit funds of members of Vacation Club, Inc.,* a newly organized travel plan combining the features of a savings club, travel agency, and buying cooperative.

The new Vacation Club, Inc., not only plans trips and books space at a reported 11% to 35% price reduction, but also sets up a savings system for the harried holidayer lacking time, money, and travel know-how.

Club members will decide where they would like to travel or where they can afford to go at a given time with a certain amount of money. The club will calculate costs

*270 Park Avenue
New York 17, N. Y.

WHY SAVE?
HOW TO SAVE?
WHERE TO SAVE?



3 GOOD QUESTIONS ABOUT SAVING MONEY AND 15 DOWN-TO-EARTH ANSWERS...

WHY SAVE?

For a visit from the stork
For the costs of education
For that home of your own
For household furnishings
For vacation or retirement...
to help you realize many of your long-cherished dreams, and fulfill special plans.

HOW TO SAVE?

By setting aside spare coins

WHERE TO SAVE?

Where the most people have the most savings dollars
Where your money is handy and fully protected
Where it earns interest—without your investing
Where you can attend to many other money matters

for the vacation, including price reductions available, and chart the weekly savings needed to accumulate the required amount by vacation time.

Members may then either make regular deposits in their own accounts arranged through the club with the Bankers Trust Company, or the would-be vacationer may save the money in a bank of his own choosing. Deposits in the accounts can be made at any one of the Bankers Trust branches in person or by mail to the 209 Montague Street branch in Brooklyn.

Making Dreams Come True

THERE are men and women at the American Irving Savings Bank, one of New York's oldest savings banks, whose happy job it is to make dreams come true.

To dramatize this new and helpful spirit, the four Manhattan branches of American Irving Savings Bank have started what they call "Wishing Well Accounts." There's an actual wishing well on the bank floor, complete with old oaken bucket and moss-grown shed roof. All around it are booklets on all the things people want. From them they learn how easily they can have those vacation trips, washing machines, new homes, or whatever else they have hoped for and never seemed to get.

All the depositors have to do is consult a "Wishing Well" adviser,

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

A.B.A. Housing Bill Stand

THE A.B.A. views on bills now before Congress affecting housing and mortgage credit were presented before the Senate Banking and Currency Committee at a recent hearing by John A. Reilly, president of the Second National Bank, Washington, D. C., and chairman of the A.B.A.'s Committee on Mortgage Financing and Urban Housing.

Support was given to those phases of proposed legislation which would aid present-day practices, without adding to the inflationary tendencies. Approval was expressed for increased amounts for FHA Title I loans for home repair and improvement, but without Title I being made a permanent part of the FHA program. Approval was also expressed for the extension of FHA insurance to meet the need of elderly people, as provided in the Administration's housing bill, and for the over-all objectives of urban renewal, slum clearance, and the correction of neighborhood blighted areas.

Objection was voiced, however, to a proposed change in FHA credit terms to persons displaced by urban renewal projects, granting near 100% loans and 40-year maturities. Disapproval was also expressed to any change in the present FNMA operations which would tend to make this corporation participate as a primary market for mortgages.

VHMCP Aids Small Towns

HOME mortgage loans on an ever widening basis are being extended through the facilities of the Volun-

	Insurance Written	Insurance Outstanding	Losses to Funds	% Losses to Insurance Written
(in millions of dollars)				
Property improvement	\$9.071	\$1.073	\$0.077	0.86
Home mortgages	25.793	14.324	0.009	0.04
Project mortgages	4.957	3.993	0.009	0.18
Manufactured housing	0.005	—	0.0007	14.00
Total	\$39.826	\$19.390	\$0.0957	0.24

Source: Annual report of FHA Commissioner, 1955.

tary Home Mortgage Credit Program. The VHMCP operates as a clearing house for mortgage loan applications of people living in small communities and remote areas who do not have ready access to other sources of credit for home construction purposes. At the end of the first year of operation on March 15, 1956, the VHMCP had completed 12,800 loans for a total of \$125,000,000. In recent months, loans have been placed at the annual rate of approximately \$200,000,000.

FHA Reserves

IN the 1955 annual report of FHA, Commissioner Norman P. Mason states that income from fees, premiums, and interest on investments meets all operating and loss expenses, and to date has built up reserves to a total of \$447,600,000. All Treasury funds originally advanced to start the FHA insuring program have been repaid to the Government with interest in the amount of \$85,900,000.

Discount on VA Mortgages

A RECENT survey by the Veterans Administration reveals the first official figures on the extent of "discounts" which prevail on GI loans in the secondary mortgage market. Markets range from a low of 91 in Reno, Nevada (with little indicated market at this level), to 100 in

New York and some parts of New England. The GI loan discounts were somewhat larger than the discounts prevailing on other fixed income mortgages being traded on a nationwide basis.

Real Estate Foreclosures

FOR the third consecutive year, the Federal Home Loan Bank reports that the level of nonfarm foreclosure activity in 1955 advanced upward. Estimated nonfarm real estate foreclosures for the year 1955 totaled 28,529, or 9% above 1954 and more than double the 1946 and 1947 lows. Even considering recent rises, however, the number of distress actions has been very low throughout the past 13 years.

In 1955 there were 28,529 foreclosures; up 9% over 1954 and 22% over 1953. The lowest number of annual foreclosures on nonfarm property was in 1946 with only 10,453 recorded. The high in recent times was 1933 with 252,400. At the present rate there are less than three foreclosures per year for each 1,000 nonfarm properties which are mortgaged.

Architects, Builders Confer

IN a round table discussion on the importance of architects in designing and planning large-scale housing developments and a weighing of

(CONTINUED ON PAGE 150)

Nonfarm Housing Starts

	1955	1956
January	87,600	74,000
February	89,900	78,000
March	113,800	96,000

The 96,000 privately financed units started in March represented a seasonally adjusted annual rate of 1,140,000 units.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Offering a "Package"

"WHILE the functions of commercial and trust departments in a bank differ, their foundation is very much the same—faith, confidence, trust, mutuality of interest. Moreover, with the sweeping changes in banking over the past three decades, both functions complement each other in that they help to complete a package of services that a modern bank is expected to provide for its customers."

The quotes are from an address to the 29th annual trust conference of the Pennsylvania Bankers Association, by association President C. A. Sienkiewicz, president of Central-Penn National Bank of Philadelphia.

More Like Department Store

That wasn't all he had to say: "No longer is a bank today an exclusive wholesale institution dealing in big balances and self-liquidating loans alone. It is more like a department store in its scope and variety of operations. It, of course, handles big accounts but it also accepts small deposits, known as popular or special accounts, and sells check books to small customers, a practice unknown to the past generations of commercial bankers. . . .

"I am convinced that, in building trust business, close cooperation between the trust department and other departments of a bank is essential. I am also convinced that a progressive bank of deposit today cannot offer a complete package of services to its customers without having a well-manned and qualified trust department. I also believe that, with prudent and courageous policy, a trust department can be made self-sustaining, probably not overnight but certainly in the long run.

"Your job obviously is to keep on building trust business. The field is rich. Individual trusts may be of smaller sizes than in the past but they will be more numerous. You have found and will continue to find ways to handle increased volume on

a more economical basis. The establishment of common trust funds is an example.

"The rise of our wealthy middle class has been phenomenal under the impact of widespread income distribution. Your opportunity to educate this class as well as bank officers and yourselves in fiduciary mysteries is boundless. In meeting this task, you should find an invaluable assistance in attorneys and life insurance underwriters. It should be an exciting challenge to every trustman.

"As custodians of accumulated savings, you are engaged in honorable business. You need not apologize for your profession. In your fiduciary capacity, you safeguard the security of many people; you direct the flow of savings into our expanding economy; and you facilitate its growth and help create job opportunities. The need for trust facilities is growing and you will meet the demand as you have done in the past."

Costs Survey Begins

THE Committee on Costs and Charges of the A.B.A. Trust Division is undertaking a survey on practices of the members of the Trust Division in determining costs for rendering trust services and their policies as to deciding on the charges for such services.

A questionnaire was mailed in mid-April to Trust Division members. Replies to the questionnaire will be held strictly confidential and will be used for statistical purposes only. They will be combined to develop composite national information.

W. F. Worthington, vice-president and senior trust officer, First National Bank in Dallas, is chairman of the Committee. Members are John M. Cookenbach, vice-president, First Pennsylvania Banking and Trust Company, Philadelphia; Maurice D. Hartman, vice-president, Fidelity-Philadelphia Trust Company, Philadelphia; Thomas H. McGovern, Jr., vice-president, Industrial National Bank, Providence, R. I.; Frank

D. Miller, trust officer, The Citizens and Southern National Bank, Atlanta, Ga.; and J. W. Shane, trust officer, The Fourth National Bank in Wichita, Kan.

Trusts Called "Flexible"

"PROBABLY the single word which best describes what trust service has to offer is flexibility," according to Richard P. Chapman, president of the A.B.A. Trust Division and president of The Merchants National Bank of Boston. Mr. Chapman was addressing a special seminar on "Managed Money," sponsored by the Boston Life Insurance and Trust Council and the Boston Chapter of the American Society of Chartered Life Underwriters.

"It is this broad flexibility," he said, "in meeting human needs which enables the trust business to adapt itself to the widest variety of circumstances and meet the specific wishes and objectives of all kinds of individuals, with large or small means. It can integrate its services readily with life insurance contracts and I am sure it will find the means to do so with variable annuities, as well as with other forms of capital management. And this flexibility enables it to provide resilience in meeting the changing patterns of family groups and of business conditions in the dimension of time without sacrificing, in the doing, proper standards of trusteeship.

"Broad investment powers in an instrument are not so much a device to protect the trustee as a challenge for superior performance—a challenge coupled with a realization by the trustee that only by judicious and productive use of these powers can he fully justify his existence and compete in the field of money management with other available services. Although constantly mindful of the fact that he is accountable for his actions or failure to act, he realizes that he must accept the opportunity and powers granted to him and, making use of the best investment resources and aids available, write a record which will stand

close inspection and comparison. "He is free to adapt his investment policies to changing conditions, and to tailor each fund for the particular individuals involved. He has

accepted the responsibility of broad discretions as to distribution of income or principal. The result is a form of 'money management' which is of increasing usefulness to men

of either small or large means who, while seeking professional management of their property, wish to preserve maximum adaptability in a changing world."

CALENDAR—1956

American Bankers Association

June	4-8	American Institute of Banking, Adolphus Hotel, Dallas
June	11-23	The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
July	13-17	Central States Conference, Colorado Hotel, Glenwood Springs, Colo.
Oct.	21-24	82nd Annual Convention, Los Angeles
Dec.	2-4	Southern Secretaries Conf., Cloister Hotel, Sea Island, Ga.
Dec.	10-11	Agricultural Credit Conf., Statler Hotel, St. Louis, Mo.

State Associations

May	2-5	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.
May	3-4	Oklahoma, Skirvin Hotel, Oklahoma City
May	3-5	South Carolina, Poinsett Hotel, Greenville
May	8-10	Ohio 7, Deshler-Hilton Hotel, Columbus
May	8-9	Tennessee, Hotel Patten, Chattanooga
May	9-11	Kansas, Topeka
May	11-12	South Dakota, Cataract Hotel, Sioux Falls
May	12-15	Maryland, Claridge Hotel, Atlantic City, N. J.
May	13-15	Missouri, Jefferson Hotel, St. Louis
May	13-15	Texas, Statler-Hilton, Dallas
May	16	Delaware, DuPont Hotel, Wilmington
May	16-17	Indiana, Claypool Hotel, Indianapolis
May	18-19	New Mexico, Hilton Hotel, Albuquerque
May	18-19	North Dakota, Plainsman Hotel, Williston
May	19-26	North Carolina, Cruise to Havana & Nassau, S. S. Queen of Bermuda
May	20-22	California, Coronado Hotel, Coronado
May	21-23	Arkansas, Arlington Hotel, Hot Springs
May	21-22	Colorado, Broadmoor Hotel, Colorado Springs
May	21-23	Mississippi, Buena Vista Hotel, Biloxi
May	23-25	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May	24-25	Alabama, Jefferson Davis and Whitley Hotels, Montgomery
May	31	Alaska, Elks Lodge, Anchorage
June	2	
June	1-2	Connecticut, Equinox House, Manchester, Vt.
June	4-6	Illinois, Palmer House, Chicago
June	6-10	Dist. of Col., The Homestead, Hot Springs, Va.
June	7-9	Massachusetts, New Ocean House, Swampscott
June	7-9	Washington, Olympic Hotel, Seattle
June	8-9	New Hampshire,* Wentworth-by-the-Sea, Portsmouth
June	8-9	Savings Banks Assn. of N. H.,* Wentworth-by-the-Sea, Portsmouth, N. H.
June	10-12	Idaho, The Lodge, Sun Valley
June	11-13	Minnesota, Nicollet Hotel, Minneapolis
June	13-15	New York, Essex & Sussex, and Monmouth Hotel, Spring Lake, N. J.
June	14-16	Wyoming, Jackson Lake Lodge, Moran
June	15-16	Vermont, Equinox House, Manchester

* Joint meeting

June	17-19	Oregon, Pilot Butte Inn, Bend
June	18-19	Utah, Jackson Lake Lodge, Moran, Wyo.
June	18-20	Wisconsin, Schroeder Hotel, Milwaukee
June	21-23	Montana, Many Glacier Hotel, Glacier National Park
June	21-23	Virginia, The Homestead, Hot Springs
June	21-24	Michigan, Grand Hotel, Mackinac Island
June	22-23	New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
June	22-24	Maine, Poland Spring House, Poland Spring
July	13-17	Central States Conf., Colorado Hotel, Glenwood Springs, Colo.
July	19-21	West Virginia, The Greenbrier Hotel, White Sulphur Springs
Aug.	19-24	PBA Summer School, Penna. State Univ., University, Pa.
Sept.	4-8	Tennessee Bankers Conf. Univ. of Tenn., Knoxville
Sept.	10-13	Vermont-N. H. School of Banking, Univ. of Vt., Burlington
Sept.	20-22	Savings Banks Association of Maine, Wentworth-by-the-Sea, Portsmouth, N. H.
Sept.	20-22	Savings Banks Association of Massachusetts, Mount Washington Hotel, Bretton Woods, N. H.
Sept.	21-22	Savings Banks Association of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.
Oct.	5-6	Connecticut-Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	11-12	Nebraska, Fontenelle Hotel, Omaha
Oct.	12-13	New Hampshire, Fall Meeting, Mountain View House, Whitefield
Oct.	28-31	Iowa, Fort Des Moines, Des Moines
Nov.	6-8	Savings Banks Association of New York, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Nov.	8-10	Arizona, Arizona Biltmore Hotel, Phoenix

Other Organizations

May	6-9	Natl. Assn. of Mutual Svgs. Banks, Shoreham Hotel, Washington, D. C.
May	17-19	American Safe Deposit Assn., Statler Hotel, Hartford, Conn.
June	3-16	School of Banking of the South, La. State Univ., Baton Rouge
July	16-28	School of Financial Public Relations, Chicago Campus, Northwestern Univ.
Aug.	5-17	School of Consumer Banking, Univ. of Va., Charlottesville
Aug.	19	School of Banking, Univ. of Wisconsin, Madison
Sept.	1	
Aug.	20-31	Pacific Coast Banking School, University of Washington, Seattle
Sept.	17-20	National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C.
Sept.	17-21	National Association of Bank Women, Minneapolis
Sept.	20-22	New York State Safe Deposit Assn., Waldorf-Astoria, N. Y. C.
Oct.	7-11	Financial Public Relations Association, Dallas, Texas

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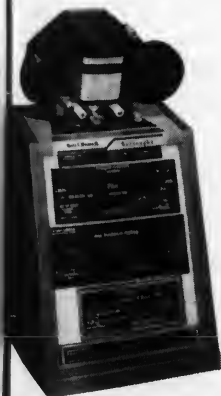


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 Twin City Fire Insurance Company . . . Minneapolis 2, Minnesota



Coordinated Trusts and Life Insurance

(CONTINUED FROM PAGE 41)

tion to invest in insurance (among other investments) and the right to convert any investment (including insurance) into cash and to expend the income or principal for the minor's benefit. The power to destroy the essential insurance purpose of the trust (though it is assumed and intended it will not be exercised) must exist in order to preserve the gift tax exclusion.

Short-term trusts may be established by one spouse to fund a retirement policy or annuity contract for the benefit of an aged parent or an incapacitated dependent. Needless to say, the variations and possibilities are enormous.

