


# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUG

6

AUGUST 1953



## Executive Training

(page 33)

## Big Business Is Banking on Main Street

(page 55)

## Judging Future Loan Volume

(page 59)

◀  
Secretary of the  
Treasury

George M. Humphrey

(see pages 3 and 41)

▶

*Portrait  
of a  
Successful  
Banker*



**...WHO WILL BE IN THE HEADLINES TOMORROW**

We can't tell you exactly who this banker is, but we do know this about him: one of his trusted employees will soon be arrested for embezzlement — and he and his bank will go through a trying, perhaps disastrous, experience.

How can we be so sure? Because history repeats itself. And, in the light of the many recent and serious bank losses, it's certain that some bank, somewhere, is going to be next.

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By getting in touch with your local Ætna representative, you can call upon the skill and experience of Ætna's large staff of banking insurance experts, who have designed better protection for hundreds of banks.



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# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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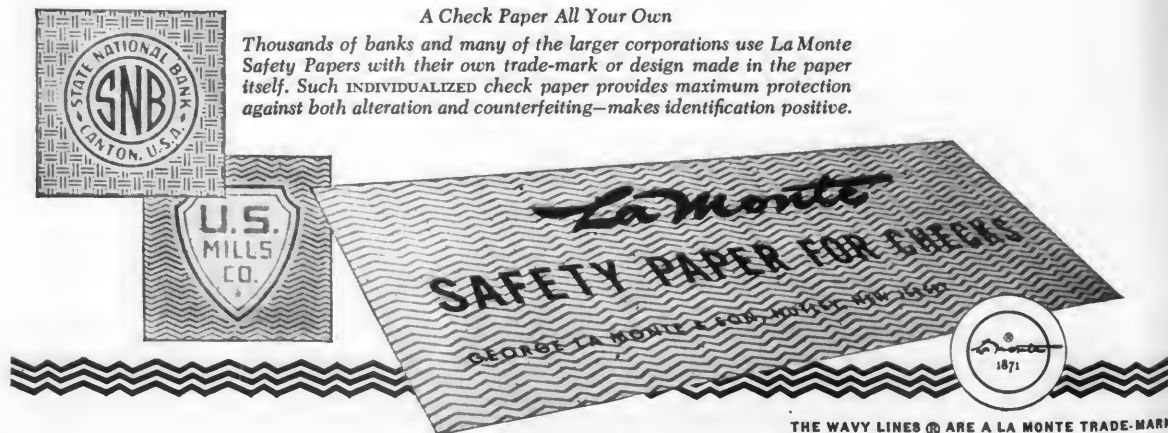


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# Just a Minute

## August Features

SEVERAL pages of this August issue are allotted to an expert discussion of executive training. In alert banks few subjects are receiving closer, more serious attention these days; it is, indeed, "hot."

We invited several banker officers familiar with and interested in this problem to join in a panel on management succession. We mailed them some questions, drafted with a view to bringing out important angles of the problem.

Their answers are presented in a form that simulates an actual panel. DR. LEROY LEWIS, national educational director of the American Institute of Banking, is the discussion leader, tying the participants' re-

sponses together in a "round table in print" that is worthy of careful reading (page 33).

We also think you'll like "Big Business Is Banking on Main Street." JOHN B. MACK, JR., sums up information gathered by BANKING from the treasurers of numerous national corporations on the extent to which these companies use the services of local banks and the assistance the corporations' units get from local bankers. This unusual story starts on page 55.

## Candidate for a Presidency

THE conversation among a small group in a corner of the club car turned to today's young people and the starting salaries they expect.



-All-  
"Brace yourself! She has that 'I've found a mistake in my statement' look!"

A man who had identified himself as the financial vice-president of a large steel company remarked that the 1953 crop of college graduates seemed to want about \$7,500 and a vice-presidency in return for their inexperience.

"But," he continued, "the other day I had a big, pleasant surprise. A young chap, still in the service, came to see me about getting a job when he's through with the Army (CONTINUED ON PAGE 5)



HORNTEL

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

## THIS MONTH'S COVER

On our cover this month we have a portrait of the Secretary of the Treasury, George M. Humphrey. At numerous appearances before congressional committees, in speeches and in TV appearances, Secretary Humphrey has made clear his philosophy of Government finance. A brief outline of his fiscal views appears on page 41

## The Staff

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BANKING is a member of the Audit Bureau of Circulation, the Magazine Publishers Association, Inc., and the Society of Business Magazines Editors



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BANKING—Vol. XLVI No. 2. Published monthly at 5601 Chestnut Street, Philadelphia 39, Pa. Copyright 1953 by the American Bankers Association, Harold Stanler, Executive Vice-president, Merle Selecman, Executive Manager, 12 East 36th Street, New York 16, N. Y., U. S. A.

Send Editorial, Subscription and Advertising Communications to 12 East 36th St., New York 16, N. Y., U.S.A.

Chicago office, 105 West Adams Street, Chicago 3, Ill.; Washington office, 719 Fifteenth Street, N.W. Subscriptions: \$4.50 yearly; Canada, \$5.00; foreign, \$5.50; single copies, 50 cents. Entered as second-class matter at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

Circulation Manager ROBERT M. ROHRBACH

# Another Great Development from PHILCO



## ...as Room Air Conditioning Comes of Age!

You see here the most compact console-style air conditioner ever built. It is the latest *exclusive* development in Philco's 16 years of leadership in one of America's great growth industries—ROOM AIR CONDITIONING.

In this remarkable new unit, the entire cooling system is self-contained in the space-saving cabinet, *yet the unit does not extend outside the window*. As a result, room air conditioning now becomes possible for thousands of buildings where restrictions exist against outside extensions on windows.

This solving of a problem through research and engineering is typical

of Philco's dynamic leadership since 1938 in building this rapidly expanding industry to its present proportions.

For when Philco entered the air conditioning field, it brought to the industry a tremendous knowledge of public tastes and skill in merchandising to them. Philco led the way in making air-conditioning a full-time dealer business, instead of a sideline, and the industry began to grow.

Since the War, these Philco "firsts" have spurred room air conditioners into today's substantial sales—

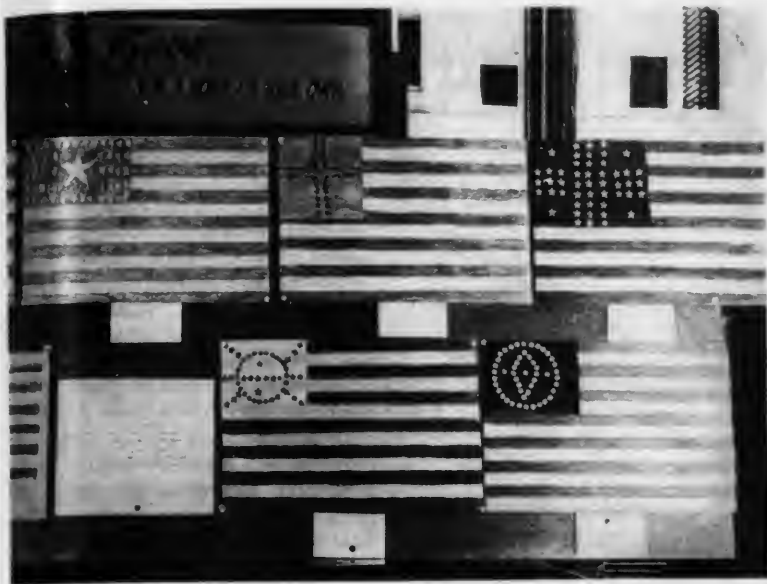
*The first hermetically-sealed power system . . . first true Automatic Tem-*

*perature Control . . . first Bedroom air conditioner . . . first Console for casement windows . . . and, more recently, the amazing first reverse cycle room air conditioner that cools in hot weather and heats in cool weather without electric coils!*

Once again—as in Radio, Television, Refrigerators, Freezers, and Electric Ranges—Philco's unusual technique of Research integrated with Engineering and Merchandising, has paid off in industry leadership.

*And the end is not in sight!*

ANOTHER FIRST FROM **PHILCO** RESEARCH



The Canarsie office of The Greenpoint Savings Bank, Brooklyn, N. Y., invited elementary school pupils to design a 49-star flag. The only limitations specified were that the suggested changes be confined to the arrangement of the stars in the field, and that the logical arrangement of seven stars in each row be excluded. First consideration was given to originality and good composition. The designs submitted by the youngsters were displayed in the bank; a few of them are pictured above. "It's surprising," says the bank, "how much ingenuity young people put forth when they're presented with a challenge and given freedom of approach to meet it"

(CONTINUED FROM PAGE 3)  
a couple of months hence. He was a graduate of a prominent eastern university's engineering school, and I figured, before he'd really started to talk, that here was another candidate for my office chair.

"Well, I've never been so wrong. Believe it or not this boy said he wanted to learn the steel business and was ready to start at an open hearth. Would I take him when he was ready?"

Someone interrupted to remark that this fellow would be president of a steel company some day.

"You're just right," agreed the speaker. "And maybe mine. Anyway, he starts working for me the day he's discharged from the Army. And he'll get his open hearth."

#### Americana

IN our Chicago office's mail the other morning was a note from E. H. DAVIS of John Nuveen & Co., a municipal bond house. MR. DAVIS said he was enclosing "rather ancient copies of information supplied by the American Bankers Association which turned up while we were rummaging through our files."

Item 1 is a bright, fresh copy of the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION for April 1909—No. 10 of Vol. 1. The contents included articles on money orders and travelers checks, the beginnings of the A.B.A. Library, reports on the activities of the Association's various sections, legal notes and opinions, the Protective Committee's monthly report, membership changes, and a roster of A.B.A. committees and officers.

Item 2 is the March 1909 Bulletin of General Information issued to members by Pinkerton's National Detective Agency. Banks are requested "not to loan or part with it, except in an emergency to further the ends of justice." Between the gray covers are descriptions of wanted forgers and swindlers, and of vault and safe burglars—"the most expert criminals of that class."

#### Migration

THE BOWERY SAVINGS BANK of New York has published an unusual little booklet, "Are New York's Business Offices on the Way to the Suburbs?"

The pamphlet lists several large companies which, it has been ru-

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California

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plus tax

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How important to the continued operation of your business are your mortgages, deeds, blue prints, books, maps, drawings, manuscripts? Worth more than their weight in gold to you, aren't they?

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mored, have decided to move or contemplate moving their executive offices from the metropolis to the suburbs. It also names some companies that are coming to the city.

"What factors have caused so many large companies to consider the question of location recently, irrespective of whether the decision has been to move out of the heart of the metropolitan area, or to stay in New York City?" asks the bank.

"The answer is growth, expansion and prosperity. The expansion in production and employment that occurred during the second World War and continues at present has required increased productive facilities and corresponding expansion in executive departments. Office quarters are being outgrown all over the country, not merely in New York. More space is required by company after company, the only question being where to find it.

"War tends to make men's thinking more fluid. During the postwar period, therefore, corporate officers were less likely to be accused of shallow thinking if they suggested consideration of all possible locations for a new office, city, suburban or rural. Most companies have approached the question in an open-minded manner and some have de-

(CONTINUED ON PAGE 11)

The first drive-in rail ticket window is now being operated in Richmond, Va., by the Chesapeake & Ohio Railway in cooperation with the First and Merchants National Bank. The traveler calls the railroad's main office, orders his ticket and reservation, and then drives in to pick up and pay at his convenience. The C & O has this service at two Richmond locations and is planning others in this city and elsewhere



BANKING



Are you looking for sound, practical mortgage investments . . .  
 looking for attractive, up-to-date homes  
 that offer excellent value in today's housing market,  
 as well as high resale value in years to come?  
 Then consider . . .

# Why Gunnison Homes are a good mortgage investment

**Planned For Comfort**—Carefully designed to give homeowners the features they want, a Gunnison is an easy-to-live-in house. Details like sliding closet doors, Perimeter heating, and functional traffic arrangement mark the Gunnison as a modern house that will stay modern.

**Soundly Constructed**—A Gunnison is rigid, durable . . . built to last. Gunnison Homes—famous subsidiary of U. S. Steel—has pioneered in the advanced precision-engineering methods which result in better-built houses at lower cost.

**Versatile**—Variations in size, exterior finish and color, window treatment, and architectural detail give each Gunnison Home a look of individuality. Carrier year-round air-conditioning and Hotpoint all-electric kitchen and laundry equipment are optional features which are getting an enthusiastic reception from the home-buying public.

You perform a real public service when you encourage the construction of well-built, low-cost Gunnison Homes . . . and you protect your depositors when you invest in superior mortgages in the \$6500 to \$12,000 range.



"Gunnison"—trade-mark of Gunnison Homes, Inc.



## Gunnison Homes

Manufactured by Gunnison Homes, Inc., New Albany, Indiana

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 New Albany, Indiana

Please send me free copies of your new booklets, "Gunnison Homes Plan For Better Living" and "Let's Choose a Gunnison Home."

Name.....

Company.....

Address.....

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

JUN 24 1953 UNITED STATES STEEL

# THE COMPANY THAT

(A sad ad that ends up glad)



AMERICAN MUTUAL



Service from salaried representatives in 78 offices! Savings from regular substantial dividends!

# FELT RATHER LOW!

by Mr. Friendly

**I** saw a sight I could hardly ignore . . .

The Board of Directors lay on the floor!  
The President sighed, "You might as well know  
We're somewhat depressed. We feel rather low."

He sobbed in the rug, then said with a frown,  
"Accidents seem to have gotten us down . . .  
Morale, production and profits are at  
A low that has left us flatter than flat!"

That's when I showed them, right then and there,  
How we had one company walking on air . . .  
So accident free\* that their spirits rose  
And they had to tie anchors onto their toes!

## \*HOW WE SAVED PEOPLE, PROFITS AND PRODUCTION

*(An American Mutual Brief Case)*

**Company:** New England Wire Manufacturer.

**Problem:** Increasing number of accidents, high insurance rates, poor production, due to 325% business expansion in 2 years.

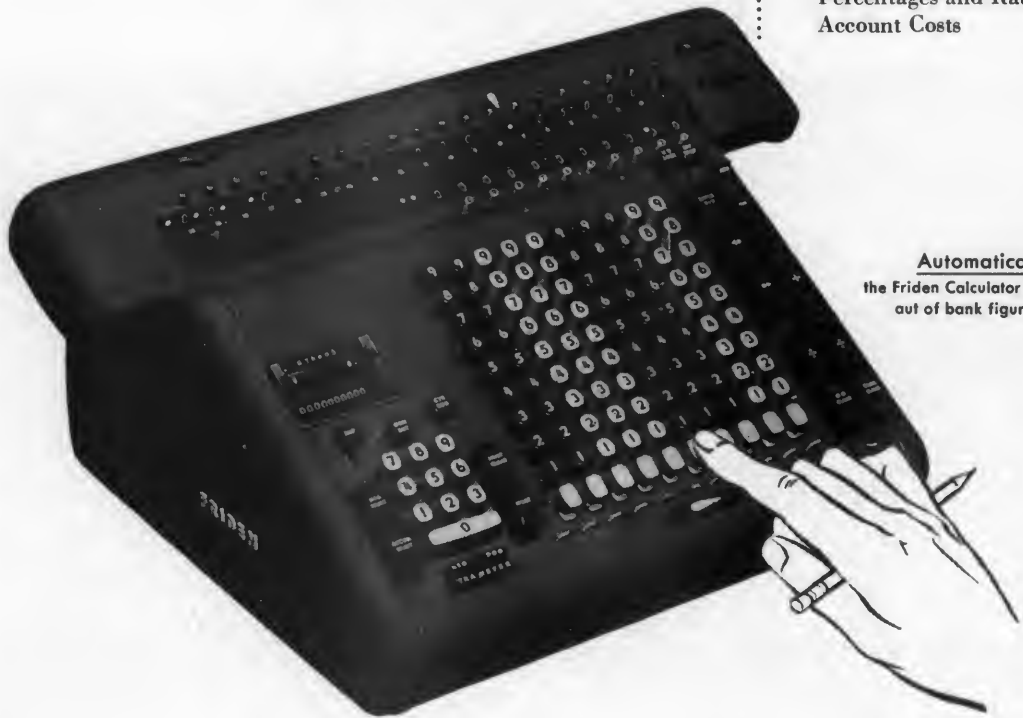
**Solution:** Our job-safety analysis program helped reduce accident frequency 40% . . . reduced insurance costs, pro-

duction costs!