The merit of these trusts from the view of the corporate fiduciary is that ordinarily they require little in the way of active administration. Investments in common trust funds producing a relatively level return are ideal to meet level premium payments, although, if the trust is funded with barely sufficient capital to provide an adequate return, power should be given to apply principal to the extent income is insufficient.

Uncommon Sense

Do the universities that conduct marriage courses guarantee jobs for all their students?

Every once in a while we think of the hardships of the early pioneers who had to start their automobiles with a crank.

Whenever a strike is settled, the consumer knows who will have to do the settling.

The way to have two blades of grass grow where one grew before is to plant some vegetables.

Relatives are persons who come to visit you when the weather is too uncomfortable to do their own cooking.

This country would be completely covered with timber if the comic books had not been started.

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 - MAUMEE
 - CHEYENNE
 - RAPID CITY
- and in scores of other American Cities

Independent Bankers

Meet in New Orleans

A. F. FELT, JR.

MR. FELT is city editor of the *New Orleans Times-Picayune*.

CONGRESSMAN ALBERT RAINS (D., Ala.), a ranking member of the House Banking and Currency Committee and chairman of the Housing subcommittee, addressing the annual meeting of the Independent Bankers Association of America at New Orleans, warned against "bigness" in banking as a threat to the independent banking system.

At the closing session J. V. Johnson of Tecumseh, Nebr., was elected president of the association, succeeding B. H. Ryan of Moline, Ill.

R. L. Mullins of Wolfe City, Tex.,

was elected first vice-president, and R. E. Gormley of Atlanta, Ga., was elected second vice-president.

Re-elected were Carl R. Pohlad of Minneapolis, Minn., treasurer; Ben DuBois, Sauk Centre, Minn., secretary, and William Kirchner of Sauk Centre, assistant secretary.

Warns of Bigness

Representative Rains warned of a trend toward bigness on all economic fronts and said small farmers and small businessmen "are being squeezed out of existence" by the trend. He said that the farm population continues in sharp decline while the size of farms increases, and at the same time the flood of corporate mergers in recent years "bodes no good for the more than

4,000,000 small businessmen of this nation."

The Alabama Democrat recalled his efforts last year in getting House approval of the Bank Holding Company Bill. The bill, he said, now "languishes" in the Senate, but he is hopeful it will be approved.

Representative Rains said that the threat of concentration of credit makes it necessary for independent bankers to "move arm in arm with Congress to insure legislation that will preserve the free and independent banking institutions at the local level."

Representative Rains pointed out that last year more than 500 corporate mergers took place in manufacturing and mining alone and that in the banking field between 240 and 250 mergers were consummated during 1955.

"The greater the degree of concentration of economic power in the hands of a relatively few giant companies, the harder it is for small businessmen to make a profit and earn an independent living, and the same is true of the independent local bankers," he said.

Government Lending

The retiring president of the association, B. H. Ryan, said he had "had high hopes of being able to announce to you that the holding company legislation had passed the Senate with our amendment attached, but, due to reasons beyond our control, we have not as yet been able to accomplish our objective."

He was critical of Government lending practices. He said he was informed that the Government will make \$4.6-billion in direct loans during the fiscal year starting July 1, compared to \$4.8-billion in the current fiscal year. "This direct loaning by the Government," he said, "has been going on for years and I think something should be done to correct it. The Federal guarantees

(CONTINUED ON PAGE 118)

New officers of the Independent Bankers Association of America, recently elected at New Orleans, are, left to right: seated—President J. V. Johnson, president, Johnson County Bank, Tecumseh, Nebr.; First Vice-president R. L. Mullins, president, Wolfe City National Bank, Wolfe City, Tex.; standing—Secretary Ben F. DuBois, president, First State Bank, Sauk Centre, Minn.; Second Vice-president R. E. Gormley, vice-president, Georgia Savings Bank & Trust Company, Atlanta; Assistant Secretary William Kirchner, Sauk Centre, Minn.





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| <input type="checkbox"/> Renewed Expansion in Canadian Business | <input type="checkbox"/> The Last Best West |

and insurance have also shown a sharp increase over past years.

"I am inclined to believe that we, ourselves, are to blame. When we are confronted with a situation which does not meet the standards of a good loan, we run to the Government for help."

L. Shirley Tark, president of the Main State Bank, Chicago, Ill., urged support of the program of the National Tax Equality Association for a "more realistic" taxation of savings and loan associations.

Mr. Tark asserted that the present exemption from Federal income tax of savings and loan income when reserves are less than 12% is "unrealistic and unwarranted. Savings and loan associations are obviously engaged in business for profit, yet they are virtually tax exempt from Federal income taxes.

He urged a "more aggressive and better advertising campaign," an increase in the rate of interest paid on savings deposits, and continuation of the fight for tax equality to meet the competition of the savings and loan associations.

Ownership Continuation

Reed H. Albig, president of the National Bank of McKeesport, McKeesport, Pa., discussed "Independent Bank Ownership Continuation Problems."

He said that in recent years "the impact of many forces, especially inflation and taxes, has produced significant changes affecting the method, frequency and the direction of succession of bank ownership."

"It has been stated," he said, "that the merger movement is confined largely to the metropolitan districts and their immediate suburban areas in those states which permit branch banking.

"However, as we see it, the incentives are very strong and, unless the banking industry moves to correct the elements conducive to mergers, the pressure will increase in those states which now prohibit branch banking for the adoption of legislation permitting it. And, as many people at the supervisory level have pointed out, once branch banking is permitted, there is no practical way in which to define what its limitations ought to be. The pressure to expand the limits grows and grows."



Photo by Bank Building and Equipment Corporation of America

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The Money Situation

E. SHERMAN ADAMS

The following paragraphs are taken from an address by DR. ADAMS at a recent meeting of the Providence, R. I., Chapter of the American Institute of Banking. DR. ADAMS is deputy manager of the American Bankers Association in charge of the Department of Monetary Policy.

IF the boom is renewed, what should be done to prevent it from building up to a serious recession?

Our first line of defense, of course, would be a restrictive monetary policy. The record of monetary policy in recent years has been so good that some people have again come to believe, as they did in the Twenties, that the Federal Reserve authorities can assure economic stability. Experience has indeed demonstrated that monetary policy can play an important role, but it is questionable whether it can single-handedly cope with the pressures that may lie ahead.

For example, the monetary authorities clearly cannot regulate the velocity of money. If money turnover should continue to rise sharply, they theoretically might offset its impact by forcing a reduction in the quantity of money. In actual practice, however, this would be a very difficult thing to try to do. It would mean a "credit squeeze" the like of which this country is not prepared to see.

On the other hand, if money velocity stops accelerating, the monetary authorities may be confronted with insistent expansionary pressures on the money supply. Could they, as a practical matter, effectively restrain these pressures?

Monetary Illiteracy

Under these circumstances, Federal Reserve policy might be seriously handicapped by monetary illiteracy. Although there is considerable acceptance of flexible monetary policy as a theory, many Americans do not understand how credit restraint works and are inclined to be sus-

picious and critical of it in actual operation. Demagogues and special interest groups have few scruples and little trouble in stirring up opposition to it.

Other Limitations of Monetary Policy

Another limitation of general monetary policy is that its influence on some important types of credit is so remote. During 1955, for example, the Reserve authorities pursued an increasingly restrictive general credit policy; but this did not prevent a progressive relaxation of the terms of instalment credit.

Moreover, governmental policies affecting real estate credit may complicate the task of the monetary authorities. When these policies are aimed at stimulating the use of credit, it obviously makes it more difficult for the Federal Reserve to hold credit expansion within bounds.

Finally, Federal Reserve policy cannot prevent too rapid increases in wages, nor can it offset their inflationary impact. It may have some influence on the atmosphere in which wage negotiations take place, but only to a limited degree. Wage settlements reset the valves that control a substantial part of the money flow through our economy. If the valves are opened too rapidly, the monetary authorities cannot tighten other offsetting valves without risking a recession.

Buttressing Monetary Policy

The conclusion seems obvious that we should not expect the Federal Reserve authorities to do this stabilizing job alone. Their efforts will require supplementation. I should like to suggest briefly six ways in which they should be reinforced:

(1) We should do all we can to educate people with respect to the importance of credit restriction during a boom. To be fully effective, Federal Reserve policy requires enlightened public support or at least tolerance.

(2) Prudence will be called for on the part of bankers and other lend-

ers as well. We should guard against a deterioration in the quality of credit which often develops late in a boom and accentuates the ensuing difficulties.

(3) Restraint may be especially needed, among businessmen as well as lenders, in the field of consumer credit. Some bankers and economists believe that voluntary efforts in this area may not suffice and that the Federal Reserve should have standby authority to regulate instalment credit. This is a highly controversial issue, of course; but the problem is clearly one that deserves careful, objective study.

(4) During a boom, the Federal budget should show a surplus for debt reduction. Pressures for excessive tax cuts should be steadfastly resisted.

(5) In the area of wage policies and industrial price policies, there will be need for moderation and a sense of social responsibility on the part of both labor and management.

(6) Saving should be encouraged. This presents a challenge to banks and other savings institutions. It also means that governmental policies should be oriented toward encouraging people to save more rather than to borrow and spend more. In particular, the policies of Federal credit agencies should be better coordinated with national monetary policy.

It Can Be Done

In conclusion, perhaps we should look at the money situation in broader perspective. We have been emphasizing the dangers, of course, because it is important for us to be on our guard against them. On the other hand, despite the unstabilizing trends we have noted, there are major elements of strength in the money picture. Our banks and most of our other financial institutions are in strong condition. While our debts have risen substantially, so has our capacity to support them. There is little prospect of drastic debt liquidation or of heavy losses to financial institutions.

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*An average, based on total transactions last year

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Government bonds turn over like hotcakes here at the Continental Illinois. When you phone us to *sell*, the chances are the sale will be made before you hang up. When you phone us to *buy*, we'll probably have what you want "in stock" or close by.

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Can We Run Our Own Business?

KENTON R. CRAVENS

This is the nearly complete text of an address to the recent National Instalment Credit Conference by Mr. Cravens, who is president of the Mercantile Trust Company, St. Louis.

THE real problem is not so much whether selective credit controls are good or bad, or if imposed, what proper terms are to be established, or whether the monetary authorities need this authority—no, the real problem is not particularly any of these. It is the matter of succumbing to the temptation of getting under a protective umbrella, a Governmental umbrella, the by-products of which can be very serious. And, most assuredly in doing so, we will surrender some phase of management to the Government. As a matter of fact, some private individuals seem to be more anxious to have the Government control consumer credit than the Government officials are to control it. In effect, it is to some extent admitting that we cannot run our own business.

Many Problems; Many Solutions

There are many problems and each one has many solutions. The real trick is to pick the correct solution. The monetary authorities, like the rest of us, are faced with many problems; and they, too, have learned there are many solutions, none of which is completely satisfactory to everyone. Not infrequently, they have been urged to adopt solutions satisfactory to this group but discriminatory to that. The public interest is sometimes lost in the welter of conflicting advice given to the monetary authorities.

Government regulation, says this authority, will not rescue the banker or his customer from the folly of too much borrowing. Moreover, says he, it will not insure that one section of the economy will not expand too rapidly at the expense of another. And further, "You as lending officers cannot expect the Government to prevent you from making mistakes in credit extension."

Consumer credit is now being widely discussed, and everyone has an opinion; few have many facts to support their opinions. It is argued that consumer credit is too high and that it is not high enough. Statistical proofs of both of these positions have been advanced many times before, and there is little that can be added to that controversy. It is argued that the terms are too lenient; that it is stimulating inflation; that it is borrowing consumer demand from the future; and that it is leading to widespread abuses. If all these charges can be brought against the extension of consumer credit, it is understandable that demands have arisen for its control. The demands for control have come from Federal Reserve officials, bankers, businessmen, managers of consumer credit departments, dealers in consumers' goods, and even from the borrowers themselves. While the monetary authorities are apparently desirous of controlling consumer credit in order to reinforce monetary policies, the demands for control from other sources arise from more selfish motives. As such, the reasons for these demands are varied and conflicting. Before considering the implications of the control of consumer credit, it is advisable to examine some of the different reasons for seeking control.

Some See "Abuses"

One of the reasons for demanding that the central monetary authority be given power to control consumer credit is that, in the judgment of some people, abuses of credit are

appearing. These people argue that, as the terms are lengthened and the downpayment requirements reduced, the quality of the credit deteriorates. Some of them carry the argument one step further and say that not only are terms too liberal but that certain sections of the population are mortgaging too great a portion of their future incomes.

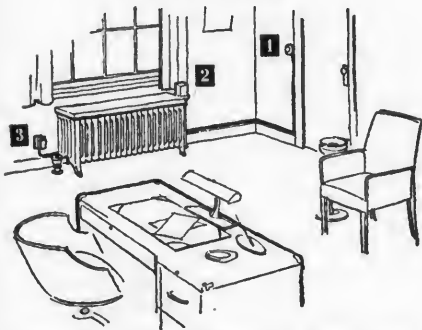
What Level Is Excessive?

While it is possible, as was demonstrated under Regulation "W," to fix terms governing the sale of durable goods, it is not so certain that any type of regulation could be imposed that would limit the total amount of the instalment debt which a family could incur. This would present substantial administrative problems that have not yet been solved. Moreover, no one knows at what level instalment payments as a percentage of family income become excessive. Even if regulation is limited to the terms under which individual items are sold, the problem is no nearer solution. Several years ago, 18 months was the limit on automobile paper, now 36 months is common. It is possible to argue that the longer terms indicate credit abuse, but it might be equally valid to claim that the increased experience with the risks and loss of consumer credit have justified the longer terms.

It has sometimes been asserted that some finance companies have utilized consumer credit terms to sell cars. So what? If a company wishes to take that risk, there is
(CONTINUED ON PAGE 125)



The Honeywell Round



Installation is simplified by low-voltage wiring that can be tacked to the wall, connecting the Honeywell Round (1) with the Honeywell electric motorized radiator valve (2) and a small transformer (3) plugged into standard 110-volt outlet, which serves one or more valves.

The thermostat on the wall

Outmodes annoying, ineffective manual comfort controls

TODAY there's one sure method of providing constant comfort that ends tiresome twisting on hot steam valves or interminable raising and lowering of windows.

Key to this one sure method is a thermostat on the wall. For with it come these benefits of *thermostatic control*:

Thermostatic control is automatic. There's no manual on-off operation with resulting cycle of too-hot, too-cool. Comfort is *uniform* at whatever level best suits the occupant of each office.

Thermostatic control is sensitive. The thermostat is a precision instrument; it maintains a set temperature accurately.

Thermostatic control is convenient. Unlike switch or valve types of heating control, the thermostat is always conveniently located. Changing a setting is easy and sure.

Thermostatic control is economical. Saves fuel, because it ends constant overheating. Low initial cost, too; installation is far less than the price of a good office chair.

For complete information, for help in selecting your thermostatic controls, and for more details on the Honeywell Round, call your architect, engineer or local Honeywell office. Or write Honeywell, Dept. BK-5-56, Minneapolis 8, Minnesota.

MINNEAPOLIS
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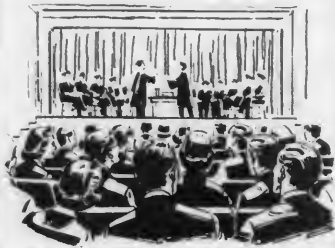
Sign of sure comfort—a thermostat on the wall



First in Controls

CASE NO. **14307**.....

An Authentic Case History From American Express Files



Graduation of high school senior class in Colorado.



Group on class trip, sightseeing in New Orleans.



Class treasurer discovers loss of \$740 in Travelers Cheques.



Entire class goes to American Express office where treasurer explains loss of Travelers Cheques.



Immediate refund in new Travelers Cheques is made to treasurer and entire class.



Class continues trip to Miami, as planned.

The senior class of a high school in Colorado purchased \$890 in American Express Travelers Cheques from their local bank, the Cheques being made out in the name of Dorothy Sattin,* the class treasurer. The class was planning a trip from Colorado, through the South to Miami, and return. In New Orleans, the treasurer lost the \$740 in Travelers Cheques unexpended at that time. The entire group of seniors accompanied their treasurer to the American Express office in New Orleans where she explained the loss of the Travelers Cheques to the manager. A full refund was made on the spot and the senior class continued their trip to Miami as planned.

**This name has been substituted for the real name of the person involved.*

The group had lost neither time nor class funds . . . and their local bank had retained the good will of a group of potentially valuable customers.

This year, more and more of your customers will be traveling. Make sure they get the most for their money . . . American Express Travelers Cheques.



AMERICAN EXPRESS TRAVELERS CHEQUES

THE WORLD'S NUMBER-ONE MONEY SINCE 1891

(CONTINUED FROM PAGE 122)

no reason why the Government should attempt to protect it. This is clearly a business risk and should be treated as such. The question of abuses of credit is not one which the Government can decide by regulation. It is rather one which you, in making loans, determine. The only credit the Government can make good by legislation is its own, and even that privilege cannot be abused. You, as lending officers, cannot expect the Government to prevent you from making mistakes in credit extension. This, too, is a business risk, and no one can rely upon governmentally devised standards to achieve it.

Influencing Business Trends

The rising and falling demand for consumers' durable goods, especially automobiles, influences the trend of business activity greatly. A high-level demand in one year results in extremely high business activity, and a lower level is associated with declining industrial activity. This can be made clear when it is realized that the value of each new car produced contributes \$2,000 to the total gross national product by the time it reaches the dealer; and when the manufacturers produce 8-million of them, the contribution of the automobile industry to the total output of goods and services is very great. If the demand could be smoothed out, some people argue, the fluctuations in business activity would be reduced. This general attitude is probably fundamental to the widely expressed belief on the part of dealers that last year we borrowed automobile sales from this year. This argument can be carried further. If demand can be held within specified limits, it is possible to smooth out the automobile cycle. Easier terms might be granted to stimulate, and tighter terms imposed to halt automobile sales. In effect, this objective is sought in the housing market; and it is not impossible to argue that automobile purchases could be manipulated in the same way. In short, theoretically at least, terms should be eased and lengthened to increase business and employment in poor times, but how can the monetary authorities induce the lenders to provide such terms? They cannot force the lender to lend money. One of the ways they could

accomplish this, however, is to provide the same inducements we now find in mortgage lending—namely, Government guarantees. If all consumer credit lending were guaranteed, then the guarantor could establish the terms. I simply can't imagine any banker wanting the Government to guarantee his paper merely to give the monetary authorities power to ease as well as tighten consumer credit.

So, I think it is fair to ask whether this is the function of the monetary authorities or the Government itself. It is, of course, true that the Government attempts to reduce business-cycle fluctuations, but whether it should attempt to control specific sectors of the economy is another question. Assuming for the moment that the volume of automobile sales could be regulated by consumer credit controls, it is questionable whether the Government should intervene directly in the conduct of specific industries. We do not have at the present time an economic plan; and we have sought so far as possible to permit the market to make decisions about the volume, quality, and the quantity of goods to be produced. To change this policy now would be a reversal of the American procedure.

Effective?

It is even questionable how effective consumer credit controls would be in regulating the demand for consumers' goods. The market for consumers' goods is influenced not only by downpayment requirements but also by such factors as style, the change in the product, cycles in demand for specific goods, family formation, advertising appeal, personal income, and the existence of competing goods. As I stated at the first conference in St. Louis in 1941, consumer credit is a very important factor—but yet, it is only one factor.

This is probably the position of Allan Sproul who recently raised the question of whether we were, by successive relaxation of terms, borrowing consumer demand from the future. If this is true, then the inherent instability arising from the expansion and contraction of consumer credit might be reduced through appropriate controls.

Sproul himself recognizes that this suggestion comes close to over-

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all general planning, and he expressed no desire to become a fellow traveler on that road. Secretary Humphrey, in testifying against controls, stated the same idea in different words when he said that the Government was assuming "a lot of responsibility when you tell 167-million people what they can afford to buy."

Control of Credit Could Slow Progress

It is important to realize that the estimation of demand is relatively imperfect, and limitation of credit may result in the denial of credit to a greater degree than is necessary. The control of credit may result in the slowing down of progress. Probably the basic reason for demanding power to control these types is that they can be easily identified. If we could identify and define any particular type of credit, there would probably be a demand for its control. If we adopt this philosophy on the broad front of selective credit controls, you can rest assured that eventually we will find some means of applying it to all forms of agricultural, commercial, and industrial credit. Carrying this to the extreme, the Government would then be making most of the decisions in lending and indirectly controlling all business. You may say this is absurd; and yet, under such a program it is entirely feasible.

Influence on Money Supply

The most basic reason for urging the control of consumer credit is that it influences the level of money supply. The basic justification for both general and selective credit controls is that they influence the money supply; and in that sense, some justification can be found for the control of consumer credit. In a period of rising industrial activity, the volume of consumer credit tends to increase because individuals anticipate higher incomes and feel that they can borrow more liberally and spend more liberally. In periods of declining industrial activity, they tend to pay off their debts and do not borrow. Thus, an element of instability is given to the economy by the fluctuations of consumer credit. Since a portion of the funds used to finance consumer credit is borrowed from the banking system, it is clear that an expansion in con-

sumer credit adds to the money supply or increases the turnover rate of the existing money supply; and in a period of contraction, the money supply is reduced or the turnover rate falls.

This type of credit expansion and contraction is not subject to the same influences that govern the extension of other types of credit. Small changes in interest rates, for example, apparently have very little effect upon the volume of consumer credit, and profits made are usually so large that small changes in the rates at which finance companies borrow from banks have relatively little effect upon their total borrowing.

Tighter Money Market Might Be Necessary

For these reasons, the general credit controls possessed by the monetary authorities may not be sufficient to regulate the volume of consumer credit, or, to put it in another way, in order for the general credit controls to influence the trend of consumer credit, it might be necessary to impose tighter money market conditions than are required in the remainder of the economy.

Which Credit Is It?

While it seems reasonable to demand consumer credit controls at a time when the expansion of consumer credit is a major factor in influencing an inflationary trend, it must be realized that inflationary tendencies cannot always be attributed to the expansion of consumer credit. At one time, it may be real estate credit, at another, it may be bank loans to any one of many industries. If there were a desire to control any type of credit on a selective basis, it would be possible to paraphrase the arguments made for consumer credit control. If expansion took place in enough sectors of the economy, the monetary authorities would, within a limited period of time, be exercising too much control. It would, in effect, become over-all economic planning.

This is not a hypothetical argument nor is it the usual cry of private businessmen against Government in business. We already have established selective credit control over stock market credit, and there are demands for consumer credit and real estate credit. In some for-

eign countries, the government, in agreement with the commercial banks, has set limits to term loans and loans to specific types of industries. The possibility of extension of this type of control can be illustrated by a single example. In the last several business cycles, the accumulation and liquidation of inventories have played an important role. It could well be that some future monetary authority, arguing for a greater degree of control over inventories, would advocate the control of credit for the purpose of carrying inventories. The economic consequences of this policy would be clear.

Application Easy

One of the arguments of those who advocate selective credit controls is that they can be applied directly. In order to achieve the same result, general credit controls would have to be much harsher. This is probably what is actually necessary. To utilize selective credit controls might not result in the type of contraction of the economy which is desired. The imposition of general credit controls would have the effect of forcing the economy to reestablish new patterns based upon the distribution of available credit supply.

Regulation Can't Remove Lending-Borrowing Folly

Little that is new has been said in the past several minutes, but the point of view expressed is one not generally heard. It is, as I said at the beginning, a series of admonitions to lenders of consumer credit about the consequences of controlling consumer credit. Government regulation will not rescue you or your borrowers from the folly of borrowing too much. Moreover, it will not insure that one section of the economy will not expand too rapidly at the expense of another. It is fair to question whether the judgment of the monetary authorities in permitting an expanding money supply to be used in this or that industry is superior to the judgment of the commercial banks and other lending institutions. A case can be made for general credit controls, but it is hard to find the reason for advocating selective controls. Frankly I think you will all be well advised to stay as far away as possible from such an illusionary umbrella.

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1. No punching of signature cards or vault access cards is required when you change from slow-poke, money-wasting drawer files to *Revo-File*. Just pick up your present cards by handfuls, drop 'em into a Revo-File and go to

work! Revo-File is the *only* single-drum rotary card file of its type that lets you *do* this. No wonder 9 out of 10 leading banks (by deposits) are using Revo-Files to gain the proved money-saving advantages of rotary card filing.



2. No chance of losing cards! Revo-File has an exclusive, patented method of holding cards to drum without relying on holes punched in cards, or other methods of attachment which often cause wear, mutilation, and eventual "fall out" of cards from drum into base of file. (No trapdoor needed in Revo-File.)



3. No limits on work speed! Since cards are not attached, one or hundreds can be removed and re-filed instantly. Easy to place Revo-File in most restful working position for any clerk. Cards come to her, not vice versa. All standard and most off-size cards accommodated. Manual and automatic electric selector models.



For big-volume card filing! The new Mosler Roto-File can accommodate more than 80,000 cards. Has all the exclusive features of Revo-File . . . on a bigger scale. Electrically controlled drums rotate independently—*several* clerks can work at same time.



If you have 3,000 or more active cards which are used continuously for reference and posting, mail coupon, today!

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CITY _____ ZONE _____ STATE _____

Public Relations

(CONTINUED FROM PAGE 49)

obtain funds at reasonable bank rates. Fast, confidential service lets the employee file an application and obtain funds without leaving his plant. He can also "establish a bank credit rating of lifetime value."

"For the employer, the plan will eliminate the problem of handling outside credit investigations in the personnel office, thus economizing on time, money, and effort." There is no need for advances against wages, and the convenience to the employee means less time loss.

"The employer is completely free from any responsibility for repayment of the account, since the bank accepts full responsibility for all credit decisions."

The plan was tested in the Watertown plant of Hood Rubber Company.

Parking Problem Solution

THE TOOTLE NATIONAL BANK, St. Joseph, Mo., had no convenient real estate for either a parking lot or a drive-up window. It did, never-



This new banking facility at the New London Submarine Base lists its hours Navy style

theless, have the well-known parking problem—and solved it this way:

Officers and tellers give to regular customers automobile key cases with coin holders attached. There's a nickel in each holder. The customer is instructed to bring the chain back to the bank on each trip;

the bank then puts another nickel in the holder.

"This system gives the customers a free hour parking on any meter in our downtown section," says Assistant Vice-president Gilbert Tootle. "It also creates good community relations, for we're helping business at the city-owned parking lot, just a block from the bank."

When Service Charges Are Waived

THE FIRST NATIONAL BANK OF LEESBURG, Fla., is one of the banks that doesn't collect service charges on accounts of churches, civic organizations, ministers, charitable organizations, and similar customers. It just omits mentioning the fees.

Recently, however, the bank did this: It figured the service charge on these accounts and entered it on the analysis slip, just as though it were due.

"Then," reports Vice-president George R. Rast, "we used a rubber stamp reading: 'PAID by Your Service to Your Community.' We feel

(CONTINUED ON PAGE 130)



How many of the 57 profit loopholes are losing you money?

Central National Guarantees to Increase Profits on Credit Insurance

Credit insurance is a proven profit-maker, but there are 57 profit loopholes that drain away money in typical credit insurance operations. Central National's Agency Analysis System will reveal which of these 57 profit loopholes are draining profits from your business. Then, Central National will develop a tailor-made plan *guaranteed* to plug these loopholes and increase your profits. There is absolutely no cost or obligation for this service. For complete information, write today to Gerald Hatfield, vice president.

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BANKING

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Effective modern insecticides help to eliminate much of the risk in present-day farming. Widely used on such vital economic crops as cotton, corn, tobacco, citrus, and many others—aldrin, dieldrin, endrin insecticides, and D-D and Nemagon, soil fumigants, give growers effective control of destructive crop pests. When growers get bigger yields of better quality crops, they get bigger profits, too.

These powerful Shell Chemical insecticides and soil fumigants are economical to purchase and use, because growers need only small dosages per acre for effective insect control. In many cases, the cost of treating a crop is returned many times over in increased profits.

The sale of aldrin, dieldrin, endrin, D-D, and Nemagon is backed by state, federal, and local authorities and the finest of technical service.

You can be sure that farm accounts who specify Shell insecticides and soil fumigants are using the latest, most effective methods of insect control . . . for better quality crops and more profitable harvests.

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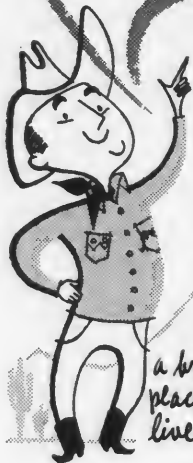


Agricultural Chemical Sales Division
460 Park Avenue, New York 22, New York



Illustration shows aircraft insecticide application. Shell insecticides can also be applied with conventional ground equipment.

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Them Thar Hills..."
AND VALLEYS TOO.**



Fertile farms,
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OFFICES IN PRINCIPAL CITIES



(CONTINUED FROM PAGE 128)

that by handling the matter in this way the following objectives are achieved: (1) The customer knows that the bank does collect service charges; (2) he knows what he would be paying if the bank did not exempt him from the charge; (3) he's grateful for the special consideration; (4) he's proud to be complimented on his services to the community."

Mr. Rast notes that the bank uses "your community" rather than "our community" because some of its uncharged accounts are in other places in the trade area.

Caruso

THE career of a famous person can be good material for an effective display, as the East River Savings Bank of New York City recently demonstrated.

Enrico Caruso was the subject. Memorabilia of the famous tenor, exhibited in windows and showcases at the bank's four Manhattan offices, included his costumes, lent by the Metropolitan Opera Guild, and self-caricatures and albums of Caruso's drawings of his contemporaries. The Museum of the City of New York and RCA Victor also contributed to the displays.

This display of Caruso memorabilia at the East River Savings Bank, New York, includes a shadow box picture of Pasquale I. Simonelli, former vice-president and trustee of the bank, pictures of the Caruso family, and books about the great tenor



Cover of a 4-color booklet describing this Chicago bank's investment management, agency and custodian services. The brochure is for people who "cannot or do not wish to devote the time required for efficient management of their investments"

East River's former vice-president and trustee, Pasquale I. Simonelli, was an intimate friend of the singer. Now living in Italy, Mr. Simonelli was vice-president of the Italian Savings Bank at the time the "Met" was trying to sign Caruso, and the banker provided a contact with him.

Sick List

CONTINENTAL STATE BANK, Boise, Idaho, gets from the city's two hospitals daily a list of patients admitted during the previous 24 hours. A messenger picks up the lists each morning. At the bank they're typed and circulated among the officers.

A card is sent to any customer or friend of any officer whose name is on a list, reports Assistant Vice-president M. Murray Sheils. Each officer initials the name of the person to whom he wishes a card dispatched. Of course, comments Mr. Sheils, the effectiveness of this friendly gesture depends on mailing the card immediately.

In Brief

New Film

"We Did It Ourselves" is the title of a 13½-minute sound film produced with the participation of the U. S. Treasury and Department of Justice. Released by the NATIONAL ASSOCIATION OF INVESTMENT COMPANIES, especially for use by tele-



This sign won first award in the Rotary Painted Bulletin Campaign Division of the 4th annual local contest sponsored by Outdoor Advertising Association of America, Inc.

vision stations, it explains the American people's part in building the most productive economy. There's an introductory message by W. Randolph Burgess, Under Secretary of the Treasury.

Check Promotion

PARK NATIONAL BANK of Newark, O., distributes a little pamphlet, "Your Money and You." It discusses budgeting, and suggests building a cash reserve in a checking account. With each leaflet goes a monthly work sheet or 30-day budget.

Centennial Film

A documentary movie featuring Minnesota and its opportunities for business development and better living will be produced under the auspices of the FIRST NATIONAL BANK of Minneapolis for release in 1957. The film is timed for the bank's own centennial and for the state's in 1958.

Tour in Print

UNION SQUARE SAVINGS BANK, New York, issued a folio-size leaflet, in three colors, to show depositors its services. Entitled "Come Right in for a Guided Tour," the gay folder shows a cartoon character escorting customers around the bank. On the front are photos of four typical depositors, each of whom tells why he or she is saving. The condition statement appears, rather inconspicuously, on the center spread.

School Relations

ALABAMA BANKERS ASSOCIATION reports increasing interest in its school relations program. At teachers' invitations, many bankers are visiting the classrooms and giving talks on banking subjects.

FIRST... CHECK FIRST.



Who wrote the nation's new best seller?

Thousands of practical, profit-wise industrialists have blazoned their success story throughout the new best seller of goods and services—the South. Help your customers write their own chapter of success in the industrial South. First check the folks who know the South...