**Offer:** For complete details on this dramatic safety engineering case study, plus 6 other outstanding accident-control achievements, write for "The Case Book of Safety Engineering at Work," American Mutual Liability Insurance Company, Dept. B-16, 142 Berkeley Street, Boston 16, Mass.

YOU'RE NOT HANDLING FIGURES FAST UNLESS YOU'RE FIGURING FRIDEN-FAST ON...

Savings Account Interest  
Account Analysis  
Bond Prices, Yields, Invoices  
Amortization  
Federal Reserve Discounts  
Interest on Notes, Mortgages,  
Small Loans  
Average Daily Balances  
Foreign Exchange  
Average Daily Float  
Percentages and Ratios  
Account Costs



Automatically  
the Friden Calculator takes work  
out of bank figure-work

## Compute Savings Account Interest with

# New Accuracy on the Friden

**M**ANY ERRORS that pile up overtime and cause friction with bank customers can be stopped by mechanizing figure-work with the fully automatic Friden Calculator.

This assurance can be given because the Friden will perform more figure-work steps *without operator decisions* than any other calculator ever developed. Reduce the number of decisions required from the operator... transfer these decisions to the Friden... and accuracy is automatic, resulting from Friden extra thinking.

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OF AMERICAN BUSINESS

Friden sales, instruction and service available  
throughout the U.S. and the world.  
FRIDEN CALCULATING MACHINE CO., INC.,  
San Leandro, California

(CONTINUED FROM PAGE 6)

ecided upon suburban locations. In all cases, however, the question was brought to the forefront by the exigencies of growth, expansion and prosperity."

In conclusion, the Bowery finds that no general migration into Suburbia is afoot. "Movement of companies out of the city and other companies to the city goes on continuously as it always has. Occurrences in recent months are not of sufficient magnitude to suggest that any new or revolutionary influences are at work to change or intensify the trend one way or the other."

### Treasury Gallery

IN the offices of high Treasury officials and in the corridors of the building Washington visitors see oil paintings of past Secretaries of the Treasury, Comptrollers of the Currency and a few others. John W. Snyder's portrait still graces the suite occupied by the present Secretary.

But recently those of Judge Vinson and Henry Morgenthau, Jr., were moved to a downstairs corridor where they share historical honors with Secretaries Daniel Manning, Walter Q. Gresham and William Windom.

Here's the old bank on "A Street in Old Milwaukee." The men, left to right, are Vice-president Robert A. Zentner, Vice-president George F. Kasten, and Assistant Vice-president Donald A. Harper of the First Wisconsin's Banks and Other Customer Services Department



### A Bank Turns Back the Clock

IF you're in Milwaukee this summer, don't miss "A Street in Old Milwaukee," built by the First Wisconsin National Bank in celebration of its 100th anniversary.

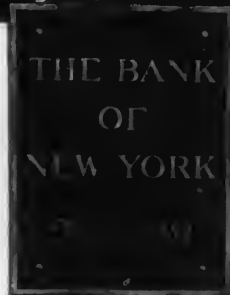
The 1853 thoroughfare, laid out on land adjoining the bank's building, accurately reconstructs the environment of Milwaukee business a century ago. On one side are the establishments of a furniture and cabinet maker, a dry goods merchant, a tobacconist, a book dealer, a druggist, a seller of general merchandise. There's an old lager beer hall, too.

Of unusual interest is the reproduction of the Farmers' & Millers' Bank, ancestor of the First Wisconsin. This building is furnished with items salvaged from the present institution's storerooms. Other equipment, including a lamp, pictures and desk accessories, were loaned by the Milwaukee County Historical Society. Mannequins representing customers and employees and dressed in costumes of 1853 help turn back the clock.

The other side of the street is mostly open. Here comfortable benches invite visitors to leisurely contemplation.

The Farmers' & Millers' is the only

## BANK SIGNS *in dignified bronze*



Picture the name of your bank in enduring bronze and aluminum . . . the names of your personnel in handsome desk plates of the same dignified metal.

Let us show you how we can give you the very finest signs, desk plates and bulletin boards to suit your every need . . . at most economical prices.

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### DESK NAMEPLATES

2"x10" one line of copy \$7.50

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on bronze easel—other styles available

"Bronze Tablet Headquarters"

**UNITED STATES BRONZE SIGN CO., Inc.**  
570 Broadway Dept. B New York 12, N. Y.

*Is depreciation  
"anybody's  
guess?"*

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OFFICES IN PRINCIPAL CITIES

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and  
Emerald Jewelry  
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BIDS SUBMITTED

INQUIRIES INVITED  
BY BANKS

*Jewels Appraised  
for Estates*

## VARTANIAN & SONS

608 Fifth Avenue, New York 20, N. Y.

## JEWELRY

FROM

## ESTATES

**PURCHASED  
APPRAISED  
BIDS SUBMITTED**

*Jewels of Any Description*

**DIAMONDS**

**PEARLS**

**EMERALDS**

**SAPPHIRES**

**RUBIES**

**GOLD, SILVER OR PLATINUM  
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MANUFACTURERS TRUST CO.**  
513 FIFTH AVE. • NEW YORK, N. Y.



Three "old settlers" pause for a picture (taken before the 1853 street was opened to the public) at the hitching rail in front of a store

building that is an entire room; the shops and stores are facades and front windows, the latter filled with authentic merchandise and other articles provided by the state and local historical societies, the library, and old families and businesses. Many of the structural parts, such as cornices and paneling, came from a venerable Milwaukee house.

The street is open to the public 24 hours a day and guarded by special policemen. During the first week it was visited by 34,000 persons. By early July the count had crossed 100,000, and by the end of the summer the bank estimates that more than 500,000 people will have taken this little journey into the past.

Special groups which have been the bank's guests on the street include the directors, the staff and families, representatives of Milwaukee firms that are more than a century old, delegates to the annual convention of the Wisconsin Bankers Association, and members of Milwaukee Control, Comptrollers' Institute of America. Several other groups are scheduled.

"By actual count," reports LAWRENCE J. SMOTHERMAN, the bank's director of public relations, "we find that 300 to 400 people go through the street after midnight. They include workers who stop by on their way to the early shift at

daybreak, and late shoppers who are downtown the evenings the city's stores are open.

"The popularity of the exhibit has far surpassed our expectations."

\*\*\*\*\*

*All you need to get ahead is back-bone—and some liniment to rub on it occasionally.*

Some people can pat you on the back while they sock you on the chin.

*With a large rear vision mirror on his truck, the driver who can't hear your horn can still get a good laugh out of the situation.*

The way to make an enemy is to talk to a friend as only a friend should.

*No leader remains great who permits his followers to find out he is as dumb as they are.*

When you merge two businesses, one is often submerged.

*Some countries claim they are suspicious of the American dollar, but they don't send any of them home.*

It's strange that the fellow who always wants the most has the least with which to buy it.

If a young couple...  
can pay \$70.00 a month  
for this



...aren't they a good risk for  
\$4.80 a month more  
for this?



We think so—and we think you do, too!

Furthermore, *you* can make this very type of financing plan available to new homeowners under the "Package Mortgage" plan.

Under the terms of the mortgage, the cost of dependable General Electric Kitchen and Laundry appliances is amortized over the period of the mortgage.

Actually, it makes homeowners better risks, for they need not acquire these necessary appliances under short-term obligations.

Such homeowners also have truly modern houses, ones they are proud to maintain.

Why not send for free literature that explains to prospective homeowners the convenience of the "Package Mortgage" and other methods of financing?

Write to: Home Bureau, General Electric Company, Louisville 2, Ky.

GENERAL  ELECTRIC

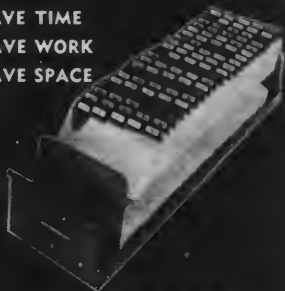
# Le Febure

## M-K ADJUSTO TRAY-BINDERS and Hi-Lo STANDS



## Le Febure SORTERS

SAVE TIME  
SAVE WORK  
SAVE SPACE



## STEEL BANK and OFFICE UNITS

to fit your needs and space.

Tray housing, counter units, teller units, accounting machine desks, savings tubs, money buses, double capacity files and cycle billing equipment . . . insulated if required

TRAINED REPRESENTATIVES  
IN MOST PRINCIPAL CITIES



Complete Line of Tray-Binders, Stands, Record Handling and Housing Equipment.

**Le Febure**  
CORPORATION  
CEDAR RAPIDS, IOWA



WHEN our bank installed, at the local ball park, a large signboard advertising its services, it made a special offer to pay \$5 to any player who knocked a home run over that sign.

It was just a gesture of goodwill, and the bank did not expect to "cash in" in any way by the possible contribution. However, in a rather unusual way this "casting of bread upon the waters" brought a unique return.

Two ball players made the specified home runs and were awarded according to promise in the routine way. The third time was different.

About the middle of June the bank announced an increase to 2½



percent interest on savings, effective July 1, and began advertising a thrift campaign, seeking to obtain additional deposits.

Just the day before the drive started, a home run was knocked over the sign—the third time this had been accomplished.

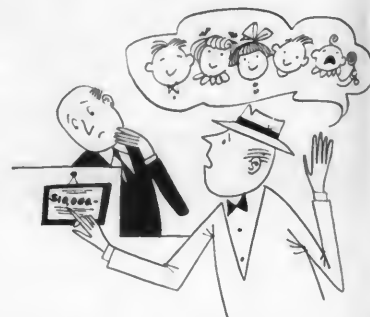
Until the skillful player's name was learned, it was just a routine matter. When it was discovered that the name of this winner was

"Thrift," however, the opportunity was too good to miss. The bank capitalized on it. Instead of the regulation \$5 reward, Mr. Thrift was presented with a savings account of \$25, because of the appropriate timing of his home run and because of his decidedly appropriate name. The incident was publicized in the newspapers and over the radio, and this lucky break really gave the thrift campaign a good sendoff—after all, it was something that probably wouldn't happen again in a million years!

NO MATTER how carefully one advertises, it seems, there is always a loophole for some misunderstanding.

Take, for example, the customer who arranged in our instalment loan department for the financing of a car.

Along with the loan he arranged for term life insurance which would



pay off the loan in case of his death before the loan had been repaid.

After the deal was concluded, he said to the loaning officer, "I've been meaning to ask about this here insurance on accounts you folks advertise—that 'up to \$10,000 insurance on each account' business. I've got a little savings account in this bank—\$300 or \$400—and I've been wondering if it wouldn't be a good thing for me to take some of that insurance. If I could get life insurance on it like I have on this loan, so if I would die suddenly my wife could get \$10,000 instead of just the amount in the savings account, it would be a mighty good thing, seems to me, if it doesn't cost too much.

"With five youngsters to raise, that \$10,000 would sure come in handy!"

BELLE S. HAMILTON



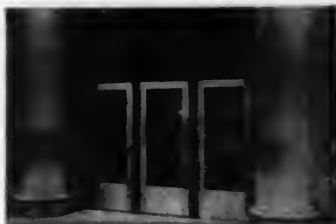
## MARINE MIDLAND BANK:

# Modernized for added depositor-appeal and greater working efficiency

THESE "before" and "after" pictures show what a big difference a little remodeling can make in the appearance of a building. This Binghamton, N. Y., bank has become a friendlier, more progressive looking establishment . . . thanks to liberal use of Pittsburgh Products in modernizing. The open-vision effect helps banish the feeling of formality usually associated with banks, extends a friendly invitation to the public to come in.

Modernization means better business for the retail properties you handle, too. By adding greater eye-appeal to the store properties, you attract good tenants, make the stores better revenue producers. Remember, also, that many alert merchants in your locality are planning improvements on their stores. This could mean a substantial source of additional revenue for your bank, for many of them require money to carry out their programs. We believe that modernizations make sound loan risks.

For examples of how other banks have built better business through Pittsburgh modernizations, send for our free booklet. It describes many Pittsburgh Products in detail and gives suggestions for improving all types of retail properties. Just fill in and return the coupon.



This Pittsburgh Front says "welcome." Pittsburgh Products used in the modernization include Polished Plate Glass, Pitco De Luxe Store Front Metal, special bronze Pittsburgh Doorways and the Pittcomatic automatic door opener on the inner doors. Why not use eye-catching Pittsburgh Products to give *your* bank added depositor-appeal?

**Store Fronts  
and Interiors  
by Pittsburgh**



Pittsburgh Plate Glass Company  
Room 3303, 632 Fort Duquesne Blvd., Pittsburgh 22, Pa.

Without obligation on my part, please send me a FREE copy of your modernization booklet, "How To Give Your Store The Look That Sells."

Name .....

Address .....

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



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

**PITTSBURGH PLATE GLASS COMPANY**

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

# Your Press Relations

On this page each month members of the working press talk over a practical question on bank press relations. Send us YOUR question. We'll submit it to an expert or two and you'll get the answer here. Your name and the bank's will be withheld if you so desire.

## QUESTION

In holding a press conference, is it necessary to "entertain" the reporters— at lunch, say?

FRED NIENDORFF, financial editor, *Post-Intelligencer*, Seattle.

WHETHER it is advisable in holding a press conference to entertain reporters at lunch strikes me as raising a question concerning the difference between Tweedledee and Tweedledum.

Why should or should not bankers wishing to speak to members of the press, collectively or individually, entertain them at lunch?

We are assuming for the discussion that a luncheon is considered "entertainment," even if a refreshing liquid draft or two is thrown in for good measure.

I, for one, have attended all kinds of so-called press conferences, with and without luncheon or other entertainment. I have never assumed that because a luncheon, or dinner for that matter, was thrown in as part of the conference, my integrity as a newsman was being challenged.

Editor Niendorff



Luncheon as a place for discussion has become almost an established institution among business groups everywhere. Among other things, it has the merit of saving time for both sides. Whether it is good dietetic practice is something else, of course.

I have saved much time, and so have my banker friends, in sitting down to a luncheon to discuss a banking or business problem or story, and neither of us ever left the table feeling beholden to the other, no matter who picked up the tab.

Raising a question as to the propriety of entertaining reporters at a luncheon press conference would seem to imply that newspaper men are gullible adolescents and that in making a luncheon part of the conference the banker hosts are a scheming lot who wish to sell the press a bill of goods that otherwise would gather dust on the shelf.

The absurdity of such implications should be apparent at once. No newspaperman worthy of his profession could be swayed one way or the other in the handling of a story by the acceptance of a free lunch or other innocent entertainment. If he were, his boss would soon find it out and fire him.

Neither, I am sure, would any banking group feel there was anything of consequence to gain by combining a luncheon with a press conference, unless it be a modicum of goodwill. What's wrong with goodwill?

So let's combine the luncheon with the press conference, if that is more convenient, and reserve the magnifying glass of recitudinal introspection for issues of importance.

GUY T. ROCKWELL, financial editor, *Plain Dealer*, Cleveland.

I HAVE rather strong feelings about this assignment. In expressing my thoughts here I am representing no one but myself and do not want to convey the idea that I'm "carrying the flag" for the industry.

It seems to me that luncheon press conferences are just time-consuming affairs that benefit neither the concern tendering the luncheon nor the newspaper. The value of getting acquainted at such affairs is more than offset by the time consumed. So far as a concern "getting a break" on a story by buying a luncheon or a few cocktails, or both, that theory must

(CONTINUED ON PAGE 18)

Editor Rockwell





## Construction Equipment Is A Sound Investment When Backed By Dependable Dealer Service

The ability of modern earth-moving equipment to complete a job on schedule — and at an operating cost which assures fair profits — depends to a large extent on the dealer's continued interest in the machinery after it is sold. An Allis-Chalmers dealer backs up his sales with dependable service, sound technical knowledge, a competent staff and complete, modern facilities.