THE *First* NATIONAL BANK OF ATLANTA



The bank that knows its neighbors

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My customers won't judge a book by its cover. What they want is the inside story—so send me facts on:

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Bankers Directory for*

1956

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Designed especially for faster reference work
Telephone numbers included
Complete foreign as well as American listings
Accurately tabulated and designed for
easy comparison of statements



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100th Anniversary

Student-Learners

(CONTINUED FROM PAGE 61)

to another within the bank. The work for which the young person is to receive preparatory training must require a sufficient degree of skill to necessitate a substantial learning period. The Divisions do not issue student-learner certificates for a single, routine type of activity, such as sorting checks. Nor are certificates issued for employment as a runner or messenger.

Therefore, the employer can't just hire a student and put him to work for a few hours a week, at less than the statutory minimum wage. The young person's job must be under a planned program, authorized and approved by a state board of vocational education or other recognized educational body. The program provides for part-time employment training, which may be scheduled for part of a day or week, for alternate weeks, or for other limited periods during the year.

The Time Budget

Under the program, the student usually spends about half his time receiving instruction in school; during the other half he is employed and receiving training on the job. Generally, the combined hours of school instruction and employment may not exceed 40 a week. In most cases, the student alternates on a half-day basis between study in school and training on the job. The student's school hours would be devoted to the study of technical problems in banking and finance, as well as to usual academic courses.

The Divisions' certificate may be issued for a period not to exceed the length of one school year. Employment training at the special rates will not be authorized beyond the graduation date of the student.

A prospective employer can find out whether a vocational training program has been set up for banks in his area by contacting the principal of the local high school. He will put the employer in touch with the coordinator. A coordinator is a school official who is qualified to set up and carry out vocational training programs. He coordinates activities in the classroom with related on-the-job training. After the bank hires a student-learner, the

(CONTINUED ON PAGE 134)



Select and consult
an independent
insurance agent or
broker as you would
your doctor or lawyer

U.S.F.&G.

CASUALTY-FIRE-MARINE INSURANCE
FIDELITY-SURETY BONDS

United States Fidelity & Guaranty Co., Baltimore 3, Md.

Fidelity Insurance Co. of Canada, Toronto

Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

(CONTINUED FROM PAGE 132)
 coordinator will visit him from time to time to check on the progress of his work and training.

If the school has no program, the state department of education will be able to provide information about how to obtain student-learners.

Fair Standards Protected

The terms of the regulations governing the issuance of student-learner certificates are carefully designed so as to safeguard fair standards for experienced workers.

In accordance with this aim, no

certificates will be issued if it is found that employment of student-learners would tend to impair or depress the wage rates or working standards established for experienced workers for jobs of a like or comparable character, or if the employment of a student-learner would have the effect of displacing a worker employed in the establishment.

In addition, the occupational needs of the community or industry must warrant the training of student-learners, and the number of student-learners to be employed in one es-

tablishment must not be more than a small proportion of its working force.

Obtaining a Certificate

The bank that wants a student-learner certificate should contact the Divisions' nearest regional office for an official application form. The employer, the school official, and the student-learner himself must sign this form. The original and duplicate of the form are then returned to the Divisions by the employer.

Among other items, the application form requires the following information: A statement outlining the vocational training program and the processes in which the student-learner will be engaged when on the job; a statement outlining the school instruction directly related to the job; and a certification by a school official that the student will be receiving school instruction and will be employed pursuant to a vocational training program.

Also required is information on the number of workers employed by the establishment; the number and wage rate of experienced workers employed in the job for which the student-learner is to be trained; and the proposed wage rate of the student-learner and how long he will be employed at less than the minimum.

The employer will be mailed a special certificate if the Divisions grant the application. Notice also will be mailed him if the certificate is denied. In some circumstances, interested parties will be provided an opportunity to present their views before a certificate is issued or denied.

The Divisions also send copies of the certificate or notice of denial to the school official, who is to give one copy to the student.

THE BALTIMORE AND OHIO RAILROAD CO.

129th Annual Report—Year 1955

Income:	Year 1955	Comparison With 1954
		(+) Increase (-) Decrease
From transportation of freight, passengers, mail, express, etc....	\$432,061,417	+\$53,972,730
From other sources—interest, dividends, rents, etc.	8,186,914	— 2,322,488
Total Income	\$440,248,331	+\$51,650,242

Expenditures:

Payrolls, supplies, services, taxes	\$377,824,149	+\$43,634,593
Interest, rents and services	38,505,400	— 1,374,344
Total Expenditures	\$416,329,549	+\$42,260,249

Net Income:

For improvements, sinking funds and other purposes	\$ 23,918,782	+\$ 9,389,993
--	---------------	---------------

The improved earnings in 1955 made possible the payment of the regular \$4.00 per share dividend on Preferred Stock, and an increase in the dividend on Common Stock to \$2.00 per share.

During the year the Company successfully completed the re-financing of roundly \$350 million of its debt. As a result there was a reduction in net annual interest charges on all debt outstanding of approximately \$2,700,000. It was the largest refinancing operation ever undertaken by an American railroad.

The Company now proposes, subject to Interstate Commerce Commission approval, to exchange outstanding Convertible 4 1/2% Income Bonds, on which interest is contingent, payable annually, for new Convertible 4 1/2 Debentures, due January 1, 2010, bearing fixed interest from January 1, 1956, payable semi-annually on January 1 and July 1. Holders may obtain details by addressing The Baltimore and Ohio Railroad Company, 2 Wall Street, New York 5, N. Y.

To handle the increasing volume of business, the Company in 1955 ordered 3,500 new freight cars and stepped up sharply its car repair program.

J. H. Simpson, President



"If we tried to live within our income we'd be poor!"

OUR "DEAN"

LOOKS IN THE

MAILBAG!



"We appreciate your help in training our young men who will be the bank executives of tomorrow. Trust you will continue this good work." . . . *President*

"We hold your course in banking in very high regard and intend to send someone in 1957." . . . *Cashier*

"A good opportunity for the country bank to improve its officers." . . . *President*

"The preparation and instruction of this course are outstanding. We consider it very informative and advantageous to our young men." . . . *Secretary-Treasurer*

"Our employees who have taken the course you offer have been very high in their praises of it. We hope that you will continue this fine program." . . . *President*

"Caliber of your instructors is tops and frankness and openness of their instructions and analyses most beneficial. You have our solid vote." . . . *Vice President*

Of course, they're referring to our annual concentrated course in banking, which many of our correspondents have used to train their future executives.

We would be glad to send you complete information. Write to Correspondent Bank Division.

MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH

CAPITAL \$60,000,000

SURPLUS \$180,000,000

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For complete correspondent service, get in touch with Manufacturers National. Our banking offices in Detroit, Dearborn, Highland Park, Grosse Pointe Woods, Melvindale, Pleasant Ridge, Redford and Van Dyke combine to provide you with prompt, careful handling of your every requirement.

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ARO

The ARO EQUIPMENT CORP.

Bryan, Ohio

Dividend Notice

The Board of Directors has declared a regular 25c quarterly dividend, payable April 16, 1956 to shareholders of record March 30, 1956.

L. L. HAWK

Secretary-Treasurer

"Shareholders are requested to have their shares properly registered on the books of the corporation and to report any change of address to the Secretary of the Corporation at Bryan, Ohio, so that they will receive an Earnings Statement covering the twelve-months' period ended November 30, 1955."

March 15, 1956

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers, Commission basis.

WILLIAM EXLINE, INC.

1270 Ontario Street • Cleveland 13, Ohio

News for Country Bankers

(CONTINUED FROM PAGE 86)

homa City, and a bank employee, whose hobby is photography, attended the Junior Livestock Show Auction sale at Oklahoma City's Stock Yards Coliseum, and between the five of them brought home ribbons, pictures, and many reports of outstanding work being done by Oklahoma's farm youth.

Attending the show were Philip J. Rhoads, Hugh Harrell, Haskell McClain, and Theron Elder, all vice-presidents of the First of Oklahoma City. Don Smith, of the bank's bookkeeping department, made the pictures.

The annual Junior Livestock Show, which has grown to be one of the largest of its type in the nation, is held each spring. It is sponsored by the Sirloin Club of Oklahoma City, is open to members of FFA and 4-H Club organizations throughout the state.

It is because of the interest of Mr. Rhoads, a director of the Sirloin Club, and other Oklahoma businessmen that the club finances the annual show.

Mr. Rhoads and his associates purchased on behalf of the First National the Reserve Grand Champion Barrow, the Reserve Champion Duroc, and two steers.

Ohio BA's Account Awards

THE account books kept by Fred Terick Isler, a Marion County farm boy during his years in high school, were chosen as the finest in the third annual contest sponsored by the Ohio Bankers Association and its 624 member banks.

As a result of his selection, young Isler, accompanied by two of his classmates and his vocational agricultural instructor, will be given an all-expense-paid trip to the national FFA convention in Kansas City next fall.

A total of 27 rural high school students from every section of Ohio were the winners of district prizes, and several hundred other boys won local prizes. The district awards consisted of \$50, \$25, and \$10 prizes in each of nine areas. Local prizes were \$10 savings accounts.

(CONTINUED ON PAGE 139)

1955

Year of decision and action in expanding capacity

Highlights

Ample Cement In 1957 Industry capacity for our market will be up 35 million barrels—29% over 1954—by year end. Of this, 8¼ million is already in operation.

	1955	1954
Sales	Sales of products and services \$39,264,050	\$37,215,031

The 5.5% increase comes from more capacity at two plants and slightly higher selling prices.

	1955	1954
Net Income	Net income \$6,114,674	\$5,121,049
	Per common share—including new shares \$2.26	—
	—excluding new shares \$2.50	\$2.08*
	Shares outstanding at year end 2,625,000	2,375,000*

The 19% increase comes from greater sales yield and the start of profitable operations at two new plants acquired in 1954.

*Adjusted to basis of present shares.

	Quarter					Current
	1st	2nd	3rd	4th	Total	Annual Rate
Common Dividends	On basis of old shares 60c	60c	75c	75c	\$2.70	\$3.00
	On basis of split shares 24	24	30	30	1.08	1.20

New Capacity We will have built nearly 3 million barrels more annual capacity by year end—22% more.

New Capital Common shares were split 2½-for-1 and 250,000 new shares were sold for \$8,233,225. We also arranged to borrow an additional \$7,500,000 to be repaid in 1 to 20 years.

1956 Prospects The cement industry should ship all of its increased production. Forecast is that all construction will be up except residential, public utility and farm. Residential may slip even more than forecast but highway building might rise higher.



During the year Marquette announced major expansion programs to meet growing demand, as did many other companies in an industry that is aggressively building for future demand. These and other highlights of Marquette progress are expanded upon and fully documented in our 1955 annual report, which we will be pleased to send you on request.



New plant now under construction in Milwaukee

BALANCE SHEET SUMMARY

	December 31	
	1955	1954
Assets		
Working capital	\$ 7,853,750	\$ 7,275,470
Investments in other companies	50,000	50,000
Other assets	29,154	29,354
Cash reserve for expansion	7,384,369	—
Properties, plants & equipment—net	38,546,516	35,282,530
Deferred charges	1,042,691	1,020,623
	\$54,906,480	\$43,657,977
Liabilities and Shareholders' Investments		
Long term debt	\$10,800,000	\$11,400,000
Reserves	1,906,887	1,524,810
Preferred shares and premium	3,726,000	3,780,000
Common shares	10,500,000	9,500,000
Retained net income	17,918,443	14,631,242
Additional paid in capital	10,055,150	2,821,925
	\$54,906,480	\$43,657,977

MARQUETTE Cement

MANUFACTURING COMPANY

Operating eight cement producing plants in Illinois, Iowa, Ohio, Missouri, Tennessee, Mississippi and Georgia —and two more on the way

ANNUAL CAPACITY
13,600,000 barrels
and some 3,000,000 additional barrels on the way

EXECUTIVE OFFICES • 20 N. WACKER DRIVE • CHICAGO 6, ILL.

CREATIVE BANKING AT THE HARRIS

How your bank can get more for its “manpower dollars”



Whether your bank is big or small, you've got to turn over many dollars many times to earn enough to meet your payroll. Manpower is expensive.

So, measuring work loads properly in your bank can have an immediately beneficial effect on your operating picture.

Without the work-measurement program developed at the Harris, we would not have been able to plan our manpower requirements as effectively as we do to meet the ever increasing work load.

This Harris Bank program, refined by several years of practical operation, is now available to our correspondent banks, along

with the necessary information and forms to help them use it to their advantage.

One Harris Trust correspondent, which installed such a program recently, already finds it is saving time in its bookkeeping department—resulting in a sizable economy for the bank.

Sharing our experience with banking associates is part and parcel of Creative Banking at the Harris. “Creative Banking” means a constant application of “the vision to see, the background to understand, and the will to act” in behalf of Harris customers across the nation.

Would you like to know more about our work-measurement program, or other Creative Banking services at the Harris? We invite your inquiry.



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N. W. Harris & Co., 1882
Incorporated 1907

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Member Federal Reserve System . . . Member Federal Deposit Insurance Corporation

NYSBA Offers Bank Courses

THE New York State Bankers Association will hold an "on campus" educational program for banking executives at Cornell and Syracuse universities during the summer of 1956, according to Executive Vice-president Albert L. Muench.

Dates for the schools are: The Bankers School of Public Relations, Syracuse University, July 22-27; and the Bankers School of Agriculture, Cornell University, Ithaca, August 19-24.

At the School of Public Relations, banking executives will be shown the latest in merchandising and sales techniques, as well as the proper handling of personnel, customer and community relations. The faculty is composed of university professors and key specialists from the business world.

The Bankers School of Agriculture has been acclaimed as one of the most unusual management training programs in business today.

The courses of instruction at both schools consist of two summer sessions of one week's duration each. Successful completion of the full term of study including extension work, where required, and field trips as necessary, is required.

New Business Opportunities

AGRICULTURAL representatives are able to obtain new bank customers from many businesses and professions in addition to the farmers by virtue of their many outside activities, Abram Z. Gottwals, chairman, Agricultural Committee, Maryland Bankers Association, said recently in a discussion of the function of a farm service department. "In each rural community you will find farm supply, farm machinery dealerships, farm service agencies, food producers and canners, with personnel who are also good potential customers," he said. "The country merchant and the livestock dealers are lucrative sources of new accounts, both from the standpoint of deposits and loans."

Mr. Gottwals, who is farm representative, First National Bank of Southern Maryland, Upper Marlboro, also emphasized the assistance that the farm representative of a large city bank can give to corre-

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★ ★ ★ ★ ★

U. S. industry is joining the parade of Colombian expansion . . .

- ★ Where new U. S. manufacturing plants are being established to tap Colombia's abundant markets.
- ★ Where new wealth is being extracted from Colombia's rich soil.
- ★ Where new business is being stimulated by friendly foreign trade relations between the U. S. and Colombia.

All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

The reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 43 years' experience growing with Colombia, and the complete facilities of our 37 offices located in every important commercial market of the country.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — Bancoquia

Capital paid-up	\$21,205,712.50 — Pesos Colombian.
Legal reserves	\$21,000,000.00 — Pesos Colombian.
Other reserves	\$7,233,000.00 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (S), BOGOTA (S), Bucaramanga, Cali (S), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Lórica, Magangué, Manizales, Medellín (S), Montería, Nelva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S)

New York Representative — Henry Ludeké, 40 Exchange Place, New York 6, N. Y.

INSTALLMENT FINANCE CHARTS

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spondent banks, particularly in the field of credit file compilation and in establishing avenues for new business.

Farm Surplus Outlook

THE surplus of farm products can be expected to more than double by 1965 if present production and consumption trends continue, conclude professors John D. Black of Harvard University and James T. Bonnen of Michigan State College in a statistical report issued by the agriculture committee of the Na-

tional Planning Association.* The report, *A Balanced United States Agriculture in 1965*, is a summary of a comprehensive analysis of U. S. agricultural trends.

The authors estimate, on the basis of these trends, an 8.8% surplus of farm products in 1965, compared to the 1955 excess of about 4%. They make a continuation of the present general program of price supports and production controls one of their basic assumptions. They point out also that without production controls the surplus would amount to a great deal more, and that "holding

price supports at high levels works in exactly the opposite direction from that needed."

*1606 New Hampshire Ave., N.W., Washington, D. C.

William H. Allen, formerly New Jersey's Secretary of Agriculture, has accepted the chairmanship of the Committee on Agriculture of the New Jersey Bankers Association. Mr. Allen is a director of the Trenton Trust Company, and has served as a member of the NJBA's Committee on Agriculture since his retirement. In photograph, left to right, W. J. Kinnamon, NJBA president and executive vice-president, Hunterdon County National Bank, Flemington; Mr. Allen; and C. A. Eaton, Jr., NJBA vice-president and vice-president, Fidelity Union Trust Co., Newark, New Jersey



"Using Your Bank"

PENNSYLVANIA BANKERS ASSOCIATION, in cooperation with Pennsylvania State University, has just published "Using Your Bank," a book for high school and college courses in economics, banking, commercial subjects, and mathematics. The author is Dr. George L. Leffler, professor of finance at the Penn State College of Business Administration.

THE 40-page text has six chapters, covering checking services, savings accounts, safe deposit, lending, trust, and other banking services. The book is a sequel to "Your Bank," also by Dr. Leffler, which appeared in 1952.

PBA is suggesting the new book for distribution by its members to schools, doctors' and dentists' offices, hotels, clubs, customers, libraries, and other community points.

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posters, folders and
illuminated displays.

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SERVE them



We furnish all deposit slips,
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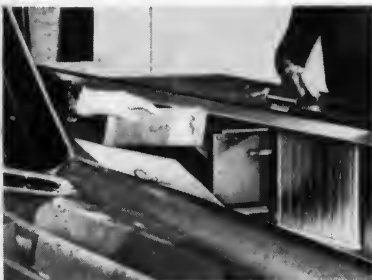
4 important ways to rate a drive-in window

(AND HOW THE MOSLER PICTURE WINDOW MEASURES UP TO THEM.)



1. How well can customer and teller see each other and talk? This is important. It's the reason Henry Dreyfuss and Mosler engineers evolved the "Picture Window" concept . . . with its modern, open look that seems so much more

personal and inviting . . . puts both teller and customer so completely at ease. Actually, they see and talk with each other so naturally that neither is even conscious of the clear-vue bullet-proof glass between them.



2. How accessible and safe is deposit unit for customer's hand? Mosler's is shown above. Note how it slides out at the touch of a single push button by teller, opens its cover to a convenient 45° angle and allows customer to reach into it (without wrist contortions, or fear of sudden closure). This is the most readily accessible unit of its kind. Safest, too.



3. How much assurance is there against money errors or losses? There's *plenty* with the Mosler Picture Window. Note that lid of deposit unit is of clear-vue bullet-proof glass. This keeps money and checks in view of customer at all times, yet protected from wind and other hazards. There is virtually no chance of money blowing away or getting out of sight.



4. How much usable counter space is there inside window? Take a look above. Note that *all* (not just part) of the Mosler counter is usable for change machines and other equipment. No space-wasting cutaway here . . . no "angled-in" counters to steal needed work area. And note the two big cash drawers for coins, bills, storage.

Like to know more important reasons why the Mosler Picture Window is America's finest and most practical equipment for drive-in banking? Mail coupon for brochure, today!

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Washington

(CONTINUED FROM PAGE 37)

tion of the House Appropriations Committee to end the present system of using depository bonds to offset the costs to banks of cashing Government checks at special banking facilities at military installations and in District of Columbia banks.

The committee suggested banks should charge nondepositors for cashing checks.

Supervisory Pay Boost

It appeared that the Senate Post Office and Civil Service Committee was finally getting around to taking up the House-passed bill raising the salaries of Federal supervisory officials, along with those of top Federal officials.

Hearings on this bill were scheduled for late April or early this month, with final action possible late in the present session.

There follows a table listing the present annual salaries, those voted in the bill passed last year by the House, and the salaries proposed by the pending Senate committee executive pay boost bill, for the principal Federal bank supervisory officials.

Thus it will be seen that the salary increases proposed by the Senate committee are higher than those voted last year by the House.

However, the Federal Reserve would still be "downgraded" compared to officials of comparable statutory authority. For instance, the Treasury Under Secretary for Monetary Affairs under the Senate bill would be paid \$22,500 annually, compared with \$21,000 for the chairman of the Federal Reserve Board.

Each agency was asked to comment about the level of salaries proposed in the two bills.

"When the Federal Reserve Board was established in 1913 as an inde-

pendent agency, . . ." observed Chairman Martin of the Board, "Congress recognized the importance of this responsibility by providing compensation for Board members equal to that of heads of departments." Mr. Martin further observed that both the Douglas and Patman reports on their respective monetary studies of 1950 and 1952 recommended that the salary of the Reserve Board chairman be raised to a parity with Cabinet members. Under both House and Senate bills the salary of a member of the Cabinet would be raised to \$25,000, compared with the \$21,000 proposed in the Senate bill for the chairman of the Federal Reserve Board.

Graduated Corporation Tax

Banks, along with all corporations, would be subjected to changes proposed in the corporation income tax structure.

One bill, proposed by Senator Fulbright, would tax the first \$25,000 of corporation income 22% instead of 30%, as at present. It would set the surtax at 31% on all income above \$25,000, instead of 22% as at present.

Another bill would provide for a graduated corporation income tax applied in a manner similar to the "progressive" income tax on individuals.

For the present session, neither proposal has much apparent chance.

On the other hand, the "graduated" or "progressive" income tax idea for corporations is something which, in a hospitable political climate, might ultimately have considerable attraction. In the first place, if "progressive" rates are assessed upon individual income, why not also on corporation income? With a multitude of uninformed voters, this might roll up some political mileage.

(CONTINUED ON PAGE 145)

Present and Proposed Annual Salaries

Official	Present Pay	House Bill	Senate Bill
Comptroller	\$16,000	\$20,000	\$20,500
FDIC Chairman	16,000	20,500	21,000
FDIC Director	16,000	20,000	20,500
FR Board Chairman	16,000	20,500	21,000
Members, FR Board	16,000	20,000	20,500

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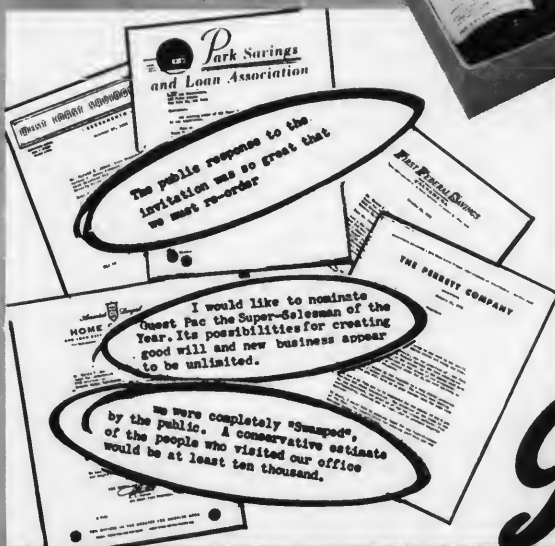
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on "well traveled"
returned checks as
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**New Cummins
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Your endorsement can be placed where the proof machine endorsing attachments used by large correspondents or Feds will not mark over it . . . and this is the machine that does it! It's the sure way to keep your endorsement from being covered up . . . a daily problem on returned items. You can actually see how the Cummins Dubl-CC-Endorser prints at the end of the check, leaving the center clear for other endorsements . . . the location where all attachments on other conventional endorser's will be sure to mark. Dubl-CC endorsements can always be clearly read. Even in cases of five or more endorsements, and even if one of them should mark over your endorsement on the end, Cummins printing press sharpness will allow the reading of your endorsement instantly, without resorting to colored filters, magnifying glasses, or other desperation measures. Fast, too . . . handles 400 checks per minute—automatically. This machine can save hours of valuable executive time every week for a very few minutes of clerical labor for operating it. Write today for free literature and complete information on the new Cummins Dubl-CC-Endorser, or call your Cummins representative for a demonstration.



IN BUSINESS AND BANKS SINCE 1887
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(CONTINUED FROM PAGE 142)



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12 East 36th Street—New York 16, N. Y.

In the second place, many small corporations might derive the hope that a graduated income tax would shift some of their Federal tax burdens on to the bigger corporations. In this way they might be enticed to support the idea just as many well-meaning, "liberal-minded" middle class persons were encouraged to desist originally from opposition to "progressive" personal income taxation.

Approve "FHA" Expansion

Except for one or two provisions, Congress is generally sympathetic to the proposals of Ezra T. Benson, Secretary of Agriculture, to broaden generally the powers of the Farmers Home Administration to make loans, to insure loans, to refinance loans, and to extend Government credit in the agricultural field. (For an analysis of these proposals see the April issue of **BANKING**, page 154.)

One of Mr. Benson's proposals is definitely opposed in the House Committee on Agriculture. That is to permit "FHA," as the department calls Farmers Home Administration, to make loans to part-time farmers. The Senate committee is inclined to be favorable. The House committee, however, would be disposed to support basic principles of the present "FHA" laws to shift Government borrowers into private banks or Farm Credit Administration agencies, after an initial resort to "FHA," contrary to Administration aims to encourage resort to Government.

However, plans to broaden "FHA" power to make, insure, and refinance indebtedness are generally favored by the committees on agriculture of both Houses. These committees planned to take up the Benson "FHA" amendments after the "soil bank" farm subsidy bill had been disposed of.

Housing Apathy

Prior to the sharp tightening of credit which led to the rise in Federal Reserve discount rates, Congress in general was apathetic about housing legislation, except for the few members who have generally been preoccupied with the subject.

The necessity for making credit more scarce is expected, of course, to work toward restriction of mortgage credit and thus jeopardize the

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hopes of officials for a housing construction volume of some 1,200,000 units this calendar year. At least the Capitol Hill advocates of housing construction will apprehend such a consequence of credit restriction.

It is, therefore, possible that the apathy about housing legislation may disappear and there will be a pronounced drive to make credit easier through opening up the Federal National Mortgage Association as a channel to provide mortgage credit.

Moderate Program

The House Veterans Committee also proposed to kill the Voluntary Home Mortgage Credit Program and require the VA to utilize all its available appropriated funds for VA direct loans. A further provision of the House Veterans Committee bill was that \$500,000,000 of National Service Life Insurance trust funds should be used to buy VA loans where discounts were high.

While it is difficult to assess prospects in view of the apathy toward housing legislation, a few tentative conclusions are:

(1) *Federal National Mortgage Association.* Congress probably will retreat somewhat from making this a true "secondary market" independent of the Treasury, but probably will not go to the other extreme of making FNMA a conduit for Treasury support of Government-sponsored housing liens.

(2) *FHA Title I.* Congress probably will continue this temporarily for two years but will not boost both maximum insurance and the term of the insured loan.

(3) *Public housing* as finally adopted will probably run between 35,000 and 50,000 units per year for two more years.

(4) *"Elderly housing."* Congress probably will provide some form of special housing assistance, through insurance or direct loans, for housing the aged.

(5) *College housing* will be expanded.

(6) *FHA* will get whatever additional authority it needs to insure loans.

(7) *Military housing* probably will be extended temporarily for a year or so instead of being made permanent, as the Administration asked.



Highlights

FROM ITS 1955 ANNUAL REPORT

Operations of Gulf Oil in 1955 reached new highs, with marked improvement over 1954. Crude production was up 16%; refinery runs were 9% greater; and refined oil sales rose 6%.

Financial results kept pace with record operations. Revenues were 11% greater and earnings 19% over 1954, with all major geographic areas contributing to the improvement.

Salient facts from our 1955 Report are presented below.



FINANCIAL DATA

	1955	1954
Net Income—Total Amount.....	\$ 218,064,000	\$ 182,813,000
Net Income—Per Share*.....	\$8.19	\$6.87
Cash Dividends Paid—Total Amount.....	\$ 57,458,000	\$ 49,087,000
Cash Dividends Paid—Per Share**.....	\$2.25	\$2.00
Stock Dividends Paid.....	4%	4%
Net Working Capital (current assets less current liabilities) ..	\$ 439,526,000	\$ 391,636,000
Long-Term Debt	\$ 175,461,000	\$ 182,506,000
Net Sales and Other Operating Revenues.....	\$1,895,670,000	\$1,705,329,000
Capital Expenditures (for properties, plants, and related assets)	\$ 274,480,000	\$ 292,032,000
Depletion, Depreciation, Amortization, and Retirements (Non-cash charges)	\$ 162,626,000	\$ 143,594,000
Total Assets	\$2,160,821,000	\$1,969,052,000

*Based on 26,628,067 shares outstanding at end of 1955

**Quarterly dividend raised from 50¢ to 62½¢ per share in September, 1955

OPERATING DATA—DAILY AVERAGE BARRELS

	1955	1954
Net Crude Oil Produced.....	886,186	763,222
Refinery Runs	587,867	536,679
Products Sold	600,956	565,140

(For a copy of Gulf's 1955 Annual Report, write to the Secretary, P. O. Box 1166, Pittsburgh 30, Pa.)

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MP Jr. Coin-Changer. Over 5,000 in use today, in all 48 states. Sturdy aluminum with handsome grey hammertone finish. Removable tray with inside storage box. Capacity \$125—pennies through half-dollars. Size: 8" x 10" x 6 1/4". Weighs 9 lbs. Rubber feet protect counters. **\$63 plus tax.**

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MP Coin-Holder. Sturdy aluminum with handsome grey hammertone finish. Holds almost 2 rolls of each type coin. Top section holds 10 silver dollars. Capacity, \$80. 5 1/2" x 6 1/4" x 5". 4 lbs. Rubber feet protect counters. **\$11.95.**

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Recruitment and Training Problem

(CONTINUED FROM PAGE 56)

ciates and surroundings. Banks should discover their strong points and dwell on these and not let supposed weaknesses dominate the public's concept of a bank.

(5) Banks do not merchandise their opportunities properly on the campus. The survey shows that only about 15% of the bankers questioned were encouraged to enter banking by school placement officers. Bankers should encourage colleges to have more and better industry orientation courses and should participate in these courses to explain banking and its advantages as a career.

Definite Program Needed

(6) Banks do not do a uniformly good job of training. Many programs are "stop gap" and so completely lacking in pattern, as revealed by the survey, that they don't deserve the respectability of the name. Many are just new versions of the familiar practice of job rotation and moving people as conditions require and permit. Banks should have a definite program of progress—salarywise and responsibilitywise—which should carry on even after the trainee becomes an officer.

These seem to me to be the lessons learned. Although many of the problems are not new, they are most certainly ever-present. What we do about correcting them will determine to a great extent how well banking will keep pace with the expanding economy of our nation.

The work of the committee is continuing with the hope of aiding in the job of establishing proper liaison with educators and educational institutions and with the hope of developing a typical training program (for officer material) which might serve as a guide or check list for those who are interested.

Perhaps the Russian newspaper that says we are a warlike nation has been reading what the Democrats and Republicans say about each other in an election year.

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Mortgage Credit

(CONTINUED FROM PAGE 109)

their need by large-scale builders, the growing dependence of each upon the other was covered in full. The discussions were under the joint sponsorship of the American Institute of Architects, The National Association of Home Builders, and *House and Home* magazine.

The lender's viewpoint was not neglected, for good design and good construction are an integral part of a sound loan, but lenders came in for their share of questioning for holding back approval of loans to finance advanced designs in homes which project the architect's philosophy of creating for the new "way of life," demanded by 1956's modern home buyers.

New Mortgage Facility

THE Investors Central Management Corporation, a new type of mortgage facility, has been organized by a nationwide syndicate of mortgage companies to make investment in home mortgages convenient, economical, and profitable for foundations, trusts, pension funds, and other investors, according to Miles L. Colean, chairman.

In addition to Mr. Colean, Washington economist and chairman, officers of the company include: Paul P. Swett, Jr., former vice-president and treasurer of the Baltimore Life Insurance Company, *executive vice-president*; Arthur Viner, formerly secretary of the National Voluntary Home Mortgage Credit Committee, *vice-president*; and Carl O. Olsen, former comptroller of the Baltimore Life Insurance Company, *secretary-treasurer*.

Mortgage Loan Short Course

THE University of Illinois Small Homes Council will offer again this summer its annual course for mortgage lenders on recent developments in home building. The course includes land planning; architectural design; specifications for construction; contract documents; and detailed information on materials and supplies used in home construction. It will include field trips to research houses and studies of homes under construction. Dates: July 9-18.