### THOROUGH EQUIPMENT KNOWLEDGE

In order to analyze a customer's needs, dealer salesmen must know how each size and type of machine will perform under all operating conditions. To gain this knowledge, they attend regular courses at the Allis-Chalmers Industrial Training Center to learn the mechanics as well as the operation and application of each unit.

as well as the operation and application of each unit.



### FACTORY-TRAINED SERVICEMEN

Dealer servicemen are thoroughly instructed by factory representatives. They learn to diagnose mechanical difficulties and the proper and

most efficient methods of handling all service problems, from minor adjustments to major overhauls. Through preventive maintenance and by eliminating the "guess" from service work, these mechanics keep equipment on the job, hold costly down time to a minimum.

### COMPLETE PARTS AND SERVICE FACILITIES

An Allis-Chalmers dealer maintains complete stocks of parts and modern, fully equipped shops — and big flat-bed trailers to haul equipment in for major repairs. For fast field service, dealer trucks equipped with tools and parts are always on call to check and service equipment right on the job.



**ALLIS-CHALMERS**  
TRACTOR DIVISION • MILWAUKEE 1, U. S. A.





# THE DETROIT BANK

## Statement of Condition

June 30, 1953

### RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$120,931,916	
UNITED STATES GOVERNMENT OBLIGATIONS . . . . .	304,902,031	
<i>(Due within one year \$85,073,724)</i>		
<i>(Due 1 to 5 years \$135,045,795)</i>		
STATE AND MUNICIPAL SECURITIES . . . . .	69,621,146	
<i>(Due within 5 years \$56,830,460)</i>		
CORPORATE AND OTHER SECURITIES . . . . .	7,774,857	
<i>(Due within 5 years \$6,771,851)</i>		
LOANS AND DISCOUNTS . . . . .	\$110,557,785	
REAL ESTATE LOANS . . . . .	91,883,687	202,441,472
FEDERAL RESERVE BANK STOCK . . . . .		765,000
BANK PROPERTIES AND EQUIPMENT . . . . .		3,978,455
ACCRUED INTEREST AND PREPAID EXPENSE . . . . .		2,631,085
CUSTOMERS LIABILITY ON ACCEPTANCES AND CREDITS . . . . .		219,663
OTHER ASSETS . . . . .		79,872
TOTAL . . . . .		<u>\$713,345,497</u>

### LIABILITIES

DEMAND DEPOSITS:		
INDIVIDUALS, CORPORATIONS AND OTHERS . . . . .	\$319,782,938	
U. S. GOVERNMENT . . . . .	10,941,339	
OTHER PUBLIC FUNDS . . . . .	19,983,942	
		\$350,708,219
SAVINGS DEPOSITS . . . . .		325,427,164
TOTAL DEPOSITS . . . . .		<u>\$676,135,383</u>
UNEARNED INTEREST . . . . .		1,731,686
ACCRUED EXPENSES AND TAXES . . . . .		2,792,902
ACCEPTANCES AND LETTERS OF CREDIT . . . . .		219,663
CAPITAL—COMMON (750,000 SHARES) . . . . .	\$ 7,500,000	
SURPLUS . . . . .	18,000,000	
UNDIVIDED PROFITS . . . . .	5,477,579	
GENERAL RESERVES . . . . .	1,488,284	32,465,863
TOTAL . . . . .		<u>\$713,345,497</u>

United States Government Securities in the foregoing statement with a par value of \$24,590,000 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$7,900,843.

### • DIRECTORS •

- WALKER L. CISLER  
*President*  
*The Detroit Edison Co.*
- CHARLES A. DEAN, JR.  
*President-Treasurer*  
*Dean Chemicals, Inc.*
- CHARLES H. HEWITT  
*Executive Vice-President*
- RALPH HUBBART  
*Chairman of the Board*  
*Allied Products Corp.*
- GEORGE W. MASON  
*Chairman of the Board and*  
*President*  
*Nash-Kelvinator Corp.*
- JAMES McMILLAN  
*Vice President and*  
*Treasurer*  
*Boyer-Campbell Co.*
- H. GRAY MUZZY  
*Chairman of the Board*  
*Federal-Mogul Corp.*
- RAYMOND T. PERRING  
*President*
- HARRY L. PIERSON  
*Chairman of the Board*  
*Detroit Harvester Co.*
- CLEVELAND THURBER  
*Acting Chairman of the Board*  
*Senior Partner*  
*Miller, Canfield, Paddock*  
*& Stone*
- HERBERT B. TRIX  
*President*  
*W. M. Chace Co.*
- NATHAN T. VIGER  
*Vice President and*  
*Secretary-Treasurer*  
*Whitney Realty Co., Ltd.*
- C. DAVID WIDMAN  
*Director*  
*The Murray Corporation*  
*of America*

MAIN OFFICE • GRISWOLD AT STATE • DETROIT, MICHIGAN

37 Offices Throughout the City

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

OVER ONE HUNDRED YEARS OF SERVICE

# Heard Along Main

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

## Trefz Memorial

A memorial fund has been established in honor of RICHARD W. TREFZ, president of the Arkansas Valley Bank, Pueblo, Colorado. MR. TREFZ died suddenly while on his silver anniversary trip to Europe.

Because of MR. TREFZ' interest and faith in youth, the fund will be used to educate worthy ministerial students.

All who wish to help the fund may send their contributions to the Rev. Clare E. Tallman, First Presbyterian Church, Pueblo, Colorado, or the Arkansas Valley Bank.

C. FRANCIS COCKE, president of the First National Exchange Bank of Roanoke, Virginia, and past president of the American Bankers Association, has been reelected president of Hollins College, Roanoke. J. HARVIE WILKINSON, JR., executive vice-president of State-Planters



Wilbur T. Blair



J. Philip Smith



Hugh M. Marsh



Edwin M. Smith

Bank and Trust Company, Richmond, was elected a trustee for a five-year term.

WILBUR T. BLAIR, vice-president of the Cincinnati branch of the Federal Reserve Bank of Cleveland, has resigned to become vice-president of the Sharon Steel Corporation, Sharon, Pennsylvania.

J. PHILIP SMITH has been advanced to vice-president of The Second National Bank of Boston. Prior to joining the bank ten years ago, MR. SMITH was an investment counselor. He has been assistant vice-president and trust officer in charge

of the trust department's research and security analysis department.

Vice-president HUGH M. MARSH, JR., of Irving Trust Company, New York, has been named assistant head of the branch office division. He is succeeded as vice-president in charge of the Woolworth branch office by EDWIN M. SMITH.

## Craig B. Hazlewood

CRAIG B. HAZLEWOOD, president of the American Bankers Association in 1928-29, died in Chicago on June 25 at the age of 70. He had been vice-president and director of The First National Bank in Chicago, but retired in 1938 because of ill health.

MR. HAZLEWOOD was a pioneer in Chicago Chapter, American Institute of Banking, and was a leader in A.B.A. affairs for a number of years. He was one of the organizers of the State Bank Division of the Association and served as president. He was also a past president of the Association of Reserve City Bankers and of the Bankers Club of Chicago.

He is survived by his wife, two daughters, a son, and a brother.

Western Europe has improved tremendously in its economy during the past three years, according to ALLARD A. CALKINS, chairman of the board of the Anglo California National Bank. MR. CALKINS returned recently from a two-month trip during which he visited with bankers and businessmen in Eng-

Robert V. Fleming, president and chairman of Riggs National Bank of Washington, has presented to the Treasury Department for its permanent possession this Treasury note identified as the first Federal security sold to finance the Civil War. The historic document was accepted for the Treasury by Secretary Humphrey, and will be placed in the Treasury archives



# Street

land, Scotland, Switzerland, The Netherlands, Belgium, France, Denmark, and Western Germany. The greatest strides, he said, have been made by The Netherlands, Belgium, Denmark, and Western Germany. All in all, "Europe looks much better and feels much better than it did three years ago."

In its 13th annual competition for financial reports, *Financial World* has cited for final judging the annual reports of 68 national banks, six savings banks, and 44 trust companies.

WILLIAM A. MOORHOUSE has been named consumer credit department manager for the First National Bank of Manchester, Connecticut, and for its branch in Colchester.

## Warren B. Unbehend

WARREN B. UNBEHEND, president of the Lincoln National Bank and Trust Company, Syracuse, New York, died in the directors' room of the bank on June 24, his 61st birthday. He was named vice-president of the bank in 1930, and had been president since 1939.

MR. UNBEHEND was a former member of the board of regents of The Graduate School of Banking and was a graduate of the school, Class of 1941. He is succeeded as president of the bank by CARL H. MAAR, formerly executive vice-president.

LINCOLN SAVINGS BANK of Brooklyn, New York, recently held its sixth blood donor day at its Brighton Beach Office which resulted in collection of 225 pints of blood. The bank put on quite a promotion which included spot announcements during the Dodger baseball game broadcasts, courtesy F. & M. Schaefer Brewing Company, one of the broadcast's sponsors. Two additional blood donor days are scheduled for next fall at different offices of the bank.



Banker Crouse at the wheel of the car he built in spare time and vacations

THE BANK FOR SAVINGS, New York, celebrated in July its 134th birthday. Looking into its past, the bank noted that on its first day 80 depositors banked a total of \$2,807. An ostler, currier, cooper, boatman, and merchant were among the occupations given by these first depositors. The bank now has four offices serving over 200,000 savers.

## From Small Beginnings

START with a wrecked automobile, add some discarded bank fixtures and assorted chunks of various cars, plus one banker with imagination, ambition, and know-how and you end up with the stylish convertible shown above.

The banker is E. R. CROUSE, cashier of the Fayette County National Bank, Fayetteville, West Virginia. He acquired a 1950 Ford with its body completely wrecked but the chassis O.K. and with low mileage. He drafted no plans, making only

mental blueprints to produce the low, flowing lines found in European sports cars.

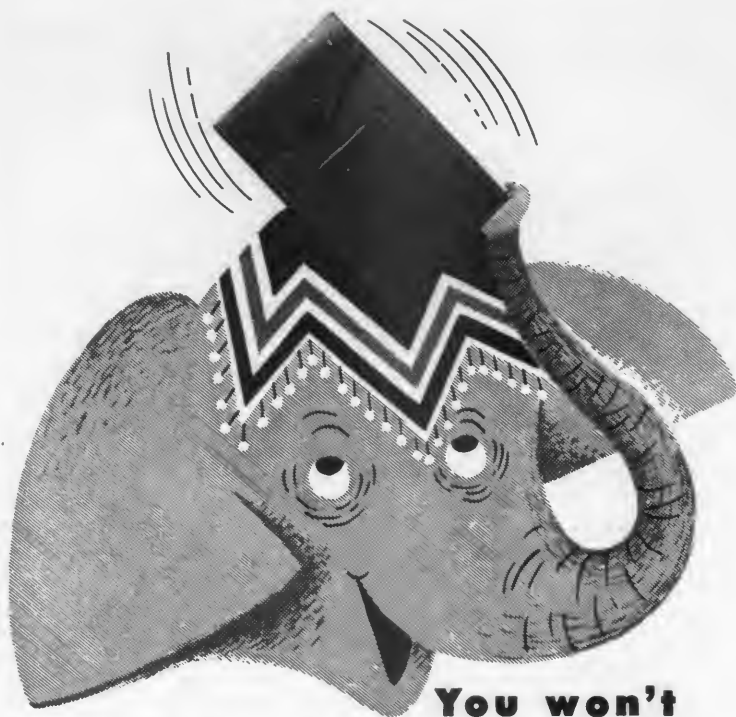
The car was built in the basement of a friendly garage owner who allowed Mr. CROUSE to use his tools. An expert welder was hired for certain vital parts, and an upholsterer made the seats and top—the rest, as the banker describes it, was "blood, sweat, and tears."

Work on the sports car was begun in January 1951 and finished early this year. The wrecked body was discarded and the new body was fashioned from parts of various cars. The front fenders are pure Pontiac; the rear fenders are Dodge; the whole body is a mixture of five cars. The paint is cream, the upholstery brown, and the dashboard is padded. There's no chrome—except for the bumpers. The radiator grille and monogram are of solid bronze—made from discarded bank fixtures.

The car is but 36 inches high at

Effects from the sporting and literary life of Zane Grey were on display at the opening of the new Altadena branch of Security-First National Bank of Los Angeles. James E. Shelton, the bank's president, is flanked here by the author's widow and son, Mrs. Zane Grey and Romer Grey





You won't  
forget the economy of  
**DURA-GRIP!**

You'll be glad you discovered DURA-GRIP Check Book Covers that save you money and satisfy your depositors at the same time. You save money on their low initial cost and because of longer wear, you'll have a lower replacement ratio. You'll save, too, on the patented DURA-GRIP clip that holds the check filler firmly and does away with filler tongues. Exclusive one piece construction, sleek and seamless for easy-writing and smooth in pocket or purse. So, don't forget to write or wire for samples today. Now is the time to start your economy program.

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 CLARKE & COURTS, Houston, Beaumont, Dallas, Galveston and Harlingen, Texas; Lafayette, La.  
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 H. S. CROCKER CO. INC., Los Angeles and San Francisco, Calif.  
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 JOHN H. HARLAND COMPANY, Atlanta, Georgia and Orlando, Florida  
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 HONOLULU STAR-BULLETIN, Honolulu, Hawaii  
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 SCHWABACHER-FREY CO., San Francisco, Calif.  
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 STAFFORD-LOWDON, Fort Worth, Texas  
 WESTERN LITHOGRAPH CO., Los Angeles, Calif.

**COAST BOOK COVER COMPANY**

810 East Third Street, Los Angeles 54, California

the cowl; 48 inches high over-all. It weighs 3,060 pounds. MR. CROUSE "souped" up the engine to 140 horsepower by using high-compression heads, Mallory ignition, dual carburetors, fast camshaft, and dual exhaust. Its "estimated" speed is 100 miles per hour.

Making things has been MR. CROUSE's hobby for years and this is the third car he's constructed. The first was a miniature affair with a washing machine motor; the second was an Austin which he converted to resemble a midjet racer.

On the occasion of its 50th anniversary, the BANK OF SOPERTON, Georgia, published an illustrated folder on "50 Years of Banking Service to our Community," and held an open house which was attended by 1,500 persons. About 100 out-of-town bankers and 50 local folks joined in a dinner on open-house day and the local paper published a special edition.