(CONTINUED ON PAGE 153)

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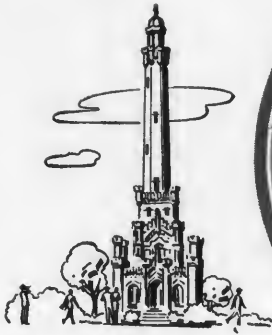
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ASSETS

Cash and Due from Banks	\$ 572,877,635.90
United States Government Obligations	720,918,982.85
Other Bonds and Securities	165,288,921.20
Loans and Discounts	1,357,925,517.68
Real Estate (Bank Buildings and Adjacent Property)	1,406,636.71
Federal Reserve Bank Stock	6,300,000.00
Customers' Liability Account of Acceptances	2,412,427.63
Interest Earned, not Collected	7,488,738.36
Other Assets	1,012,187.24
	<u>\$2,835,631,047.57</u>

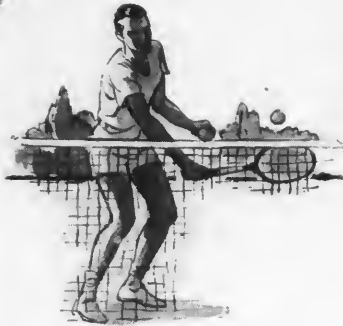
LIABILITIES

Capital Stock	\$ 100,000,000.00
Surplus	110,000,000.00
Undivided Profits	9,151,143.10
Discount Collected, but not Earned	3,798,923.70
Dividends Declared, but Unpaid	2,000,000.00
Reserve for Taxes, etc.	31,919,023.57
Bills Payable	123,000,000.00
Liability Account of Acceptances	2,445,625.63
Time Deposits	\$ 526,848,978.18
Demand Deposits	1,748,307,566.85
Deposits of Public Funds	178,148,903.82
Liabilities other than those above stated	10,882.72
	<u>\$2,835,631,047.57</u>

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By helping people in your community save with a Vacation Club, you help promote extra business for your institution. Members get acquainted with your staff on their regular weekly visits and become good prospects for all your other services.

May we send you samples of what others are doing to promote new business through Vacation Clubs? Simply drop us a note on your business letterhead.

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(CONTINUED FROM PAGE 150)

Consults Women on Houses

HHFA ADMINISTRATOR COLE has requested ideas on home construction from "the ladies." Since it is expected that \$100-billion will be spent for housing during the next decade, and the Federal Government will be called upon to insure or guarantee loans to finance this, the advice of the housewife is sought to reflect needs for housing design in the rapidly changing mode of modern life.

Home Repair Loan Guide

TIMING with the pronouncement "1956, the Year to Fix," a new service booklet *Guide to Home Improvement Loans*, has been prepared by *The Woman's Home Companion*.

Inquire of Mrs. Ellen Langdon, merchandising editor, *Woman's Home Companion*, 640 Fifth Avenue, New York 19.

Urban Mortgage Lending

A NEW study on mortgage lending experience has been published by the National Bureau of Economic Research, New York, entitled, *Urban Mortgage Lending: Comparative Markets and Experience*.

New York's Redevelopment

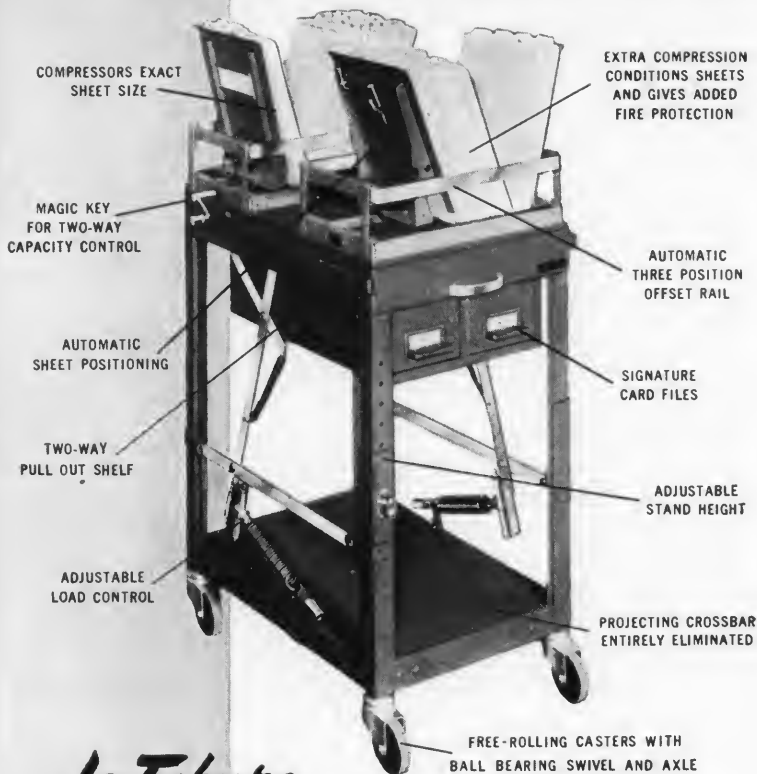
NEW YORK CITY's slum clearance program includes 10 projects actively under way and six in the final planning stage, rivaling in scope any undertaking ever made in the rebuilding of a great city. Slum properties covering 338 acres will be cleared and rebuilt by an investment of more than \$500,000,000, more than two-thirds provided by private funds.

This epoch-making undertaking is the subject of a brochure issued recently by The Bowery Savings Bank of New York City in its series called *Bowery Briefs* on subjects dealing with matters of special interest to its 500,000 depositors.

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Broader Stock Ownership

MANY more people should own stock, and programs to promote share ownership must be accompanied by educational efforts, says the first report of the Research Committee of the Dartmouth Economic Council.

The study, "Broadening the Base of Stock Ownership," is the result of a year's research by a group of New York businessmen under the guidance of the Amos Tuck School of Business Administration at Dartmouth College. The committee comprises members of the school faculty; the Council is one of several similar groups sponsored by colleges and universities with grants from the Committee for Economic Development and the Fund for Adult Education.

The Committee's belief that common stock ownership should be wider follows its conclusion that there are "substantial advantages accruing to individuals, business firms, and the country" from broad distribution. Promotional activity toward this end should be supported by efforts to tell the prospective owner about the nature of his position as a capitalist, the possible risks, and the kinds of surveillance needed to benefit from the investment.

"There is widespread evidence of ignorance among all groups about the subject of stock ownership," says the report. The New York Stock Exchange's "Monthly Investment Plan," it asserts, is not reaching a new market, "as indicated by the fact that seven out of 10 current MIP subscribers owned stock previously."

"Our conclusion in favor of broadening the base of stock ownership does not deny the possible disadvantages and difficulties associated with attracting additional large numbers of people into stock ownership," the study asserts. "The substantial risks of loss of capital in periods of falling stock prices and of public reaction whenever securities values fall need to be thoroughly recognized and accounted for in efforts to broaden share ownership."

MIT

Dividend Announcement

Massachusetts Investors Trust DECLARES ITS 126th Consecutive Dividend

31 cents a share,
from net income,
payable April 25
to shareholders of
record March 29,
1956.



ROBERT W. LADD,
Secretary

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You'll get quick agreement around the table on this!

CERTAINLY, one of the most important decisions in any bank's modernization program is the bank vault door. Yet it's probably the easiest on which to reach agreement.

For one bank vault door has become virtually the symbol of the modern banking office to customers as well as bankers. It is, of course, the Mosler Century Vault Door, which was developed a little over two years ago by Mosler engineers and Henry Dreyfuss. Since then it has been the almost instinctive choice of the most forward-looking bank officials and architects

in America, and has inspired many to choose as its location the most conspicuous place in the bank. For no other vault door made combines so uniquely a look of startling modern magnificence . . . with a look of traditional security so impressive to customers.

And, of course, no other vault door is a Mosler . . . the most famous and respected name in bank equipment for over a century. Would you like more information about this famous vault door? Write or wire The Mosler Safe Company, Dept. B-34, 320 Fifth Avenue, New York 1, N. Y.



NOTE The distinguished modern day gate inside the Century Vault Door, and how impressively the great bolts and intricate time-locks are shown. A wide diversity of distinctive architraves is available, to fit into your plans or those of your architect.

IF IT'S MOSLER . . . IT'S SAFE
The Mosler Safe Company
 Since 1848
 World's largest builders of safes and bank vaults

The Treasury Building Gets a Name

DECIDING that the Treasury Building should show the name of its occupant over its entrances, Secretary Humphrey was surprised to learn that there is no clear indication of what name the Congress wanted to give the department when it created it in 1789. Should it be "Department of the Treasury," "Treasury Department," or what? Learning of Mr. Humphrey's quandary, the Associated Press invited the public to submit names for the building. Since then the Treasury's mailbags have been laden with scores of suggestions.

From California came the suggestion that the building be called Ye Old Greenback Bowl, Moments to Remember, or the Wampum Building. The police chief in Fleming-ton, N. J., advised calling it Bank of America. From New England, the Midwest and the South came such offerings as United Nations Mint, U. S. Gibraltar, Cache Building, Purse of the U. S. A., Monetarium, and Midas House. Other names sub-

mitted were: Currency Corridors, Robbers Roost, Bonanza, Treasure Isle, Piggy Bank Building, Hall of Finance, Key of the World, and the Shake, Rattle and Roll Building. Some would name the edifice after Alexander Hamilton, George Humphrey, or Richard Nixon. Others favor Nil Desperandum, Chary, Fidelity House, American Tragedy, or Greenback Hope.

The name finally decided upon is—"The Treasury Department."

The present Treasury Building is

The world is full of people who know exactly how the United States should spend its money.

Walking is the best exercise in the world, if you can find any place to do it.

With an election coming, a good many courageous candidates will come out boldly for good weather, eight hours sleep, and fresh eggs.

one of the nation's historic edifices. Its two predecessors were burned, one by accident and the other by the British. The building we see today was designed by Robert Mills in 1836. Construction was not completed until Grant's Administration. Grant's inaugural ball was held in the ornate marble Cash Room and other parts of the then still unfinished north wing. During the Civil War the building was a military strong point. During World War I troops were quartered there.

A French prime minister should not think of getting married until he gets a steady job.

Why is it that spring fever makes a man put his feet on the desk and rest, but it makes a woman clean house and move everything.

A go-getter is a person who can get his elbows on each arm of his theater chair.

"THIS PLAN HAS INCREASED OUR VOLUME IN EVERY DEPARTMENT"

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Send today for the current copy of our BUSINESS BUILDER. It's filled with promotion ideas to help build more volume in every department. It is provided monthly to our customer banks. A copy is yours, without obligation.



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Please send us a copy of your BUSINESS BUILDER, plus complete information about your Protected Loan Plan.

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Address

City State.....

By

MAN
WITH
A
'PACKAGE'
FOR
YOU!



You'll want to see the friendly *American* man during your bankers' convention. He has a "package deal" for all your banking needs that you just can't beat.

The American National Bank and Trust Company of Chicago is large enough to give you every service you require—small enough to work with you on a cordial personal basis. We bring right into your back yard every banking service you or your customers might require.

Let's talk about it at your convention.



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and Trust Company of Chicago**

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Member Federal Deposit Insurance Corporation

NEW!

Credit Check Plan

Improves customer relations and reduces handling costs in the instalment loan department

ADVANTAGES OF CREDIT CHECK PLAN

for the customer:

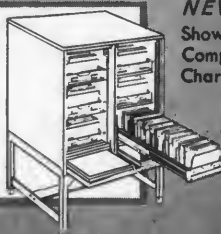
- 1 *Approval Of Application* establishes line of credit, which is available as long as payments are made as agreed. Each payment restores the amount of available credit.
- 2 *Draw Checks Anytime, Anywhere*, once loan is established, whether bank is open or not.
- 3 *Monthly Statement* shows the amount agreed upon to be paid monthly and arrives shortly before the payment is due.

for the bank:

- 1 *Reduced Cost of Operations* on personal loans.
- 2 *One Interview, one investigation and one approval* suffice on this revolving type of Credit Check Plan.
- 3 *One Application* — no renewal applications.

- 4 *Continuous Record* of the activities of each borrower.
- 5 *No Disbursement Problem* — customer draws checks which simply become an item on the account.
- 6 *Everything In One Place In The File* — the ledger card, application, collection record and unposted transactions.
- 7 *Minimized Collections* — monthly statement to each borrower arriving shortly before the payment is due.
- 8 *Automatic Trial Balances* of both loan balance and past due amount are a by-product of the posting of the account. Every posting on every ledger card is part of a proved trial balance.
- 9 *Space Savings* — application file merged with ledger file — *savings up to 75%!*
- 10 *Microfilm Control* of media.

The Credit Check Tray-Safe Affords Certified Protection At Point-Of-Use... Point-of-use record protection is provided 24 hours a day... for ledger cards, history cards, checks, payment slips and all related records. This unit bears the Safe-Cabinet Laboratory and Safe Manufacturers National Association 1-hour labels certifying one hour protection in a raging fire — even up to 1700°F.



NEW FOLDER—FREE!
Shows Detailed Operation, Complete in Flow-Chart Form.

SEND TODAY!

Simply write Remington Rand, Room 1547, 315 Fourth Avenue, New York 10. Ask for X1642 — Credit Check Plan.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION

Operating Procedures

(CONTINUED FROM PAGE 47)

Association and of Central-Penn National Bank of Philadelphia. Here they are, as presented to Lancaster Chapter, American Institute of Banking:

(1) The management should try to select, train, and hold people who have capacity to do various jobs in the bank.

(2) Once these people are in the bank, never stop watching and appraising their aptitudes and achievements; never fail to give praise when a job is well done.

(3) Each worker should be given responsibility up to his capacity. But, unless ready, he should not be overloaded with responsibility.

(4) The management should never cease to create incentives, encourage initiative, promote self-development of each worker.

(5) The management should continually review and determine the qualifications of the individuals so that they are placed in positions where they can make maximum contributions.

(6) The management should adjust compensation on the basis of careful and continuous evaluation of services. There is no fairer test than merit itself.

(7) It is necessary, as often as possible, to review the needs and changes in personnel and its tasks. There should never be any hesitation to make changes if they are in the interest of the bank and the workers themselves.

(8) The management should strive to prevent the occurrence of anything that leads to misunderstanding, confusion, or distrust. If such a condition does occur, the management should take immediate steps to correct it.

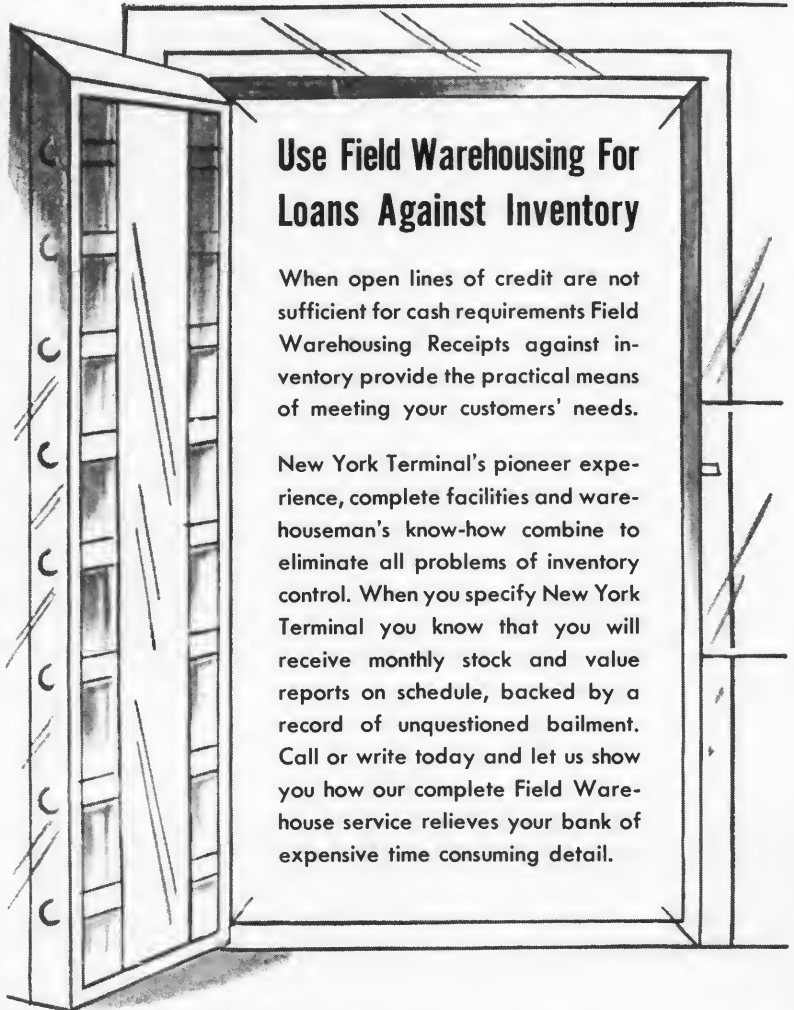
(9) A bank should have a conscious policy to develop mature, positive, enthusiastic leadership among its men and women.

"Learnshops"

MICHIGAN Bankers Association gave the name "learnshops" to panel discussions at its second annual bank women's conference held at East Lansing.