A big wind swept through Tona-wanda, New York, on July 1, with the result that the MARINE TRUST COMPANY'S First Trust Office there was without electrical power all the next day. However, the bank system's truck, which carries microfilming equipment and a gener-  
(CONTINUED ON PAGE 24)

Alfred P. Knapp, left, president of Knapp Mills Inc., world's largest producer of lead-clad metals, presents to Harold E. Rider, president of Stamford (Connecticut) Trust Company, the first corporate dollar earned on the first million dollars of sales in 1946, first year of the firm's operation. Mr. Knapp credits the creative financial guidance of the bank for much of the progress of his company. In the background is the bank lobby exhibit of the company's new clad metals





# GROWING

## STATEMENT OF CONDITION

At the Close of Business June 30, 1953

### ASSETS

Cash on Hand and Due from Banks . . . . .	\$185,930,990.26
United States Government Obligations . . . . .	103,369,826.79
Public Housing Authority Obligations (Fully Guaranteed) . . . . .	11,401,283.21
State, County and Municipal Bonds . . . . .	14,578,042.56
Stock in Federal Reserve Bank . . . . .	900,000.00
Other Bonds . . . . .	656,892.90
Loans and Discounts . . . . .	218,716,918.59
Income Accrued . . . . .	1,240,012.71
Letters of Credit and Acceptances . . . . .	873,526.22
Banking House and Equipment . . . . .	6,194,509.34
Other Assets . . . . .	92,957.39
	<hr/>
	\$543,954,959.97

### LIABILITIES

Capital Stock . . . . .	\$15,000,000.00	
Surplus Fund . . . . .	15,000,000.00	
Undivided Profits . . . . .	4,498,512.07	\$ 34,498,512.07
Reserved for Contingencies . . . . .		3,167,176.80
Reserved for Taxes, Etc. . . . .		2,646,312.38
Deferred Income . . . . .		418,735.33
Letters of Credit and Acceptances . . . . .		873,526.22
DEPOSITS:		
Individual . . . . .	\$318,439,735.12	
Banks . . . . .	176,656,138.34	
U. S. Government . . . . .	7,254,823.71	
		<hr/>
		502,350,697.17
		<hr/>
		\$543,954,959.97

### DIRECTORS AND ADVISORY DIRECTORS

- NATHAN ADAMS**  
HONORARY CHAIRMAN OF THE BOARD
- GEO. N. ALDRIDGE**  
CHAIRMAN EXECUTIVE COMMITTEE
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PRESIDENT HIGGINBOTHAM-BAILEY 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. DUGOLYER**  
DUGOLYER & McNAUGHTON
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ELLIOTT LUMBER CO.
- EARL FAIN**  
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- T. E. JACKSON**  
SOUTHWESTERN MANAGER PITTSBURGH PLATE GLASS COMPANY
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- C. L. MAILLOT**  
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MANAGER HARRIS-LIPSITZ INTERESTS
- EUGENE McELVANEY**  
SENIOR VICE PRESIDENT
- HARRY S. MOSS**  
INDEPENDENT OIL OPERATOR
- Wm. F. NEALE**  
PRESIDENT Wm. F. NEALE & CO.
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- R. H. STEWART, JR.**  
MANAGER GRAHAM PAPER CO.
- ARCH S. UNDERWOOD**  
PRESIDENT UNION COMPRESS & WAREHOUSE CO. LUBBOCK, TEXAS
- JAMES RALPH WOOD**  
PRESIDENT SOUTHWESTERN LIFE INSURANCE CO.
- BEN M. WOOTEN**  
PRESIDENT



78th year of dependable correspondent service

Progressive banking rests upon a high sense of trusteeship, supported by sound judgment and positive action.

*Ben Wooten*

PRESIDENT

# NATIONAL BANK IN DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## SERVICE DOES IT

There are many "headaches" in a multiple plant set-up such as we operate. For one thing, we have to provide six management "teams," which is not an easy thing to do. Then there is the duplication of machinery, which increases capital expenditures. In addition, there is the "time lag" which always exists before a procedure which proves itself in one plant can be installed in all plants. These, together with many other problems, make for a rather complex administrative job.

There are also certain advantages. First, and perhaps most important, is the ease with which we can render fast service over a large geographic area. Second, is the factor of dependability, resulting from our ability to take over production in other plants should any one plant be in distress. Third, is the challenging factor of performance comparisons, which for real value knocks the spots off the conventional cost systems. Fourth, is the cumulative thinking of a lot of people striving to do the same thing better.

When we weigh the pros and cons of multiple plant operation we must conclude

that the advantages far outweigh the disadvantages, especially since our welfare is dependent entirely upon our ability to assume the responsibility for continuous service to almost ten thousand banks for whom we make checks every month. We suspect that a large number of banks who have chosen us as their source of supply have been influenced more by this one factor than by any other. If we can combine dependability with reasonable prices and acceptable quality—which we try to do—we can envision the continued steady growth of our organization.

As this is written, our service record for the year to date shows that 99.86% of all the imprint orders received were shipped in three days or less after they reached us. This is a standard of performance that varies little from month to month. It represents the service we can offer any bank from any of our plants and still leaves us a margin for emergency service which sometimes is measured in hours. Service is an overworked word, but when it is used factually it is the most powerful word in merchandising.

**De Luxe**  
CHECK PRINTERS

Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

World's leading  
underwriter  
of Honesty Insurance



**FIDELITY  
AND  
DEPOSIT**

COMPANY OF MARYLAND  
FOUNDED 1890

SPECIALIZING IN THE WRITING OF  
FIDELITY AND SURETY BONDS,  
BURGLARY, ROBBERY, FORGERY  
AND GLASS INSURANCE



C. A. Baumann



C. F. MacLellan

## MAIN STREET (Continued)

ator, was dispatched to Tonawanda. The generator supplied sufficient current to operate all the bank's electrical equipment through the day until regular power was restored.

C. ARTHUR BAUMANN has been appointed mortgage officer of Bushwick Savings Bank, Brooklyn, New York. He was formerly mortgage officer of The Savings Bank Retirement System of New York City.

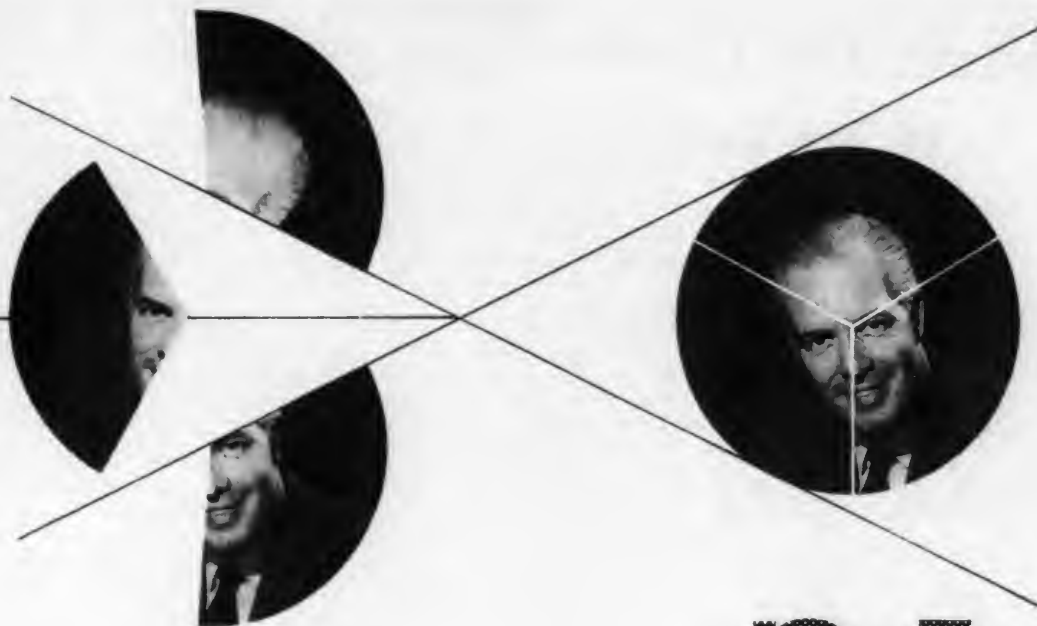
CHARLES F. MACLELLAN was appointed assistant vice-president of the Out-of-Town Business Department, Western Division, of Manufacturers Trust Company, New York.

JOHN W. KOSSIN, vice-president of the Federal Reserve Bank of Cleveland in charge of its Pittsburgh Branch, has been named chairman of the Pittsburgh Community Chest's 1953 fund-raising campaign.

(CONTINUED ON PAGE 26)

When the Tootle-Lacy National Bank of St. Joseph, Missouri, entertained about 100 correspondent bankers recently, the program included golf. Bank President Milton Tootle, Sr., is shown here at the controls of a contraption designed to assure that golfers will arrive fresh at the 19th hole. With him, left to right, are: Claude Cassity, cashier, Rushville (Missouri) State Bank; Ogden Risley, president, Excelsior Trust Company, Excelsior Springs, Missouri; and Loran Hobbs, vice-president, Beatrice (Nebraska) National Bank





**the bank examiner said** **3=1**

A Texas oil man controlled three corporations. One owned producing oil fields.

Another owned a pipe line. The third owned a refinery. He financed the three enterprises through one bank which had served him for twenty years.

Suddenly the Bank Examiner ruled that the 3 = 1—all must be considered together for loaning purposes. Under the ruling, the aggregate loans exceeded the bank's legal limit.

The bank wanted to continue to serve the best interests of an important customer and, at the same time, comply with the banking requirements. Walter E. Heller & Co. was called in—looked—took the excess by financing the accounts receivable and participated with the bank in the mortgage on the refinery. Even though Walter E. Heller & Co. participation is likely to be temporary, it was imperative that a solution be found.

As in so many complex banking situations, the flexible financing services of Walter E. Heller & Co. served the best interests of both the bank and the customer.

Bank officers charged with responsibility for making loans are invited to learn the details of Heller Supplementary Financing. A booklet describing the nature of our services and the scope of our activities will be sent on request.

Suggestions for dealing with specific problems will be given in confidence and without obligation. Please address:

BANKING SERVICE OFFICER

**WALTER E. HELLER & COMPANY**

*Established 1919*

BANKERS BUILDING, 105 W ADAMS STREET, CHICAGO 90

**THE FINANCIAL SERVICES**

rendered by Walter E. Heller & Company are not fully identified by simple tabulation because they are variously coordinated and applied to fit specific situations.

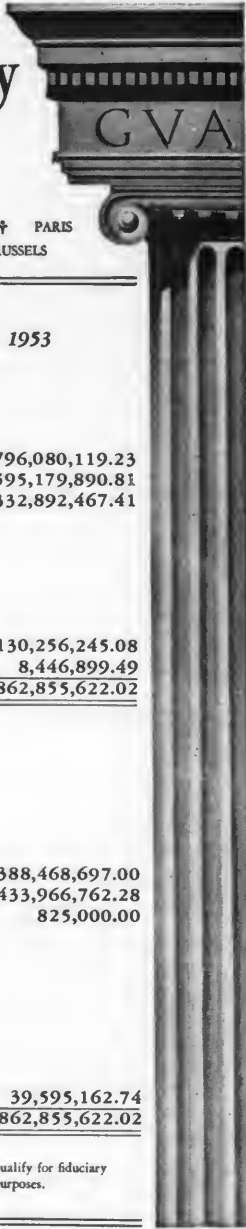
The following types of supplementary financing are flexibly administered according to experience gained from national operations which now represent a volume in excess of \$300,000,000 annually.

- ACCOUNTS RECEIVABLE FINANCING
- INDUSTRIAL FACTORING
- INSTALLMENT FINANCING
- REDISCOUNTING
- MACHINERY AND EQUIPMENT LOANS
- INVENTORY LOANS



# Guaranty Trust Company of New York

140 BROADWAY  
FIFTH AVE. AT 44th ST. MADISON AVE. AT 60th ST. LONDON † PARIS  
ROCKEFELLER PLAZA AT 50th ST. BRUSSELS



## Condensed Statement of Condition, June 30, 1953

### RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers . . . . .	\$ 796,080,119.23
U. S. Government Obligations . . . . .	595,179,890.81
Loans and Bills Purchased . . . . .	1,332,892,467.41
Public Securities . . . . .	\$ 33,951,066.99
Stock of Federal Reserve Bank . . . . .	9,000,000.00
Other Securities and Obligations . . . . .	61,484,970.01
Credits Granted on Acceptances . . . . .	7,693,213.25
Accrued Interest and Accounts Receivable . . . . .	11,000,177.70
Real Estate Bonds and Mortgages . . . . .	7,126,817.13
Bank Premises . . . . .	8,446,899.49
<b>Total Resources . . . . .</b>	<b>\$2,862,855,622.02</b>

### LIABILITIES

Capital . . . . .	\$100,000,000.00
Surplus Fund . . . . .	200,000,000.00
Undivided Profits . . . . .	88,468,697.00
<b>Total Capital Funds . . . . .</b>	<b>\$ 388,468,697.00</b>
Deposits . . . . .	2,433,966,762.28
Foreign Funds Borrowed . . . . .	825,000.00
Acceptances . . . . .	\$ 14,507,378.24
Less: Own Acceptances Held for Investment . . . . .	5,846,612.87
	\$ 8,660,765.37
Dividend Payable July 15, 1953 . . . . .	3,750,000.00
Items in Transit with Foreign Branches . . . . .	1,109,895.67
Reserve for Expenses and Taxes . . . . .	18,182,308.38
Other Liabilities . . . . .	7,892,193.32
<b>Total Liabilities . . . . .</b>	<b>\$2,862,855,622.02</b>

Securities carried at \$205,797,511.07 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND *Chairman of the Board*    WILLIAM L. KLEITZ *President*    THOMAS P. JERMAN *Vice-President*    ALFRED R. THOMAS *Vice-President*

### DIRECTORS

GEORGE G. ALLEN <i>Chairman of the Board, Duke Power Company</i>	WILLIAM L. KLEITZ <i>President</i>
J. LUTHER CLEVELAND <i>Chairman of the Board</i>	CHARLES S. MUNSON <i>Chairman of the Board, Air Reduction Company, Inc.</i>
W. PALEN CONWAY	WILLIAM C. POTTER
CHARLES P. COOPER <i>President, The Presbyterian Hospital in the City of New York</i>	GEORGE E. ROOSEVELT <i>of Roosevelt &amp; Son</i>
WINTHROP M. CRANE, JR. <i>Chairman of the Board, Crane &amp; Co., Inc., Dalton, Mass.</i>	CARROL M. SHANKS <i>President, The Prudential Insurance Company of America</i>
STUART M. CROCKER <i>Chairman of the Board, The Columbia Gas System, Inc.</i>	EUGENE W. STETSON <i>Chairman, Executive Committee, Illinois Central Railroad Company</i>
JOHN W. DAVIS <i>of Davis Polk Wardwell Sunderland &amp; Kiendl</i>	KENNETH C. TOWE <i>President, American Cyanamid Company</i>
CHARLES E. DUNLAP <i>President, The Berwind-White Coal Mining Company</i>	THOMAS J. WATSON <i>Chairman of the Board, International Business Machines Corporation</i>
WALTER S. FRANKLIN <i>President, The Pennsylvania Railroad Company</i>	CHARLES E. WILSON <i>Trustee, The Ford Foundation</i>
LEWIS GAWTRY	ROBERT W. WOODRUFF <i>Chairman, Executive Committee, The Coca-Cola Company</i>
CORNELIUS F. KELLEY <i>Chairman of the Board, Anaconda Copper Mining Company</i>	

Member Federal Deposit Insurance Corporation

## MAIN STREET (Continued)

Forty-two years ago, J. HUGO ARONSON immigrated to this country from Sweden. In a recent address he told how he lived on ham and eggs for the first 60 days he was in America because those were the first English words he learned to say. Today he is president of the Toole County State Bank at Shelby, and is Governor of Montana.

COUNTY TRUST COMPANY, White Plains, New York, has marked its 50th anniversary. At the end of its first day's business on July 1, 1903, exactly \$100 in deposits had been accepted. It is now a \$220,000,000 bank with 23 offices in 16 communities.

GEORGE C. CONRAD, assistant cashier of the First National Bank in St. Louis, has retired after 48 years with the bank and its forerunner institution, the old Third National Bank. He started at the age of 19 as a runner at Third National. In his younger days, Mr. CONRAD was quite a pitcher—a southpaw. He pitched in the old Trolley League and later pitched the Third National team to more than 50 victories in the Bankers Baseball League.

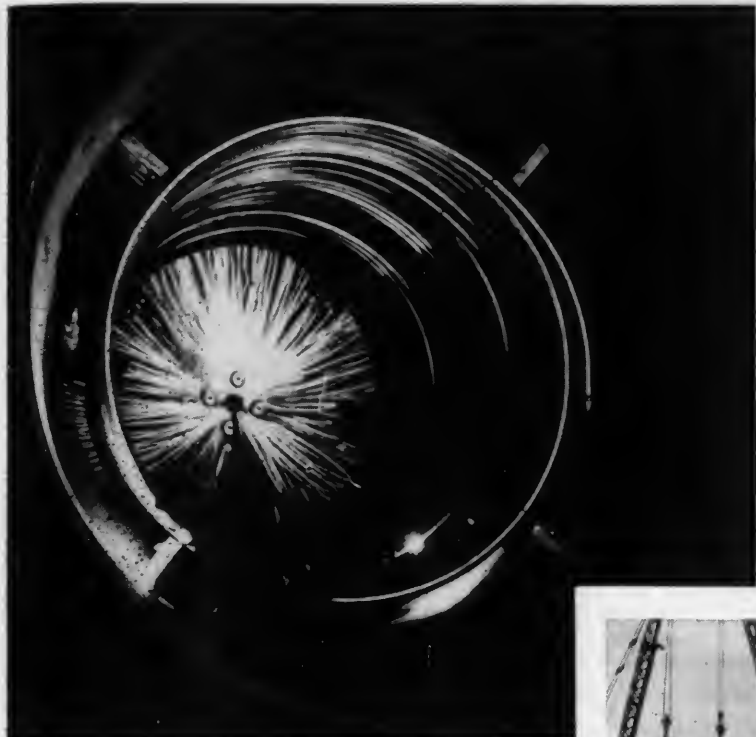
GORDON WILLIS, vice-president of the Farmers Bank of the State of Delaware, has been made a life member of the Delaware Junior Chamber of Commerce.

MERLE HOSTETLER has been promoted to director of research of the Federal Reserve Bank of Cleveland. (CONTINUED ON PAGE 28)

When John R. Statton, for 24 years a porter at First American National Bank of Nashville, began to lose his sight, the bank started training him in this new job



# Only STEEL can do so many jobs so well



**Going around in circles.** Here you see a huge coil of stainless steel tubing being welded in a 15,000-gallon, stainless steel vessel which will be used by a leading pharmaceutical maker for the fermentation of penicillin. Corrosion-resistant, sanitary U-S-S Stainless Steel proves an ideal metal for a thousand vital jobs in almost every industry. Only steel can do so many jobs so well.



**Early skyscraper says goodbye.** Pittsburgh's Carnegie Building, built in 1895, was one of America's very first skyscrapers. When it was recently dismantled, practically all of its structural steel framework was found to be in reusable condition . . . convincing evidence that U-S-S Structural Steel provides a strong, durable backbone for any building.



**Up she goes!** When this final span of a new pedestrian overpass for the Romona Freeway in Los Angeles was ready to be erected, the busy Freeway was closed to traffic for 2 hours. This huge 136-foot section was hauled to the site by truck, then lifted by three cranes onto the concrete buttresses. United States Steel fabricated and erected it.



**Transporter for "Atomic Cannon."** Designed to transport the Army's new 280 mm. gun, the T-10 Transporter is 84 feet long, yet can make right angle turns at city street corners where streets are only 28 feet wide. With its two independently-powered tractors, it can move forward, backward or sideways. The generator-powered gun, the Army's largest caliber artillery piece having complete mobility, will fire either conventional or atomic shells. U. S. Steel furnishes carbon steel and a special alloy carriage steel for this equipment.

For further information on any product shown in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh, Pa.



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AMERICAN BRIDGE . . AMERICAN STEEL & WIRE and CYCLONE FENCE . . COLUMBIA-GENEVA STEEL . . CONSOLIDATED WESTERN STEEL . . GERRARD STEEL STRAPPING . . NATIONAL TUBE OIL WELL SUPPLY . . TENNESSEE COAL & IRON . . UNITED STATES STEEL PRODUCTS . . UNITED STATES STEEL SUPPLY . . Divisions of UNITED STATES STEEL CORPORATION, PITTSBURGH GUNNISON HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

# California Bank

*Los Angeles*

*An Industrial, Business-Minded Bank  
located in the "Industrial Center of the West"*

## Statement of Condition

as of June 30, 1953

### Resources

Cash and Due from Banks . . . . .	\$134,885,694.39
United States Government Securities . . . . .	221,777,460.92*
Obligations of Other Federal Agencies . . . \$ 9,119,663.86	
State, County, and Municipal Bonds . . . . .	22,228,609.30
Other Bonds and Securities . . . . .	296,063.11
Federal Reserve Bank Stock . . . . .	31,644,336.27*
Ownership of California Trust Company . . . . .	600,000.00
Loans and Discounts . . . . .	1,475,324.66†
Bank Premises, Furniture, and Fixtures . . . . .	186,353,712.81
Earned Income Receivable . . . . .	3,403,242.07
Customers' Liability under Letters of Credit and Acceptances	1,567,253.27
Other Resources . . . . .	3,142,100.16
TOTAL . . . . .	313,190.61
	\$585,162,315.16

### Liabilities

Demand Deposits . . . . .	\$391,004,910.83
Time Deposits . . . . .	135,882,911.39
United States Government Deposits . . . . .	11,059,722.23
Other Public Deposits . . . . .	11,351,574.69
Reserve for Interest, Taxes, and Expenses . . . . .	\$549,299,119.14
Unearned Income Collected . . . . .	2,715,197.89
Letters of Credit and Acceptances . . . . .	2,181,176.82
Capital Stock . . . . .	3,176,981.74
Surplus . . . . .	\$10,000,000.00
Undivided Profits . . . . .	10,000,000.00
TOTAL . . . . .	7,789,839.57
	27,789,839.57
	\$585,162,315.16

\*\$34,817,484.20 pledged, according to law, to secure Public Funds and Trust Deposits.  
†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$525,000.00, and Undivided Profits of \$357,846.55.

### Officers

FRANK L. KING, *President*

#### *Vice Presidents*

C. C. DEPLEDGE      CHAS. E. DONNELLY, *Counsel*

ARTHUR T. BRETT    G. M. CHELEW    F. W. DENNING    C. W. FRIEND  
W. WAYNE GLOVER    GLENN B. GOSSETT    H. V. GRICE    F. S. HANSON  
J. S. HARTWELL    DARWIN A. HOLWAY    F. S. HUBER    H. E. HUDSON  
T. E. IVEY, JR.    MILTON A. MACLEAN    JOSEPH MAGOFFIN    MARK G. MCMAHON  
H. J. MENDON    B. B. ODELL    RUDOLPH OSTENGAARD    A. O. OTSEA  
W. E. PALMER    C. C. PEARSON    A. R. PUCHNER    R. A. REID    GUSTAV RIEDLIN  
F. HOWARD RUSS, JR.    E. H. SINK    A. H. SMITH    J. H. STEENSEN  
GARDNER TURRILL    CLIFFORD TWETER    P. H. VAN HORSEN    R. J. VOSS  
O. S. AULTMAN, *Cashier*

MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

## MAIN STREET (Continued)

MASON W. HUSE has been promoted to vice-president and secretary of the Chittenden Trust Company, Burlington, Vermont, succeeding CLARENCE G. IVEY, who resigned to become vice-president of the Hartford-Connecticut Trust Company. MORITZ A. KUHN was named treasurer, and four officers were promoted to the newly created rank of assistant vice-president: IRVING M. PALMER, WILLIAM F. FOOT, SCOTT W. BROTHERS, and CLARENCE B. TUBBS.

RAY A. H. BRANDT, formerly executive vice-president of the First National Bank of Minot, North Dakota, has joined the Desert Bank, Palm Springs, California, as officer in charge of personnel. He's an alumnus of The Graduate School of Banking.

BRISTOL (Pennsylvania) TRUST COMPANY has opened its Levittown office in the Levittown Shopping Center.

The Greater New York Savings Bank announces it will build a new bank and office building in Brooklyn, a feature of which will be a large canopied sidewalk teller window for "baby carriage pushers." President BERNARD F. HOGAN says "of course we will also serve other depositors."

(CONTINUED ON PAGE 108)

William N. Enstrom, *left*, chairman of the board of Irving Trust Company, New York, and the Honorable Henry Cabot Lodge, Jr., *right*, chief of the U. S. Mission to the United Nations, received doctor of laws degrees from Hamilton College, Clinton, N. Y. Between them is Robert W. McEwen, Hamilton's president



# WHAT HAPPENS TO INDUSTRIAL INVESTMENTS

Business barometers are never steady. Population growth, industrial migration, government purchases, new industries and many other factors can influence sales. And sales executives realize the need for keeping abreast of the changing pace of markets and competition.

Greater availability of products inevitably results in more selective buying and keener competition. To meet such competition the production man seeks new materials, equipment and processes. The sales executive seeks new markets and better recognition and acceptance for his company's products.

But markets cannot be developed overnight. It takes time to build product recognition and create buyer acceptance. Yet, without cultivating its markets, no company can make a satisfactory profit for its stockholders.

These facts indicate the need for a carefully coordinated, long-range sales and advertising program. Such plans should include a consistent, intelligently planned business magazine advertising campaign, not only to protect present markets against competition, but to develop new

markets . . . a job which business publications can do faster, and at far lower cost, than any other method.

**THAT'S WHY WE SUGGEST: *If you have a financial interest or responsibility in a company, always check to see that the company's management is using adequate Business Publication Advertising to protect and expand its market position.***

\* \* \*

*The findings of McGraw-Hill's Sixth Annual Survey of Capital Spending Plans have been prepared in a 16-page booklet. We believe you will find it very informative and interesting. For a free copy, simply address your request to Company Promotion Department.*



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HEADQUARTERS FOR BUSINESS INFORMATION



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## The OUTLOOK and CONDITION OF BUSINESS

**T**HE delicate balance in the American economy between inflation and deflation continues, with activity at record levels. Although many a hardy adventurer into the business future has been bringing back tales of having seen a recession approaching, there is still only meager statistical evidence of it. The drop in commodities prices is spectacular, but only in terms of the abnormal heights reached after the outbreak of war in Korea, and the same is true of farm land prices.

The gross annual product is at the annual rate of about \$360-billion, a new high. The largest component, personal consumption expenditures, is at the rate of about \$225-billion, also a new high.

Personal incomes are touching an annual rate of about \$280-billion, with personal savings at the \$19-billion mark. Government purchases have attained a new peak since the last war of more than \$82-billion annually, and private investment, including construction and durable equipment, is running at a yearly rate of more than \$52-billion, never exceeded before.

The capital markets provided about \$11-billion of new intermediate and capital financing in the first six months, which was more than in any other six months' period since the war. It compares with about \$9.5-billion in the first half of 1952.

The need for money took various forms, either bank credit, or short-term, intermediate or capital financing. The banks benefited by this development directly or indirectly.

Bank earnings for the first half of the year made a good showing and helped bolster business psychology.

Some soft spots are in evidence. Textiles showed little if any improvement. Farm prices took another dip in June which beclouded the commodities outlook further and raised renewed speculation about reinstatement of acreage controls for the next growing season.

Reports are heard from some sections of the country about lower demand for building space for both residential and business purposes. There has also been a drying up of some sources of mortgage money since

funds, previously employed in this field, can now be used more profitably elsewhere.

The main foreign events lately which influenced the markets and business generally included the impasse in Korea, the widespread riots against communism in Eastern Europe, and signs of political deterioration in Moscow.

Russia is having satellite trouble which will either keep her busy for a long time repairing her economic and political fences or will push her into a reckless war to consolidate her empire position.

### Can Recessions Be Avoided?

But while signs of recession are indeed scarce and the patience of our staunchest pessimists is just about exhausted, there is a surprising amount of polite interest in recessions and what to do about them. The subject is attracting unusual attention and there are some interesting differences of opinion.

True enough, business is on the crest of the greatest boom in history, a condition resulting largely from war and the inflationary processes of 20 years. However, we now have a Government pledged to maintain business by the opposite formula, peace and deflation, or, something in between, say a fighting peace and 'flation.

Arthur Burns, economic advisor to President Eisenhower and director of research (on leave) of the National Bureau of Economic Research, said in a recent report for the Bureau:

"There are no adequate grounds, as yet, for believing that business cycles will soon disappear, or that the Government will resist inflation with as much tenacity as depression, or that deep but brief contractions such as occurred in 1920-21 and 1937-38 will never again take place. Our limited experience with contracyclical policy does not provide strong support for the belief, so often expressed by theoretical writers, that the Government is capable of adjusting its spending, taxing, and regulatory policies with the fine precision and promptness needed to assure virtually full employment and a virtually stable price level at all times. Not only

is the art of contracyclical action as yet imperfectly understood, but there are practical obstacles to the effective use of such knowledge as exists."

Here and throughout the report he kept after the question: *Do we have the economic tools and experience today to assure that there will be no serious business decline?* Because of the prominence of the author and the effective way in which he gave the subject perspective, there followed immediately a great deal of useful discussion. **BANKING**, after interviewing by mail several leading economists in the banking field, presents their answers here, as they gave them, briefly or at length.

The consensus is on the side of Mr. Burns, with various qualifications, adding up to the belief that, while we may have the tools, there is considerable doubt whether we know how and when to use them, all things considered, including politics and the fact that we are human beings. Next month **BANKING** will continue to explore this topic with further interviews.

### Snares of Mob Psychology

**B**USINESS fluctuations are inevitable in any free society that takes advantage of the opportunities in mass production and division of labor to obtain and sustain a high average standard of living. The real problem is to moderate and atone for the aberrations in human decisions that are fundamentally responsible for these fluctuations.

What we have to do—at the individual as at the governmental level—is to seek balance of judgment, to avoid the snares of mob psychology, and to avoid not only repetitions of past errors, but inventions of new ones.—**NORRIS O. JOHNSON**, *assistant vice-president, The National City Bank of New York, New York.*

### Ups and Downs but No Major Swings

**I** AGREE, on the whole, with the statement by Arthur Burns except on one point, and that is I do not believe that any future declines will assume the magnitude of the 1920-21 and 1937-38 periods. My reason is that the declines in 1920 and 1937-38 were marked by sharp breaks in prices of farm products.

Because of the farm policy of the Government, which in my opinion is here to stay for a long time, I am of the opinion that such breaks in farm prices are not likely to take place. Therefore, the decrease in purchasing power of the farmer in the future cannot be of the same magnitude as occurred during the dates mentioned before. I am of the opinion that major depressions have been eliminated from our economy but that our economy, being dynamic, is bound to have its ups and downs.

Putting it differently, business cycles have not as yet disappeared, but our swings will not be as wide in the future as they were in the past, particularly the down swings.—**MARCUS NADLER**, *professor of finance, New York University, New York.*

### Government Limited by Politics

**I** HEARTILY concur with Arthur Burns about the cyclical recurrences of inflations and recessions, which are probably with us to stay.

Theoretical thinking on this question seems to con-

tain several fallacies: It disregards the actions and psychology of human beings, the foundation on which economics is based. It is predicated upon perfection, a condition we never actually attain in this world.

Judgment must always be an essential element in controlling a planned economy. Unfortunately, the frailties and limitations of human beings are directly involved in what government or anyone else does. An act which would have been sufficient to achieve a given objective under one set of circumstances may be more or less than enough to achieve it under a different set of circumstances. Time alone will determine the precise outcome. But the economy won't remain in status quo while the result is being ascertained.

If booms were not so intense, recessions wouldn't be so deep and troublesome. But no one, even if he could, wants to brake a boom as it applies to himself. Political considerations often preclude government officials from doing what their judgments dictate. They can't get too far ahead of their constituents and stay in office. Frankly, I don't expect too much of government until after a business decline is known by the public to have set in.

Continued capacity production depends upon distribution. Cut-backs will be disturbing. Yet our present productive capacity cannot be kept fully occupied by current domestic civilian consumption plus the present defense program. Increased foreign trade can't take up the slack. I have no doubt, however, that the Government will do all it can to soften—even to postpone—the economic adjustment which appears to be developing. Of course, the happening of some unforeseen event, like another Korean War, could destroy the basis for these remarks.—**PAUL E. BELCHER**, *vice-president and cashier, First National Bank of Akron, Ohio.*

### Excesses Hard to Avoid

**I** CONCUR with Mr. Burns' statement. Human nature and politics being what they are, it is unlikely that we will be able to avoid periods of excesses which will of necessity be followed by periods of readjustment or correction.