Nearly 200 women attended discussions on bookkeeping, proof and

OPEN THE DOOR TO MORE BUSINESS



Use Field Warehousing For Loans Against Inventory

When open lines of credit are not sufficient for cash requirements Field Warehousing Receipts against inventory provide the practical means of meeting your customers' needs.

New York Terminal's pioneer experience, complete facilities and warehouseman's know-how combine to eliminate all problems of inventory control. When you specify New York Terminal you know that you will receive monthly stock and value reports on schedule, backed by a record of unquestioned bailment. Call or write today and let us show you how our complete Field Warehouse service relieves your bank of expensive time consuming detail.

NEW YORK TERMINAL WAREHOUSE COMPANY



25 So. William Street, New York 4, N.Y.

OPERATING OFFICES
IN PRINCIPAL CITIES

transit; tellers' work; secretarial and stenographic duties. There were also panels on employee and customer relations and operations.

Chairman of MBA's Bank Women Committee is Corinne Poole, assistant cashier, First National Bank, Holland. She and the association's president, Russell B. McAfee, president, The Commercial Savings Bank, Adrian, took part in the conference.

Faster "Stops"

THE FIRST NATIONAL BANK AND TRUST COMPANY of Racine, Wisc., is using a rapid method of supply-

ing tellers and bookkeepers with stop payment notices.

A notice is typed on a master unit of a duplicating process. The master is then placed on a duplicator, and copies are made in less than a minute.

J. N. Pederson, assistant cashier, points out that the system speeds notification of "stops" to the tellers and bookkeepers, cuts operating costs because only one typing is necessary, makes all copies legible.

In the case of a telephoned "stop," one duplicate is sent to the customer for signature.



Copy of a stop payment order notice duplicated on the machine is checked by Janet S. Ollman of the First National Bank and Trust Company of Racine, Wisc.

SPEED

YOUR CHICAGO TRANSACTIONS

As a bank for bankers, City National has the facilities and diversified experience to handle your commercial requirements efficiently, quickly, completely. Our extensive services are at your immediate disposal.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

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NEW...CHAIN-O-MATIC CONTINUOUS ENVELOPES



FOR PROCESSING ON TABULATING EQUIPMENT
Coupon Clipping Procedures.
Collection and Mortgage Billing.
Addressing of Report Mailings and
Direct Mail Advertising.

- 1 Full size envelope in open side style for easy insertion
- 2 Perforated wings for automatic stripping from carrier sheet
- 3 Available in both First and Third Class Mail styles
- 4 Carried in stock in several sizes

CLIP COUPON TO YOUR LETTERHEAD

Chain O Matic DIVISION
CURTIS 1000 INC.
150 Vanderbilt Ave., West Hartford 10, Conn.
Please send samples and prices of
new CHAIN-O-MATIC continuous envelopes to:

Name _____
Title _____
Type of Tab. Equipment _____ Model _____

Three Join FPRA School Faculty

THREE experts have been added to the faculty of the School of Financial Public Relations which holds its 9th session on the Chicago campus of Northwestern University, July 16-28.

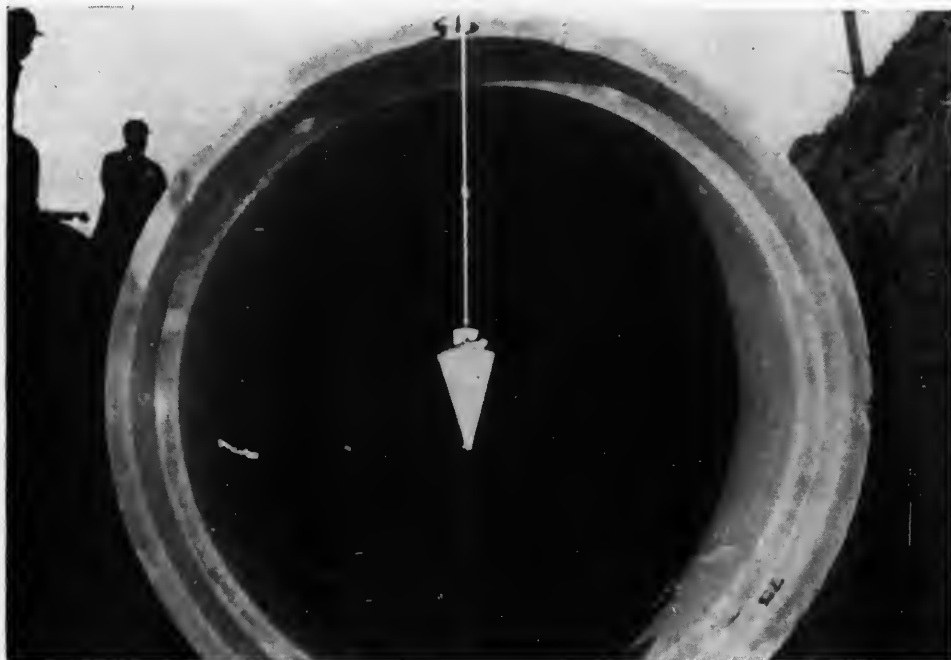
Victor Cullin, vice-president, Chicago Title & Trust Company, Chicago, will head the evening seminar program. He is a past president of the Financial Public Relations Association, sponsor of the school. C. Arthur Hemminger, vice-president, First National Bank, St. Louis, will teach freshman and senior classes in publicity. Henry O. Whiteside, vice-president and director of research, J. Walter Thompson Co., Chicago, will teach market research.

Bankers Trust Co., New York, is sponsoring "Showcase of Sports," TV feature of Yankee home games. Red Barber rehearses against a background of an enlarged BTC check



What's going on in St. Louis?

A dynamic new spirit is at work here
in the Nation's hub



TO PROTECT THE HEALTH of a rapidly increasing population, huge new sewers will be constructed in St. Louis and St. Louis County under the direction of the Metropolitan St. Louis Sewer District.

There's more reason than ever to do business in centrally located, economically solid Greater St. Louis!

The nation's hub is alive with intense activity—new highways, new industry, new master traffic plan, new buildings—expansion and improvement everywhere, paced by \$150 million of civic improvement bond issues.

Boatmen's, the Oldest Bank West of the Mississippi, is right in the thick of it, supplying wide-awake modern service and economic know-how and more than 108 years of banking experience to St. Louis business, industry and individuals.

Whatever your correspondent needs and problems in the busy, progress-minded St. Louis area, we invite you to consult Boatmen's.



The **Boatmen's**

**NATIONAL BANK
OF SAINT LOUIS**

BROADWAY & OLIVE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Oldest Bank West of the Mississippi

Government Bonds

(CONTINUED FROM PAGE 82)

change in the policy of credit restriction was taking place. What was done was merely to smooth out the day-to-day bumps.

That the OMC has a watchful eye may have a moderately stabilizing influence, but it is clear that its policies are not based at all on changes in the prices for Government securities. Except during Treasury refinancing operations, and then only temporarily, monetary policies and portfolio changes are apparently to be geared to the inflationary implications of the continued demand for credit.

Lower Prices?

As the groups of investors, who have been almost the only buyers of the longer-term Government bonds so far this year, seem now to be developing an interest in mortgages and the better-yielding corporate bond issues, it is difficult to see how prices can improve.

Still lower prices are a logical expectation.

Where is any buying power to come from if loans continue to increase, unless the Reserve authorities make additional reserves available to the banks? There is some wishful thinking that that might happen. But it seems much more likely that the authorities will continue to insist that needed reserves be obtained only through the discount windows at the Reserve banks.

(CONTINUED ON PAGE 164)



*"We unscrambled
Mr. Jhsmyth
with Sort-O-Namic"*

"It was all so simple once we installed the Todd Sort-O-Namic plan. Mr. JHSMYTH turned out to be Mr. J. H. Smyth—a very pleasant and profitable customer in spite of his illegible signature."

Actually, the time saved in deciphering names is only one of the many advantages of the Todd Sort-O-Namic plan. Bankers all over the country report 85% fewer errors in mis-sorts, mis-posts, mis-files, a 50% saving in time and a big increase in customer good will and new checking account business.

For complete details, mail the coupon.

THE TODD COMPANY, Inc., Dept. B,
Rochester 3, New York

Please send me complete information about
the Sort-O-Namic plan.

Bank _____

Address _____

City _____ Zone _____ State _____

By _____

B-5-56



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SALES OFFICES IN PRINCIPAL CITIES
SUBSIDIARY OF
BURROUGHS CORPORATION



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everyone is on a work break"

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 - Accelerated Availability Schedule
- ✓ Direct Routing Service to Branch Offices
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You Benefit By:

- ✓ Quick Conversion of Items to Cash
- ✓ Early Return of Unpaid Items
- ✓ Reduced Credit Risks

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HEAD OFFICE: SAN FRANCISCO

AMERICAN
TRUST
COMPANY

BANKING
Since 1854



Statement of Condition

March 31, 1956

RESOURCES

Cash on Hand and in Banks	\$ 214,563,515.43
U. S. Government Obligations	381,464,894.19
State, County, and Municipal Bonds	74,653,879.44
Other Bonds and Securities	25,861,018.50
Stock in Federal Reserve Bank	2,400,000.00
Loans and Discounts	771,452,766.51
Bank Premises and Equipment	13,378,736.29
Other Real Estate	1.00
Customers' Liability under Acceptances	2,871,894.75
Accrued Interest Receivable and Other Assets	15,164,063.59
Total Resources	\$1,501,810,769.70

LIABILITIES

Deposits	\$1,369,838,335.45
Acceptances Outstanding	3,007,616.20
Reserve for Unearned Discount	12,101,342.41
Reserve for Interest, Taxes, etc.	11,322,456.77
Other Liabilities	3,909,821.69
Capital Funds:	
Capital Stock (\$10.00 par value)	\$27,812,500.00
Surplus	52,187,500.00
Undivided Profits	21,631,197.18
Total Liabilities	\$1,501,810,769.70

United States Government and other securities carried at \$174,269,696.51 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 162)

The loan totals will continue to tell the story of the market. If they rise, the market will continue to feel the pressure. The next Treasury financing is too far away to be a factor. In any case, of the \$14-billion to be refunded in August, September, and October, only about \$6-billion is held outside of the Federal Reserve banks.

Treasury Flush with Funds

Corporation income taxes brought over \$8.1-billion to the Treasury in

March. Deposits exceeded withdrawals by \$6.2-billion. The balance in the general fund at the end of the month was over \$7-billion.

The U. S. debt—subject to the limitation of \$281-billion—dropped to slightly less than \$276-billion, down \$3,764,000,000 during the month.

For the first nine months of the fiscal year there was a small excess of deposits over withdrawals.

With the heavy June tax payments more than likely to offset deficits in April and May, it begins to look as though the cash budget may show a

surplus of between \$1-billion and \$2-billion, as compared with previous estimates of a few hundred thousand dollars.

Further reduction of the outstanding debt should be possible before the fiscal year ends. But the debt limitation of \$281-billion expires June 30, so the Treasury will have to go to Congress and get a further extension to protect itself against the certain large deficit in the July-December period.

Main Street

(CONTINUED FROM PAGE 29)

HOLLYWOOD STATE BANK has been merged into California Bank, Los Angeles. Resources of California Bank were increased by more than \$40,000,000, bringing the total to over \$800,000,000. The merger increases to 51 the number of the bank's offices. WADE E. BENNETT, president of Hollywood State Bank, was named a vice-president of California Bank and given administrative supervision of the Hollywood area. Also named vice-presidents of California Bank were these Hollywood State Bank officers: HOWARD L. PLUMER, senior vice-president; L. L. BILLINGS, vice-president and cashier; and S. S. RUBINO and PAUL H. TOY, vice-presidents.

HARTFORD (Conn.) NATIONAL BANK AND TRUST COMPANY has doubled the drive-in facilities of its downtown office. In one year, more than 100,000 transactions were handled at the first window.

Farmers and Merchants National Bank of Los Angeles has observed its 85th birthday. When the bank was founded in 1871, Los Angeles had a population of 6,000.

Stockholders of First Railroad and Banking Company of Georgia, Augusta, have authorized the issuance of 325,000 shares of stock to provide funds for the organization of a new wholly owned fire and casualty insurance company with \$1,000,000 capital and surplus.

The HOUSTON (Texas) NATIONAL BANK will considerably enlarge its quarters through an extensive remodeling program.



STATEMENT OF CONDITION AT CLOSE OF BUSINESS APRIL 10, 1956

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 87,762,523.26
UNITED STATES GOVERNMENT SECURITIES.....	55,713,562.15
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	14,118,919.13
OTHER BONDS, NOTES AND DEBENTURES.....	1,243,604.20
STOCK FEDERAL RESERVE BANK.....	420,000.00
LOANS AND DISCOUNTS.....	112,478,724.80
INCOME EARNED—UNCOLLECTED.....	587,781.85
BANKING HOUSE AND GARAGE PROPERTY.....	3,823,111.00
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	35,332.34
CUSTOMERS' LIABILITY—ACCEPTANCES OUTSTANDING.....	45,738.23
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	1,310,429.98
OTHER RESOURCES.....	61,807.12
TOTAL.....	\$277,601,535.06

LIABILITIES

CAPITAL ACCOUNTS:	
COMMON STOCK.....	\$ 7,000,000.00
SURPLUS.....	7,000,000.00
UNDIVIDED PROFITS.....	1,850,301.30
RESERVE FOR CONTINGENCIES.....	2,358,677.79
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	315,890.42
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	942,361.48
ACCEPTANCES EXECUTED BY THIS BANK.....	45,738.23
LETTERS OF CREDIT ISSUED.....	1,310,429.98
INCOME COLLECTED—UNEARNED.....	1,190,399.22
DEPOSITS:	
INDIVIDUAL.....	\$176,235,636.41
BANK.....	56,261,302.41
U. S. GOVERNMENT.....	4,830,271.63
OTHER PUBLIC FUNDS.....	18,260,526.19
TOTAL.....	\$277,601,535.06

U. S. Government and other securities carried at \$40,940,035.17 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



American Bank Management

WHEN Homer J. Livingston was president of the American Bankers Association (1954-55) he asked each national and state banking authority several questions on bank management. The purpose was to get these experts' evaluations of the soundness and capacity with which the banking business is administered in this country.

Replies came from 41 state supervisory agencies and all the national agencies. From their answers Mr. Livingston, president of The First National Bank of Chicago, has summarized in a new book, *Management Policies in American Banks*,* the examiners' views—opinions that reflect their "long and comprehensive experience" in seeing the banking business "close up." The result is a realistic volume on bank operations and policies.

Mr. Livingston's questionnaire sought opinions under several general headings: loan portfolio; bond portfolio; capital, surplus, reserves and earnings; accounting and auditing; officers and employees; and directors. Several questions under each served to pinpoint the examiners' views.

The weaknesses as well as the strengths of American bank management are brought out in this

* **MANAGEMENT POLICIES IN AMERICAN BANKS.** By Homer J. Livingston. Harper & Brothers, New York. 146 pp. \$3.

Mr. Livingston



study; the examiners didn't hesitate to criticize—and therein is one of the chief constructive contributions of Mr. Livingston's little volume. Bankers now have a chance to see themselves through the eyes of friendly, impartial and very expert critics.

Loan Portfolio

Concerning the bank loan portfolio, "it was their collective opinion" (to quote from Mr. Livingston's summary) "that the absence of a closely administered loan repayment plan was the most frequent cause of losses on loans. Failure to outline and to agree upon a definite loan repayment plan at the time the loan is made is a serious error. To neglect to see that a repayment plan is followed is to invite losses. A loan is only proved good when it is paid."

Another weakness in lending was the tendency to emphasize the borrower's collateral as security for repayment instead of stressing his ability to repay out of earnings. Also noted frequently were such weaknesses as "inefficient collection procedures, risk renewals or pyramiding of doubtful loans, and subordinating sound loan standards to increased interest income. . . ."

Half of the replies indicated that credit files of banks were "not complete and up to date." Deficiencies reported included "an absence of interim financial information about borrowers and the loaning officer's own appraisal of the current status of the account"; also "the tendency of lending officers to keep pertinent credit information 'in their heads,' particularly historical information that belonged in the files. . . ."

Bond Portfolio

The answers disclosed, Mr. Livingston reports, "that bank bond portfolios generally are well managed." In some banks, which do not have specially trained investment staffs, "the responsibility of managing the bond portfolio is not specifically assigned." (Sixty percent of the examiners noted this.) Mr. Livingston suggests that with the

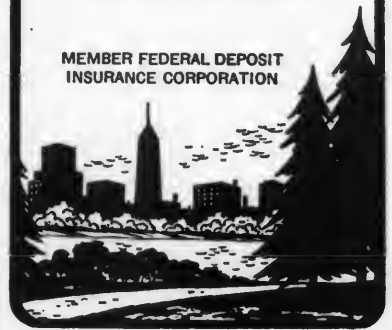
(CONTINUED ON PAGE 167)

IN THE CITY OF LAKES

FIRST NATIONAL BANK OF MINNEAPOLIS

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"RESPONSE-O-MATIC" ACTION



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It offers effortless speed, smooth responsive action and a featherlight touch . . . plus the exclusive wide-range eighty-eight character keyboard. Also, many other Smith-Corona exclusives, including Instant-Set Margins and the amazing Page Gage. Phone today for an eye-opening ten minute demonstration.

Smith-Corona Inc Syracuse 1 N Y Branch Offices or Full Line Dealers in All Principal Cities

(CONTINUED FROM PAGE 165)

bond portfolio accounting for about 35% of banks' total assets and about 25% of their income, "the comments, recommendations and criticism of the supervisory authorities" should be carefully reviewed.

As for capital, surplus and reserves, earnings in most cases were regarded as sufficient to build "strong capital accounts." Also, progress is being made in strengthening these accounts. The obstacles to strengthening them are "the relatively low yields on loans and investments, high tax rates, and the lack of a clearly defined capital expansion program."

Accounting and Auditing

Seven out of 10 of the replies said that although bank accounting systems were satisfactory, "auditing controls in many banks could be improved." Proper safeguards against irregularities should be provided. Reports to senior officers and directors are comprehensive, "though a number of bank examiners felt that management could be kept better informed." Mr. Livingston comments: "The absence of proper auditing programs subjects a bank to greater risk of loss than would be necessary if adequate internal control arrangements were in force. Responsibility for this function rests squarely on the shoulders of the directors and the executive officers of the bank."

Management Succession Is Biggest Problem

The supervisory agencies agreed almost unanimously that "the biggest problem and most glaring weakness of bank management today is that of successor management. In some cases the failure to develop responsibility in the supporting officers is deliberate, while in other instances this failure is caused by an inability or unwillingness to attempt to solve this difficult problem."

A majority of the replies reported "a failure of banks to train employees for their jobs." Only if management is willing to train young people "by delegating authority to them," observes Mr. Livingston, "will the problem of successor management, the primary and most perplexing one facing bankers today, be solved."

The Bank Director's Job

As for the responsibilities of bank directors, Mr. Livingston thus summarizes the examiners' views:

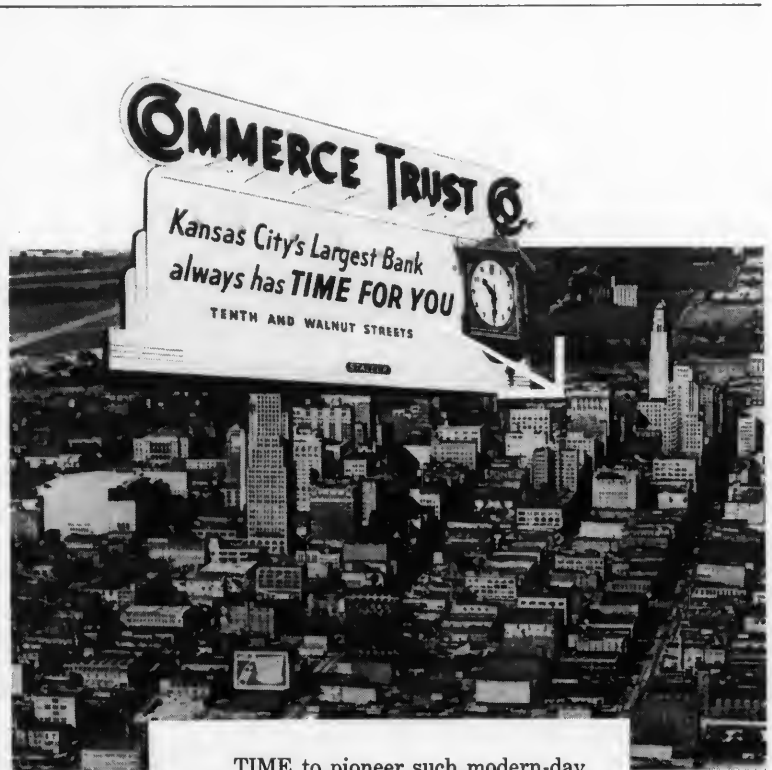
"First, about half of the agencies replying were of the opinion that directors do not take a satisfactory interest in the affairs of the bank.

"Second, this lack of interest is often the result of a failure on the part of management to generate director interest in the activities of the bank.

"Third, most bank directors are exceptionally capable businessmen whose managerial abilities and tal-

ents can be an invaluable asset to their bank. Whether these abilities are tapped and utilized in coordinated management planning depends upon the leadership within the bank."

In a final chapter on "A Bank's Advertising and Public Relations Program"—a subject not included in the survey—Mr. Livingston says that banks need constantly to improve their knowledge of the techniques and procedures of these two aids. Great progress has been made here; but there is "much to accomplish" in the area of senior man-



TIME to pioneer such modern-day essentials as 24-hour Transit and Air Mail Field Pick-up. TIME to provide every banking service required by bankers. TIME to give personal attention to your tough problems.

Your bank should join the more than 1500 others who are correspondents of "18-1".

Commerce Trust Company

Capital Funds Exceed 33 Million Dollars
KANSAS CITY'S OLDEST AND LARGEST BANK
Established 1865 MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"I do laborless filing, in half the time—with my new Credit and Correspondence **CORRES-FILE** .. I love it!"



CORRES-FILE increases efficiency — saves time (50%) and money—improves employee morale, by taking the file clerk out of the laboring class!

Saves **TIME, LABOR** and up to **40%** in **SPACE!**

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Standard size—\$7.75
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Get more out of . . .
BANKING
. . . at home!

agement's duties in this field. The officer responsible must give the senior officers "information, ideas, and assistance that will help them to discharge their particular responsibilities for the success of advertising and public relations."

This is but a sampling of the opinions and conclusions in a book which, to quote from the foreword by Edward E. Brown, chairman of The First National Bank of Chicago, has the objective of "seeking to bring the highest degree of competence to the management of American banks."

Other Books

BUSINESS LAW. By Louis O. Bergh and Thomas Conyngton. The Ronald Press Company, New York. 1005 pp. \$7. The fifth edition of a standard textbook for college students of business. Enlarged in scope, the new edition incorporates six new chapters, covering the law of wills, legacies and intestacies, estate administration, trusts, insurance, and real estate. Supporting factual material includes summaries of state law listing differences on important rules of law, and many digests of actual cases. The text discussions are illustrated with some 50 legal forms.

SAVE IT, INVEST IT, AND RETIRE. By Donald I. Rogers. Henry Holt & Co., New York. 224 pp. \$2.95. The author of "Teach Your Wife to Be a Widow" here writes "popularly" about life insurance, home ownership, stocks, mutual funds, investment plans, investments after retiring, savings from income, Social Security. He is financial editor of the *New York Herald Tribune*.

STATISTICAL YEARBOOK 1955. Columbia University Press, New York. 644 pp. Paper \$6; cloth \$7.50. This is the seventh issue of the book prepared by the Statistical Office of the United Nations, Department of Economic and Social Affairs.

Correction

The April notice of **COMMON SENSE IN LETTER WRITING**, by William H. Butterfield (81 pp., \$2.25), omitted the publisher's name: The Interstate, Danville, Ill.

NEW *Auto-feed* by *DRI-STAT*

makes photocopy processing automatic!



now photocopying is **EASIER**
BETTER
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LOWER COST

Auto-Feed is the only real advance in photocopying since the Peerless "Bright-Light" system took the photocopier out of the closet and put it on the office desk.

With Auto-Feed, automatic fingers take the photocopy papers from your hands and feed them through the processor at precisely the correct speed. You cannot make an error. Positive and negative sheets are mechanically locked together to assure perfect registration.

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The new Auto-Feed is available in a combination printer and processor, or as a processor alone. Your Peerless distributor will be pleased to demonstrate the Auto-Feed or the Standard Dri-Stat right in your own office... and in your normal office light.

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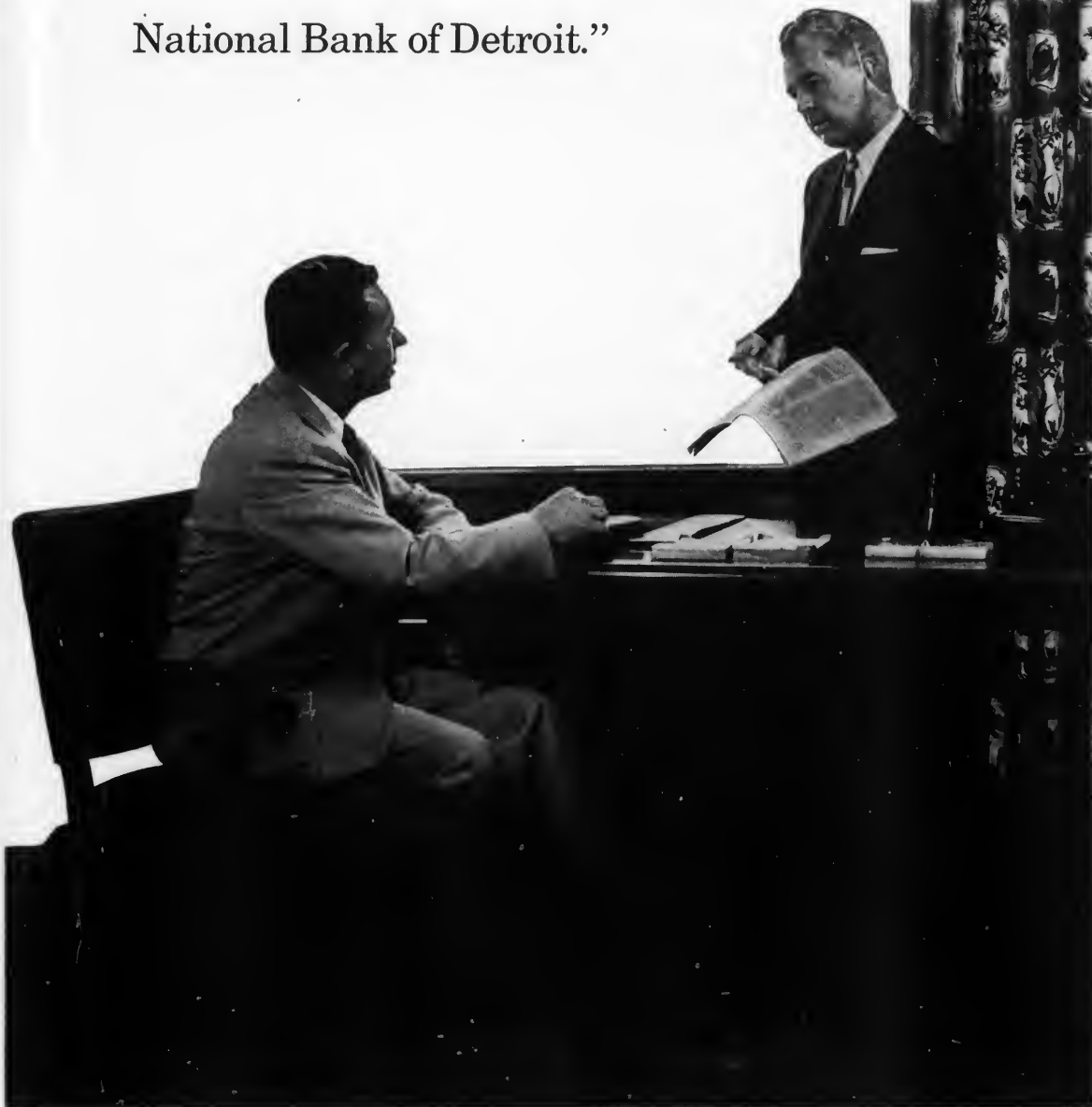
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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

creases is a figure commonly mentioned, and this would have an inflationary effect throughout the economy.

Steel officials no longer see any signs of a letdown during the last half of the year. This means they expect a new record in 1956. The present rate on an annual basis exceeds 126,000,000 tons.

Industrial prices generally are already showing a buoyancy that has thoughtful people concerned, but there is a growing scarcity of thoughtful people.

The lost art of worrying is nowhere more evident than in discussions of the stock market.

One well-known observer of business from the Washington tower says that when the market passes a reasonable relationship to current earnings, dividends and interest rates, it is on dangerous ground. The yield on stocks is now within 1% or less of the yield on giltedge bonds and generally less than the yield on sound mortgages.

Wholesale prices of everything with a high labor content have been rising. In their estimates on new plants and equipment, industries are allowing for higher prices of almost all capital goods. These high-labor-content items in the wholesale price index have been rising from 4% to 5% yearly and the effect of this should be watched.

There has been a considerable and steady price increase taking place in the over-all wholesale indexes since last June. It is still chiefly at the factory and wholesale level but is bound to appear on the retailers' shelves. What will be the consumer's reaction?

Paleface Lighthouse No Good

This is about as good a place as any to mention a recent article in *Human Events* by Howard Buffett, a Nebraska business leader who served four terms in Congress. He says that Government expenditures five years ago, in the midst of the Korean war, were \$44.6-billion and now, in this year of "peace," they are about \$20-billion more. He quotes Dr. Edwin G. Nourse, former Presidential economic adviser, as saying in 1951:

"The greatest thing we have to fear in the economy of the United States is a spreading fear as to the future of the dollar."

He also quotes Federal Reserve Chairman Martin, then (1947) head of the Export-Import Bank, as telling the House Banking and Currency Committee:

"In terms of lending [abroad] I am perfectly willing to say that I think we are in the danger zone now."

"Some years ago," wrote Mr. Buffett, "two Indians watched the building of a lighthouse along the rock-bound Massachusetts coast. One foggy day after the lighthouse was finished the Indians came down to see it in operation.

"Ugh," said one, "paleface lighthouse no good. Light shines, bell rings, horn blows, but fog come just the same."

Mr. Buffett feels a similar comment can be made about those who have been warning against inflation. Exposition, warnings, and prophesy fulfilled by events

have not had any effect. Despite the horn blowing and bell ringing, inflation has come in just the same.

Credit Barometer

The credit situation has been the cause of concern and debate, particularly the high level of consumer credit. Retailers generally report that the quality of such credit is good, the repayments high and repossessions low.

The very volume of the debt owed by consumers has been the subject of much speculation in official quarters and of soul searching by the financial fraternity. Unless thorough studies are made, there is little point in proclaiming the debt "too high" or too inflationary.

A proper perspective can be achieved only if the debt is related to savings; their totals and rate of accumulation; to delinquencies and many other factors. Such a study will be undertaken shortly by the Federal Reserve Board at the behest of the President's Council of Economic Advisers on instructions from the White House. The findings will, no doubt, prove salutary for the economy as a whole and provide a guide for lenders and borrowers alike.

Bank commercial credit expanded moderately at the beginning of the year but jumped rapidly as we moved into spring. Money is tight and banks have been borrowing from the Federal Reserve in order to meet demand. With the future calendar full of long-term corporate bond issues to finance capital expansion, the question inevitably arises whether the funds will be available.

The question faced by the Reserve System was whether to ease money in one way or another to accommodate the extraordinary demand or make it tighter as an anti-inflationary brake. The answer was given in raising rediscount rates.

Inventories, except automobiles, are not too high, nor expanding too rapidly in relation to sales. There are some signs, as in steel, of stockpiling to get ahead of higher prices but this does not seem to be general.

The West seems to be getting fat and tired and the Communists more boastful. A good part of the so-called free world seems more and more inclined to play it straight down the middle between the United States and Russia and collect from both.

Public opinion may be scared by an outbreak of hostilities between Israel and the Arabs beyond the skirmishes which have occurred so far. There is also the explosive situation on Cyprus where Greeks and Turks clamor for independence and annexation to their homelands as well as the end of the British protectorate rule.

North Africa, also, is still in a state of turmoil and could easily develop into a real trouble spot for the United States and Great Britain, threatening their bases in that part of the world. Even Ceylon is trying to push the British out of their bases on that island.

No wonder half the foreign reporters in the world were sent to Monaco to cover Romance. Let's hope there's a Cervantes someplace to give the contemporary scene of War and Marriage just the right Quixotic touch.

WILLIAM R. KUHN

BANKING

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