Nobody likes to kill Santa Claus. This has been amply demonstrated throughout the world over the centuries. The past 20 years would indicate that this nation is no exception to the rule.—**R. H. METZNER**, *vice-president, Central National Bank of Cleveland, Ohio.*

### High Calibre Leaders Important

**I** AGREE with Mr. Burns that deep but brief contractions such as occurred in 1920-21 and 1937-38 are still possible. However, contractions of that severity may now be classed as rather improbable, thanks in part to the calibre of men in the Eisenhower Administration.

Mr. Burns and this Administration can be counted on to detect a deteriorating business situation promptly and to take appropriate counter-measures. They can also be relied upon to avert inflationary excesses during periods of very active business. They will constantly work toward providing greater incentives for economic progress.

Efforts along those lines will help modify the magni-

(CONTINUED ON PAGE 143)

# An Executive Training Roundtable

**B**ANKING invites you to another of its "Panels in Print" on an important subject—this time, the training of bank personnel for the duties and responsibilities of management. The discussion simulates an actual roundtable, with a leader and six bank officer participants. All are men thoroughly familiar with and deeply interested in the topic. Their answers to seven carefully chosen questions not only crystallize the problem but provide practical information on the organization and operation of executive training plans. The panel comprises:

DR. LEROY LEWIS, National Educational Director, American Institute of Banking (*leader*) . . . THADDEUS C. COX, vice-president, Union Trust Company of the District of Columbia, Washington . . . ARTHUR S. GREINER, assistant vice-president, National Bank of Detroit . . . GEORGE E. LEVINE, assistant vice-president, Providence Institution for Savings . . . CHESTER C. LINCOLN, vice-president and manager of the personnel department, Security-First National Bank of Los Angeles . . . HARMON C. MARTIN, assistant cashier, The National City Bank of New York . . . FRANK F. RISSO, vice-president and personnel relations officer, Bank of America, San Francisco.

**L**EWIS: Gentlemen, I'm delighted to serve as chairman of BANKING's panel on the education and training of bank personnel for executive positions. Naturally, I look at this challenging subject from the Institute's viewpoint, and I'm sure that the discussion we're about to have will help us in the A.I.B., as well as bankers everywhere.

Our BANKING readers will recall, I'm sure, that during the last three years the Institute has taken several steps which are foundation stones for the kind of program we're going to talk about. We've introduced an orientation course, *You and Banking*, and three skill courses, *Proof and Transit*, *The Bank Bookkeeper*, and *The Bank Teller*. We also have an experimental course in supervisory management.

Our next big job—and the real question before this roundtable—is: How can we develop effectively and quickly an executive training program so that we can insure top management succession in the banks?

BANKING has asked me to put to you gentlemen seven topics or questions. Your answers—and I hope they will be frank—will contribute to everybody's thinking on this subject.

Let's start with some comment on *the need for and the potentialities of an executive training program in banks*. Chet Lincoln, will you open?

## The Need Was Never Greater

**L**INCOLN: Well, I'd say that the need has never been greater. And the potentialities are proportionate to the need. The banking business has grown to enormous proportions. Meanwhile our banks are being managed

for the most part by the same men who carried them through the depression, the war and the eight difficult years that followed. Many of them can't expect to carry on much longer.

Below this management group there's a considerable gap, caused by the fact that during the war the banks lost and couldn't replace a substantial part of their junior manpower. Those reemployed or reinstated since are mostly veterans in their early 30's. They, like their elders, have the native potentialities to assume the managerial responsibilities which must rapidly be placed on their shoulders. But they must have an insight at least somewhat equivalent to that possessed by the bankers now carrying the load. There isn't time for them to acquire it, as their predecessors did, by 20 years of hard experience. They must get it by a system of training and education that will permit them to absorb in a few years what their seniors learned in half a century, as nearly as that may be possible.

**L**EWIS: A good start, Chet. Want to take it, Thad Cox?

**C**ox: There can be little doubt that there's a shortage of men qualified to fill the big executive gap in banking. This shortage has arisen in the last quarter of a century because banks have been so busy combating the depression years, helping to win World War II, and dealing with subsequent events that many top management officers have been forced to neglect their responsibility for proper long-range planning for future management leadership. In many banks qualified manpower was not available and careers were interrupted for military service.

In banking—indeed, in any prosperous business—it

would be unthinkable not to put, systematically, a small part of profits into reserve. Failure to plan for executive replacement is equally improvident. Bank retirements in the next decade will provide excellent opportunities for younger men. Some of them are presently employed in banks and haven't been discovered, so to speak. Some are already on their way up. Many will have to be recruited from the colleges and schools. It's from these groups that tomorrow's bank leaders must be chosen.

We must see to it that those who are in banking today are encouraged to *stay*. We must make a more determined effort to recruit more good men by selling them the advantages of banking as a respected, challenging career. But regardless of the source, we must develop these men by training them for future responsibilities.

Risso: Government regulations, technological developments, and social-political changes have placed heavier demands upon bank management as well as upon other businesses. Being a bank executive today is far more difficult and exacting than ever before.

The community a bank serves expects more from bank executives than formerly. Employees expect more. That's why executive positions in banks today call for persons with broader backgrounds who are conversant with all phases of bank operations. The need to take inventory of present potential, and to provide adequate training to equip the executive to assume the responsibilities he is called upon to shoulder, is urgent.

LEWIS: Now, Harmon, may we hear from you?

MARTIN: The need is self-evident, judging from conversations among bankers: "Where can I find up-and-coming young fellows? I'm nearly desperate for a No. 2 or No. 3 man." "Why didn't we hire and train some potential fellows 15 years ago? That was our biggest mistake. We can't let that happen again." "I'm getting too old to carry this load much longer. It takes a staff of experts nowadays and it's getting worse." "Banking gets more complicated all the time, with new laws, new controls, new relationships, etc. We have to train on a broader basis now and start with high calibre men. Good bankers don't just grow—they must be developed."

From 1930 to 1945 very little new blood was brought into banking. Also, we've expanded rapidly since the war. And we're in a condition of full employment, with everybody scrambling for men. Many of our executives carry a killing load because they have no strong assistants. Again, industry has attracted many good men by its executive training programs.

We must do the same to stay in the race. We need to develop top calibre men capable of assuming positions of broad leadership in their banks and communities. Ideally, our leaders should be the future statesmen of banking in their relationship to the American economy.

LEWIS: Art Greiner?

GREINER: Like other businesses, banking is presently suffering from lack of foresight in anticipating management needs. World conditions, growth of our industry, and our recruiting problems of the past several years have aggravated this situation.

Most of us, I think, haven't adequately formalized our training programs to meet the need, and frequently positions are filled through expediency rather than as a result of a carefully formulated training plan.

The program's specific purpose should be to develop a management team that is well-informed, efficient, hard-working, effectively organized and imaginatively led. It should be capable of insuring continued growth, both from the standpoint of organizational needs and individual progression.

It needn't be elaborate. Essentially, it should identify the management jobs and indicate the individual qualifications necessary to perform them most effectively. A check should be made to see how present and potential incumbents measure up to these requirements. The training should be designed to strengthen those in their present positions and also to select and train executives who will act as understudies.

LEWIS: Well, we're really getting into this. Let's hear from George Levine.

LEVINE: Evidence is all around us to show that during the past 25 years we were so busy doing our bit to beat the depression, win the war, and rebuild our economy that we failed almost completely to draw up some very necessary long-range plans. Banking operations during this time were directed by an officer group now grown old, a group which will drop out with increasing rapidity during the next few years. Little thought has been given to its replacements.

We need to take an inventory of executive capacity and potential, to measure our findings against present and future requirements, and to find quickly individuals in whom we can develop initiative and other executive qualities.

We must make these people part of a training program that will provide a pool of future executive material. Those who make the grade, who learn how to get things done and how to exercise executive authority can, I think, be entrusted with the job of solving tomorrow's banking and social problems.

## Program Blueprints

LEWIS: Well, gentlemen, you've certainly laid the groundwork. Now for the next question: *If your bank has an executive training program, what features of it have been particularly productive?* Here's where BANKING's readers should get some real help. Frank, may we hear from you first?

Risso: From the very beginning the Bank of America has sought to develop its personnel and, so far as possible, to promote from within those who have shown management potential. With this principle as a background, embarking on an executive training program, as it's thought of today, seemed to follow naturally. It's not yet developed to the fullest extent, but considerable and gratifying progress has been made.



Dr. Leroy Lewis, National Educational Director of the American Institute of Banking, and leader of the Roundtable

Our inventory of potential, although incomplete, has alerted us to the need for action. As an example, it has warned us to anticipate the need for over 1,000 new officers for our 540 branches and administrative positions during the next 10 years.

One approach to this problem has been a formal, clear-cut two- to three-year accelerated training program for men recruited from colleges. Another approach is tailor-made accelerated programs for men selected from non-official ranks who have demonstrated ability and potential. Education is not a weighted factor in selecting bank men for this special training. For a period of five years these two programs have proved very successful and many jobs at the junior officer level have been filled by men who have completed this training.

Advanced training for more senior officers is available under the provisions of the Bank of America—Giannini Foundation which makes awards for special advanced study at such universities as Stanford, Dartmouth, Wisconsin, Washington, University of California, and Harvard. Seventy bank officers have received advanced banking education from these schools. Many others have attended The Graduate School of Banking at Rutgers.

A continuous conference program is carried on, bringing together groups of officers of about the same level for discussion of current management thinking, new techniques, new ideas, and mutual problems. These conferences, in addition to providing a channel for better communications, can well bring about a better understanding of management's problems.

An important part of the over-all program is a plan of job rotation which allows branch officers to be rotated into administrative positions for a period of a few years. At the completion of what is usually a predetermined time, the officer goes back to the branch to a more senior assignment.

Aside from the administrative function of the bank being currently informed about branch problems, this program affords the officer an appreciation of management's problems and viewpoints.

LEWIS: Thad, what's your bank doing?

Cox: We've adopted this year a formal program of primary and advanced training, tailor-made to the men selected for executive development.

During the primary phase the trainee will be exposed to assignments designed to develop his knowledge of banking details. He will learn, by doing, the fundamental things he'll need as a foundation of basic knowledge required in his assignments as he progresses in his career. Advanced training will be concentrated more specifically in such things as loans and credits, trust work, operations, auditing, business development, personnel, etc.

It's during this phase of development that we'll determine the kind of work he will be best equipped to do as a permanent assignment.

Planned training on jobs within the bank under experienced officers and members of the staff, supplemented by outside study, should make our program particularly productive.

LEWIS: That's interesting. Art, what are you doing in your bank?

GREINER: Well, as I said a few minutes ago, the



C. C. Lincoln, Security-First National Bank of Los Angeles



A. S. Greiner, National Bank of Detroit

training program should be designed to strengthen a man in his present job and also to prepare understudies. Such a program has been carried out at the National Bank of Detroit, and it's been reasonably successful in the junior management area.

Since good training begins with good selection, we spend considerable time in surveying all potentially upgradeable manpower within our own organization. College recruitment is relied on to fill the gap whenever this full potential is not immediately available.

Once individuals have been selected, our program offers an orientation period of several weeks during which the upgraded persons have the opportunity of renewing acquaintance with department and management methods other than their own. The new college men are given a more intensified orientation.

Next, a job program is set up for all executive trainees. This provides for occasional rotation.

Formalized training continues through conferences, led by senior officers and department heads who furnish the inspiration and imaginative leadership so vital to a successful management team. Not only has this leadership been accepted with enthusiasm by our training groups, but the response of the senior officers in serving as conference leaders is indicative of their belief in the value of our program.

Subject matter at the conferences includes discussion of bank policies and practices, banking services, operating problems, audit and control functions, and leadership techniques, with heavy emphasis on human relations factors.

Also, we've found that regularly scheduled counseling interviews help; they supply the trainees' basic need to be kept informed of their progress.

The close man-to-man relationships developed, coupled with a willingness to counsel regularly, have produced a team spirit and have also furthered each trainee in his personal development.

At the same time, the periodic reviews of progress assist us in reappraising a trainee's executive development and potential, and in finding ways to fill in educational and work experience gaps.

LEWIS: Much obliged, Art. Now, Chet.

LINCOLN: In our bank there's a keen consciousness of the need. An inventory of management positions makes it apparent that many will have to be replaced within a few years. Executives of retirement age are being held over because they can't be spared.

If we don't have a "program" in our bank, we do

have a plan. We haven't turned in desperation to the recruitment of college boys with the notion that they must have executive qualities because of time spent on a campus, earmarking them for scheduled movement through the departments to executive positions. We understand the arguments for such a program, but we think there's a better way. Those of us who have the sometimes doubtful advantage of a college degree have noticed, after years in banking, that there's no substitute for native ability and judgment, and that there's no college degree and no "program" for executive training which will supply those qualities.

Our plan differs in the method of selection and in the method of scheduling transfers for training purposes. We believe we should concentrate on detecting, in our own group of young men, those who can be singled out for rapid development. Some are college graduates, some are not. Even by this method we'll make some mistakes, but I dare say fewer mistakes than if we were to rely on choosing men just leaving college, without any exposure to business.

The idea is to keep an eye on these better prospects and to move them rapidly enough to satisfy their ambition and to fill possible gaps in their banking experience. Meanwhile, they'll be earning their way. It will be necessary to keep a separate schedule on each individual because each may need a different kind of treatment. One may not have had experience in loans, another in operations, etc. It may be desirable to fill out these gaps, depending on the individual's ultimate reaction.

We believe these prospects should be informed of our aspirations for them so that they will make unusual efforts on their own behalf. They should take the graduate courses offered by the A.I.B. as well as extension courses available from local universities—by mail, if necessary. They should be the ones selected for enrollment at The Graduate School of Banking at Rutgers University and the other graduate schools now offered at other universities in the summer.

LEWIS: Well, you've given us something to think about, Chet. Now, Harmon, let's have your contribution to this question.

MARTIN: The most interesting feature of our executive training program is its success over the years. Our college training classes were started in 1915. As graduates of those early courses we have our present board chairman, senior vice-president, an executive vice-president, six vice-presidents here and abroad, and numerous assistant vice-presidents.

These "vestibule" courses were redeveloped right after World War II and already some of these graduates are officers.

Our present program is built around a training school with a faculty of 30 or 35 officers who are experts in their fields and also good teachers. This year both our overseas and domestic trainees are being processed through this course—some 60 or 70 men. The classroom work runs from September through the middle of November; it accounts for about one-third of the formal training period. The rest of the training time is spent in rotation through key departments. At the end of the course the men are assigned permanently to an area of the bank or to a position that provides a real opportunity to learn.

The center of the training program is the personnel

department, but the bank's senior management, through the personnel committee and the operating officials, are deeply interested in the trainees and watch their progress. A special effort is being made to bring the trainees together at evening dinners and lectures about the bank.

The development of our executives, however, has only begun at this point. Our program recognizes that as men develop they will bend toward commercial banking, trust banking, operations and management, or possibly a combination. We believe that all our trainees should know a little about the entire picture.

Here are some of the devices we use in developing our people beyond the college classes: A personnel conference series for supervisors; job relations and job instruction training programs; special discussion groups covering such things as the money market (given by a vice-president), credit principles and statement analysis (by a branch manager), public speaking, methods improvement (by an outside expert), effective business writing (by a college professor), scholarships to A.I.B. and night college, The Graduate School of Banking; job rotation; trips abroad on bank business or National City Foundation awards; Foundation awards to various universities.

These instruments are only part of the kit bag; the major one is naturally the personal relationship, on a training basis, between the senior and junior men.

LEWIS: George, that brings us around to you.

LEVINE: At present we don't have a fully operating executive training program. It's in our plans; we've determined, to a degree, what we want from such a program. We're studying our organizational structure, analyzing the strengths, weakness, and potentialities of the men who are part of it. We hope to develop a picture that will show the various jobs which have to be filled, where those jobs fit into the activities of the bank, the type of person required for each job, and the skills he must have.

I believe this is a logical procedure and one that any bank must adopt in order to come up with worthwhile results.

The benefits that can be expected from a well-planned executive training program, I feel, are many. New employees should bring fresh ideas and viewpoints, increased desire for accomplishment, additional knowledge and ability. I believe such a program will have a tendency to strengthen the morale of present and potential executives, will lengthen the lives of officers, and help reduce the number leaving to fill jobs elsewhere. And I also think we can look ahead to retirements and plan separations in a way that will not greatly disturb either the individual or the bank.

## The Market

LEWIS: Sounds interesting, George. Are you ready for the next question, gentlemen? Here it is: *What is the probable market for the program among bank employees?* Take it, Harmon.

MARTIN: The market is unlikely to be very large. In our own organization we found relatively few who could measure up to the high requirements for entrance into the program. There's little reason to invest the necessary time and money in a man who doesn't promise officer material. However, those we did place in the

program held their own very well against the cream of the college crop.

We feel that it would have been a major mistake to exclude our home-grown men. Those who graduated from the course have done well. Had we barred them from the opportunity we would have denied that our business represents the American concept of freedom of opportunity based on merit.

There's a chance, I think, that too much or too exclusive training for the elite leads to a bank divided against itself within the staff. In fact, the college training class is but a part of our over-all development program at various levels.

About 50 percent of our officers are college men. However, since the war our emphasis has been perforce upon college recruiting to replace rapidly those who were being drafted from the bank. And after Korea we couldn't keep our younger men.

LEWIS: You're next, Art Greiner.

GREINER: I might say that together with the problem of fulfilling management's executive needs has come the problem of discovering enough candidates for participation in a training program. Perhaps this is an indictment of ourselves for not having found ways of motivating more people to want to shoulder the responsibilities of management. Nevertheless, our main objective in currently meeting this situation is to sell the field of bank management and the opportunities it holds for enthusiastic and qualified young leaders.

LEWIS: I think Mr. Cox has some comment.

COX: Very few people have developed to the extent of their capabilities. I'm convinced that some good bank employees, "undiscovered" as far as executive talents are concerned, could be brought along if given the opportunity to compete for executive development. The selection procedure must be carefully established to fit the requirements of each bank.

Executive talent is in short supply. Successful bankers must be able to solve problems, make decisions, forecast trends, and adjust themselves to their environment. Mental alertness is the factor involved; it's generally called "intelligence," which is sometimes confused with education. An intelligent person has the capacity for acquiring more knowledge and education. Therefore, among other things, bank candidates for executive development should have a high quality of intelligence. If they lack sufficient formal education, they'll acquire it during the process. They must prove their willingness to accept responsibility and they must have leadership qualities.

T. C. Cox, Union Trust Co. of the District of Columbia

F. F. Risso, Bank of America N.T.&S.A., San Francisco



LEWIS: Those are good observations, Thad. Now—Frank Risso.

Risso: Young men with a few years' experience, who have progressed to the position of note teller or note clerk, are an excellent market. Pretty generally, they are of proven ability, and have sufficient maturity and experience on which to build.

Men in junior lending positions who have demonstrated potential ability are other likely candidates. They have given an indication of their success in public relations which should be a weighted factor in their selection for training.

More senior officers, of course, should also provide the market for a more advanced type of training such as advanced banking courses at universities.

LEVINE: No other business goes to such lengths in endeavoring to make promotions from the ranks; and, as we all know, no other business is so interested in teaching, training, and promoting employees as is ours.

Approximately 40 percent of today's bank employees are men, 60 percent are women. Chet Lincoln recently pointed out that of every 100 employees, 27 will have to fill key positions. Most of these 27 must be selected from the 40 men, for the majority of our women don't stay with us. To put it another way, two out of every three men, therefore, must be prepared for officership.

In such an atmosphere an executive training program will receive a warm response from bank employees. As a matter of fact, it seems to me there won't be enough qualified men to fill the responsible positions, and more and more women with executive qualifications will be put in top jobs.

LEWIS: Chet, you were quoted a moment ago. Want to talk?

LINCOLN: Well, the probable market for, or popularity of, any program will be proportionate to its tangible results. If young men of the right type are chosen and are guided as they rise by their own efforts and ability, with due attention to salary increases as merit indicates, the program will advertise itself. Others will strive for recognition in their daily work as the program gains publicity. There'll be increased enthusiasm throughout the bank, and we'll realize the many advantages in an ambitious, inspired staff.

The need for the product of a program and the ability of the banks to provide desirable positions for these young men as rapidly as they're ready has been pointed out.

We mustn't forget, and we mustn't let the young men forget, that the situation in this respect has reversed itself in the last 15 years. During the long depression, when banks could take their pick of job candidates and there was little turnover, the banks could not have absorbed any considerable number of new executives.

Banks are still suffering from the reputation they gained during that period of slow promotions. Many young men are doubtful of the opportunities in banking.

Part of our task is to explain why the situation has changed. It can be done without exaggeration, and I believe we can now assure young men that the new outlook will prevail for many years—long enough, certainly, to give present employees time to reach secure levels.

## How to Arouse Interest

LEWIS: Now, gentlemen, let's see *how interest in the program can be stimulated*. Frank?

RISSO: If we're thinking in terms of stimulating management's interest, that shouldn't be difficult. Progressive management will recognize the need after comparing potential inventory against potential needs. Without management's whole-hearted interest and support, there can be no program.

Employee interest will grow rapidly as news of a training program gets around. If felt desirable, the company publication, by publicizing promotions, announcing awards, etc., is an excellent medium.

COX: Encourage those qualified to prepare themselves for personal growth in the bank. Promote from within whenever possible. Reward those who do improve themselves by advancing them. Improvement in financial security should be an incentive that will stimulate the desire to accept further responsibilities.

LEWIS: Chet—

LINCOLN: Interest can be stimulated by an honest approach. Greater numbers of young people can be attracted to banking if we bankers will break a long silence and tell the public what our profession really has to offer. The American Bankers Association has already done some good work in this respect with films and booklets for high schools and colleges. A.I.B. chapters have done excellent work in some communities in forming friendly relations with schools.

Our breaking of a long silence isn't likely to be overdone because of the natural conservatism of banks. It's bound to attract an increasing stream of young men into banking—sufficient to permit the selection of those having high potentialities.

LEWIS: What do you think, Art?

GREINER: We should take every opportunity to refute the mistaken notion that banks pay inadequate salaries and that progress is slow. Through good internal communications we can highlight the advancement of qualified leaders from the ranks and thus stimulate others.

We should make the most of every chance to participate in high school and college career-planning programs and tell the story of the opportunities in our business. I've a very definite feeling that we've been sitting back and letting ourselves be sold short on this matter of opportunity.

LEWIS: We certainly must reach the young people, Art. George, what's your opinion?

LEVINE: If bankers everywhere will sell banking and tell present and prospective employees the facts about its opportunities, there should be no difficulty in stimulating interest not only in banking but in an executive training program. Most individuals want a chance to show what they can do and are looking for ways to get ahead. There are many openings. We'll find "takers" if we do our part by selling banking to our potential market.

LEWIS: Harmon, let's wind up this question with your comment.

MARTIN: Interest in executive training shouldn't require much stimulation these days. However, in order to offer suggestions and to trade ideas and experience in solving the problems of succession, and in development of successful techniques, the A.I.B. can take a

still more active part. The convention programs, the chapters, the financial magazines can all share in emphasizing this problem as a service to the profession. Management development conferences are being held all over the country—and many banking people attend. The wise banker knows that investment in people is his most durable asset.

## Recruits

LEWIS: This one shouldn't be too difficult: *What types of employees should be recruited for executive training?*

COX: I'd say those who have a strong character, a desire to make banking a career, leadership ability, dependability, enthusiasm, great patience, good judgment, willingness to work hard and to take responsibility, ability to make and hold friends, determination to acquire adequate training. These, I suggest, are distinctive but minimum qualities of successful bank executives.

RISSO: A sincere interest in banking as a career is paramount, I think. This point can generally be determined during the interview. A pleasant personality that allows a young man to meet people easily could indicate probable success in public relations. A satisfactory scholastic standing in subjects related to banking would show an attitude toward an objective. However, a proper evaluation of extenuating circumstances is necessary when appraising school records.

Officers and non-official employees selected for training should have proved their potential by demonstrating their ability to take responsibility, make proper decisions, carry out assignments, and deal with people effectively. Flexibility in being willing to accept assignments is another extremely important requirement, especially in a large bank.

LEWIS: George—

LEVINE: Let's look for employees who are hard-working and have better than average mental equipment. Occasionally we'll find staffers who are smart but rather lazy. Don't let's overlook them, for they often turn out to be the highest type of executive. They nearly always keep away from time-consuming detail work; they have a knack for circling trouble; they know how to get things done by others, thus maintain a clearcut perspective.

LEWIS: Mr. Martin wants the floor.

MARTIN: It isn't too easy to nail down a consistent "type." However, some standards should be set up. Therefore, it seems wise to start with a rating sheet that's fairly broad in bringing out the qualities and talents sought for. Not all will be loan officers; some will be operations men or specialists. We should know which is which for our future needs and train accordingly.

Everyone should also be rated on his physical, mental, and character traits. Many banks now have rating systems for officers so that the men at the top can keep track of them. If it is realized that rating sheets are not used as tattle-tales, but as sincere, helpful guides, the fear of them disappears. Their value to top management, certainly in the larger banks, is unquestioned.

LEWIS: Any suggestions, Chet?

LINCOLN: The simple answer, of course, is: those who show executive ability. This raises the question



of how to sort employees, which isn't so simple. I don't know how it can be done, with any degree of assurance, from a group of new college graduates, but probably their progress in the bank will be their most reliable recommendation.

There are several good methods of getting performance ratings, and some good tests which can be helpful if sensibly interpreted and not used as the sole determinant. Obviously, written tests can't measure such important qualities as honesty, determination, industry, and cooperation. They can, however, indicate literacy, general knowledge, and deductive reasoning ability.

Other desirable qualities are judgment, personality, poise and initiative. These are usually apparent to supervisors after a few months. I don't know anyone who is skillful or psychic enough to detect them by an interview across the desk.

LEWIS: Anything to add, Art Greiner?

GREINER: I'd suggest that A.I.B. chapter activities provide a way to observe leadership qualities. And in the daily activities of banking some young men display unusual ability to obtain cooperation in departmental and inter-departmental operations.

Others have a high degree of emotional balance and mature judgment. Still others combine contagious enthusiasm with follow-through ability.

Of course, in recruiting college graduates we should certainly be interested in looking for similar qualities, along with our examination of their scholastic records.

## Attracting Career Men

LEWIS: We must be getting along, so let's take the next question: *To what extent will the executive training program attract young people to banking?*

LINCOLN: The program will succeed in this respect in the degree that it succeeds in rewarding those of highest merit. If we're able to produce individuals of quality and ability, the results will be apparent to the staff and to the public, and we'll gain the reputation of providing excellent opportunities for people of ability.

RISSE: We've found that young men are attracted today to companies that have these programs. It's evident to them that opportunity exists. They realize that good men will not be stymied by strict seniority rules and that their company will assist them in getting ready for more responsible positions—if they're ready.

LEVINE: I believe that when young people learn of the program, when they become acquainted with a plan that offers training in the application of basic principles of supervision and management, when they know that banks make possible the step by step development of executives, and when they realize banking is selling golden opportunities, many will be attracted to banking careers.

MARTIN: Our long experience indicates that a vestibule training program definitely attracts young people into banking. It's a sort of magnet at the junior level, and has a competitive value at the college level. When we tried to get along without one we were handicapped. One of the first questions our recruitment officers are asked is, "Do you have a training course?" Without something more tangible than a sales talk on



G. E. Levine, Providence Institution for Savings



H. C. Martin, The National City Bank of New York

the long range opportunities in banking, the young prospects go to some firm that offers a program and a goal at the end of the training.

There's no voice so loud as that of the young college man who carries his success story back to the campus and boasts to his undergraduate friends about the bank he is with. We use this type of "come-hither" recruiting by sending past graduates, now officers, to visit their alma maters during the job-hunting season.

The old method of throwing the neophyte into the work pool to sink or swim has lost its appeal; they all stay away in droves.

Cox: The publicizing of our business as a career, especially among college students, by a number of larger banks has been mildly successful. Now that banks are meeting the challenge offered by the competition of large industrial companies and government agencies there's a better prospect for attracting young men. Continued effort by all banks in telling their story, and the establishment of good training programs, should result in an improved attitude toward bank employment.

## Problems—and How to Meet Them

LEWIS: The last question is: *What are some of the difficulties in setting up a program, and how can they be met?*

RISSE: Taking accurate stock of potential may, in some cases, prove difficult. Personal files may not clearly reveal a man's potential or expose a weakness that should be corrected. Group judgments by several supervisors will generally furnish the required appraisal.

GREINER: In setting up a program you must know where we're going—decide on a training plan. You must know how you're going to get there—schedule that plan. Create a good climate for the program; it must have the support of top management. You must provide for executive participation as well as staff assistance if the program is to have continuity.

LEVINE: There are no insurmountable difficulties. However, keep in mind that the program must have senior management's whole-hearted support. Those behind it must have unbounded enthusiasm to insure follow-through. And you must realize that all people are different, that no two will manage alike or think alike, and that the plan must be designed for individuals. Each must be analyzed; and the program based

(CONTINUED ON PAGE 126)

# Washington

## Prospects for the Fiscal New Year

LAWRENCE STAFFORD

**I**N the final figures of the Treasury's operations for the fiscal year 1953, there is piled up evidence of the magnitude of the problem which has confronted the new Administration and Congress in trying to regain control over the Federal budget.

Two fiscal tendencies which generally prevailed during the defense build-up stage were shown to have reversed in fiscal year 1953. Heretofore expenditures have fallen short of estimates, while revenues exceeded them.

Mr. Truman last January estimated expenditures at \$74.6-billion. Actual outpayments in this case exceeded, if only by \$14,000,000, the January estimate. Revenues, on the other hand, fell short of January estimates by \$3,479,000,000.

This brought the 1953 deficit up to \$9,389,000,000 which, as has been widely reported, was the largest deficit for any year other than during the two world wars. The deficit was \$3,493,000,000 greater than was estimated in January, and so was almost entirely accounted for by the decline in revenues.

### Nonrecurring Factors

Part of this decline — perhaps a large part — may be explained by two things not likely to recur as budgetary influences. The Treasury has been speeding up tax refunds, and this accounted for an estimated \$850,000,000 fewer of revenues. The Treasury will, of course, continue to plug for fast refunds, but their basis of comparison next year will be with a year of achieved rapid refunds.

Of the balance of the "shortfall" in revenues, a very great deal is attributed to the decline in corporation profits due directly to the decline in earnings of steel companies from last year's prolonged steel

strike, and indirectly to curtailed operations by steel users. Just why this factor was not taken into consideration in computing January estimates of receipts is not explained.

### A Shadow of Doubt

Not all observers are one in believing, however, that fiscal 1954 revenues will hold up to President Eisenhower's estimate of \$68.5-billion, on the assumption of the six-month extension of the excess profits tax. There is some thought that, despite no over-all diminution in business volume, despite production at the postwar peak, the return of competition with the end of steady inflation is shading business profit margins.

Mr. Eisenhower estimated fiscal 1954 spending at \$74.1-billion which, with the aforementioned revenues of \$68.5-billion, if achieved, would bring forth a deficit of \$5.6-billion, or if not achieved, somewhat larger. Senator Taft has used a figure of some \$7-billion as a possible 1954 deficit and is said to believe it might be as high as \$8-billion.

Congress has given an encouraging sign in this difficult situation. It is a sign, in the net, of being strongly in favor of economy. For one thing, another governmental fiscal policy has been reversed, this for the benefit of controlling the budget. Over-all, the Senate has done about as well as the House in controlling new appropriations and contract authorizations for fiscal '54 and subsequent years. In recent years, the tendency had been the other way, with the Senate restoring appropriations cut by the House.

President Eisenhower at the end of April announced a goal of lopping off \$8.5-billion from new money allowances, under the figures recommended by former President Tru-

man. At writing, the actual final results of congressional appropriation action were not available. However, it was anticipated that the total cut under Mr. Truman's requests would run somewhere between \$10- and \$12-billion.

Another congressional tendency of considerable future budgetary significance was with respect to foreign aid. Besides making substantial cuts in requested new allowances, both the House and Senate quietly and with firmness indicated that from here on foreign aid, on any volume like \$5-billion per year in disbursements, will be a thing of the past, and there will be a drive to liquidate this vast enterprise in a year or so.

Budgetwise this disposition is far more significant than the row, which became so public and so acrimonious, over the question of extending the excess profits tax six months.

### Acute Problem for Next Session

This budgetary outlook, nevertheless, makes it clear beyond any doubt that in dealing with tax legislation at its session in 1954, the Congress has a problem both politically and economically difficult.

The President has committed himself to a tax revision bill. In the light of the budgetary outlook as it now appears, the prospects for fiscal 1955 and later years will have to look much brighter next year than now before it seems possible to imagine any revenue revision bill having "fiscal room" for an additional cut in total Federal revenues beyond the ending of the last personal income tax boost and the excess profits tax, both of which are set to expire at the end of this calendar year.

Furthermore, Congress in its 1954 session also will have to deal with two other specific tax problems.

Higher rates of excise tax on cigarettes, gasoline, and tobacco expire at the end of the first quarter of calendar 1954. At the same time the corporation tax, if not extended, drops back to 47 percent from 52 percent.

Congress has ignored the President's request that these two taxes be continued beyond March 31, 1954, at the 1953 session of Congress.

### Move to Raise Treasury Funds

Treasury officials moved promptly to raise all the \$5- to \$6-billion in new cash which they would need for the first quarter of fiscal '54 by announcing the 8-month, 2½ percent tax anticipation certificate and discontinuing the weekly increases in bill issues.

This was one of the best Treasury investments which commercial banks had been allowed to buy freely in a long time. It was anticipated by officials that banks would acquire these TAC's with the thought of selling some of them from time to time to their customers

who set aside tax funds to invest therein. Banks in this case were not limited to subscribing a percentage of their deposits, but were held in bidding only to the limits of what they were each allowed to handle for their tax and loan accounts.

So the sale of the TAC's direct to corporations with accumulated tax reserves plus sale to banks for later resale to absorb tax funds, was expected to mitigate in large part the otherwise inflationary aspect of this issue.

### Interpretation of FRB Action

Prior to the announcement of the TAC, the Federal Reserve Board several days before ordered the lower required demand deposit reserves by one percentage point for all banks, except in New York and Chicago where the reduction was two points.

This was done for the admitted purpose of seeing that funds were made available for the legitimate summer expansion in business loans at banks, and to anticipate inescapable Treasury requirements.

As was discussed in the July issue of **BANKING**, Democrats especially in the Senate had been attacking the sound money program of the Federal Reserve System and the Eisenhower Administration—a policy they called "hard money."

When the Federal Reserve action was announced, it looked more like a careful doling out of necessary seasonal monetary needs, than an opening of the floodgates of easy credit. Nevertheless, these congressional critics looked upon the action as "a complete reversal of the Eisenhower hard money policy," as one Senator explained it privately.

Hence one collateral consequence of the action was to cut off, at least for the time being, most of the hostile criticism of current credit policy.

The Federal Reserve explained its action as follows:

This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain

## Secretary Humphrey's Five Points

SINCE his arrival in Washington to become Secretary of the Treasury, George M. Humphrey has come to be identified by five of his foremost opinions:

- (1) Sound money is essential.
- (2) The Government's credit must be protected.
- (3) With the possibility of an "atomic Pearl Harbor," as he calls it, defense spending must not be cut too deeply.
- (4) Business will not slide down hill with a truce in Korea.
- (5) Taxes must be adjusted, and order must be brought out of the crazy-quilt pattern of taxes.

The first and third points were discussed by the Secretary when he appeared before the Ways and Means Committee to ask for extension of the excess profits tax.

"The basic problem is that of national security—which means military security and economic security. The country must be kept safe from aggression from abroad. And further inflation must be stopped and the dollar must be kept sound to provide a solid base for a healthy economy," he said in part.

"We live, as the President said, in an age of peril," he said at another point. "The danger of an atomic Pearl Harbor is real. Reduction in defense spending must be made only after full account is taken of all the security factors involved."

With respect to protecting the Government's credit, Secretary Humphrey observed that nobody knows just what debt the Government can carry, "but I can tell you now that America does not have unlimited credit."

The above typical statement was made to a Senate Appropriations subcommittee.

MR. HUMPHREY is vehement in asserting that an end to fighting in Korea will not bring a business slump. He was asked the question in the NBC-TV program July 5, "Youth Wants to Know."

Naturally a truce in time would change some of the patterns of things that factories would produce and Government would buy, he pointed out.

"But I don't see that it would

have any particular effect upon the economy as a whole. If what you have in mind is: would it bring on a depression, my answer is absolutely no, I do not think so," the Secretary said.

MR. HUMPHREY's biggest upcoming job is to propose to Congress after it convenes in January for the new session, a general tax revision bill. As he observed on this same TV program, regarding the nature of some of the taxes:

"The fact is that these tax laws that are now on the books have 'just growed,' like Topsy. They have developed during extreme times. They have developed when we had to have large amounts of income and they have just been put one on top of the other with really no rhyme or reason to a good many of them. As soon as we know where we are on the present situation, then our purpose is to spend the next six months studying it and studying every means of taxation and arriving at what we believe will be a broad, comprehensive, and much fairer bill."

## Point IV in 1975

HERBERT BRATTER

WHILE one group in Congress is blue-penciling the foreign-aid budget, others enthusiastically vote for a donation of surplus wheat to Pakistan's teeming millions and are wondering whether we can't find an outlet abroad for the excess grains now being harvested over the country and stored by the CCC under the loan program. When Dan Reed of the tax committee resists incorporating other countries' deficits in our own budget, he may be shouting against the wind.

The Point IV idea has long been with us. President Truman merely gave it that name, in 1949; and President Eisenhower carries it forward. In 1950 Mr. Truman offered to contribute part of any savings we might make from "real disarmament" to a UN fund to advance the underdeveloped lands.

Latterly some Americans have been coming to the realization that helping the underdeveloped countries with our know-how and capital raises problems while it is tackling them. We had only to look at our half-century experience in helping underdeveloped Puerto Rico, where the gains have been crowded out by the ballooning population fostered by our health measures. Over a shorter period similar results have been noted to ensue from our occupation of Japan and the Trust Territory of the Pacific Islands. Even while President Eisenhower was making his speech, MSA's Advisory Committee on the Underdeveloped Areas was discovering the dilemma. Health programs, it noted, are the most widely accepted form of aid; yet, reducing the death rate without changing the birth rate means only more mouths to be fed. To quote MSA's committee:

Yet the stubborn fact, acknowledged by all experts, remains: modernization and better public health bring a spurt in total population. . . . Indications are that the birth rate will eventually follow the death rate downward—but how long after the economic job has been taken over by the Communists because the

rising expectations of the people have been disappointed? . . . We do ourselves and our friends in the less developed countries a disservice if we pretend that the poverty in those countries reflects only the inadequacy of resources, or their ineffective utilization.

Needed, states the committee, is "conscious promotion of population limitations."

As we go about the world conferring the blessings of our superior resources and wisdom we might profitably glance at the economic survey made for the government of the Trust Territory of the Pacific Islands in 1952. The author, Donald J. O'Connor, cautions that "public health measures have the most mischievous consequences upon a society unless accompanied by changes in training, development and the saving of capital properly aimed at keeping the rate of economic production abreast or ahead of the rate of human reproduction." He traces the revolutionary results in primitive communities when a penicillin injection saves a child's life:

Thus, so to speak, a dollar's worth of penicillin sets a stage requiring \$500 worth of food and training for the child saved by a simple injection and \$1,000 worth of capital to create a productive place for him as an adult worker.

On the lessons of Point IV in Puerto Rico a book could be written. Indeed Harvey S. Perloff's book, *Puerto Rico's Economic Future* (Chicago, 1950) is very informative thereon. The Puerto Ricans, most of them, live under wretched conditions, undernourished, ill-housed, underemployed, relying on imported foods. When we took over there were 900,000 inhabitants; now there are more than 2,300,000.

In Latin America, population has grown 30 percent in 10 years. In Asia, population is outstripping goods and services. And as they mature these new millions will look to our children for aid.

stability of the dollar. The reduction, releasing an estimated \$1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment.

Secretary Humphrey, commenting on this action, noted that it "is entirely consistent with the policy of restraint of inflation without too drastic credit restrictions."

### Congress Continues V-Loans

Congress finally passed, and the President approved, the bill extending the power of the President to order the allocation of scarce metals and materials for military and atomic energy production. In exceptional cases, if there are insufficient materials also for the civilian economy, the Administration may in this case also allocate materials for civilian type production.

This power continues for two years, or until June 30, 1955.

As anticipated, the final draft of the DPA extension omitted any provision for actual or standby controls over wages, prices, or credit, whether consumer credit or real estate credit.

Congress, moreover, continued for two years the authority of procurement agencies of the Government to guarantee V-loans through the Federal Reserve banks. This action avoided the possibility that the operation of this program might be interrupted.

At the suggestion of the A.B.A., the legislation specifically clarifies the power to guarantee loans on terminated contracts until the Government has made settlement.

V-loans closed since the defense program of 1950 exceed 1,200 and an aggregate of \$2,200,000,000.

### Consumer Credit Rises

It was announced by the Federal Reserve Board that through most of last May, instalment credit had risen by \$4,777,000,000 in one year, the

(CONTINUED ON PAGE 116)

# How 66 Banks Use Television

G. EDWIN HEMING

The author is manager of the Advertising Department of the American Bankers Association.

OUT of 2,285 bankers who contributed to the 1953 American Bankers Association survey of bank advertising, 87 reported that they planned to use television as an advertising medium this year. A second questionnaire, asking for additional information, was sent to this group, and 66 reports were received from bankers in 47 cities and 31 states. The questions and a summary of the replies follow:

## How long have you been using TV as an advertising medium?

	Number of banks
Less than one year .....	21
1-2 years .....	15
2-3 years .....	14
Over 3 years .....	16

## What is the type of your present program?

Using local talent .....	19
Using spot films .....	25
Using co-op programs ....	11
Using other types .....	11

This latter group uses flip cards and slide strip films. While the vast majority of the reporting banks (42) confine their TV programs to spot announcements, 24 banks sponsor TV shows. Among the types of shows being presented are: news reels, news telecasts, commentators; pianist on film; live musical talent; films (dramas, science, comedy, quiz); panel discussions or interviews; cooking school; sports; hints on gardens and home repairs.

## What is the objective of your program?

Institutional .....	32
To sell specific services...	34

In the merchandising group, the services featured, in the order of their popularity, are: (1) institutional; (2) savings; (3) checking; (4) auto loans; (5) personal loans; (6) safe deposit; (7) modernization loans; (8) banking by mail.

## What is the length of your program?

	Number of banks
8-second spots .....	3
10-second spots .....	13
20-second spots .....	16
30-second spots .....	2
1-minute spots .....	10
5-minute spots .....	2
10-minute shows .....	2
15-minute shows .....	8
30-minute shows .....	14
1-hour shows .....	1

## What time is your TV program telecast?

Morning .....	2
Afternoon .....	6
Evening .....	58

(The choice of evening hours is between 6 P.M. and 8 P.M.)

## Who prepares your programs?

	Number of banks
Advertising agency .....	46
TV station .....	10
Prepare own .....	10

## Do you use a personality, cartoon, or identifiable trade-mark?

Yes .....	35
No .....	31

Among the various devices used for this purpose are: seals, slogans, photographs of bank entrances and bank officers, and special bank trade-marks.

## What TV station do you use?

The majority of reporting banks have TV stations in the city in which they operate. Many of these TV stations are being used by two or more banks in the same city.

## Has an educational TV channel been activated (or is one being activated) in your community?

Yes .....	19
No .....	47

This question refers to the educational TV program authorized by the Federal Communications Commission under which 242 channels have been allocated to that many localities for educational purposes.

## Have you checked the effectiveness of your program?

Yes .....	30
No .....	36

Here are some brief comments from among those sent us by bankers who have checked results:

"Television is the easiest of all mediums to check. Every week the mail we receive serves as a TV check. Our afternoon show has demonstrated pulling power on many services and different items. It drew 2,850 letters in one recent week, and 1,800 mail requests for budget books from two announcements. Letters keep the advertiser in constant touch with the public's thought and opinion about banking service."—*Allan Herrick*, advertising manager, Security-First National Bank, Los Angeles.

\* \* \*

"A very marked increase in requests for automobile loans was apparent during the 60-day period when an automobile loan campaign was promoted on TV as well as in other media."—*G. W. Sears*, vice-president, The First National Bank & Trust Co., San Diego.

\* \* \*

"When our new account department questioned new customers, quite a few stated they came in because of our TV program. This is the only type of advertising that we can definitely prove brought us new accounts."—*Don C. Dickinson*, vice-president, Security Trust & Savings Bank, San Diego.

\* \* \*

"We made a telephone survey. Sixty-six percent of those who had their sets turned on had been tuned to our program. Of those who listened, 88 percent enjoyed the program very much. Eighty-three percent of those questioned identified correctly the Denver National Bank as sponsor."—*James K. Sanbourne*, advertising manager, The Denver National Bank.

\* \* \*

"Many voluntary references to our programs have been made by our customers and friends, and sufficient

interest has been indicated to make us believe that our programs have been very effective."—*T. C. Swanson*, president, The Pueblo Savings and Trust Co., Pueblo, Colorado.

"When TV was used in connection with Hopalong Cassidy promotion as main medium of advertising, over 5,000 accounts were opened."—*James P. Furniss*, assistant vice-president, Citizens & Southern National Bank, Atlanta.

"The program has a Hooper rating of 34, which means that we are reaching some 1,400,000 viewers each telecast. It is the highest rating of any local program and exceeds the ratings of the top networks programs."—*Raymond W. Stanley*, assistant vice-president and advertising manager, First National Bank, Boston.

"Results very satisfactory."—*A. A. McGonagle*, assistant cashier, The Detroit Bank.

"We have had an opportunity to measure the impact of TV as it affects the opening of new Dime-A-Time checking accounts and Save-Master savings accounts. The results have been quite amazing. On Dime-A-Time, we noted a definite rise in new accounts on Mondays and Tuesdays following our Sunday evening telecast—and this was true throughout the entire 9-month period which we surveyed. A great many people mention TV when they open Dime-A-Time accounts, so we know it is producing good results—although we recognize the cost is high in relation to most other items in our ad budget."—*Gordon M. Malen*, assistant cashier, First National Bank, Minneapolis.

"Unsolicited letters and cards from television owners have convinced us we are pleasing a substantial audience. Furthermore, when commercials on mass-appeal subjects, such as Christmas Club and special checking accounts are used, we have enjoyed an immediate response in all our offices that lie within the scope of the telecast. Recently we showed and offered our audience a folder on will making. We received by mail, phone, and personal calls over 200 requests for this folder within the next few days."—*Fred E. McKelvey*, vice-president,

Security Trust Company, Rochester, New York.

"We have been able to trace a fair portion of business to our TV spots. We found it took about six months to notice any real effect."—*Arthur E. Ziegler*, advertising manager, Marine Midland Trust Company of Central New York, Syracuse.

"We do not feel that we got dollar value, hence cancellation."—*Fred W. Greene*, vice-president, The Union National Bank, Charlotte, North Carolina.

"The volume of increased loans justifies the expense of TV."—*John W. Rowan*, assistant vice-president, Provident Savings Bank & Trust Company, Cincinnati.

"We've checked listenership through the usual means. No attempt has been made to ascertain amount of new business by this medium. In this city with three TV stations, our audience rating consistently has been about 10, which is just about the highest of any locally produced show. Average nightly audience is estimated to be approximately 150,000 persons."—*W. J. Wills*, assistant vice-president, Central National Bank, Cleveland.

"Letters of commendation. Monthly pulse rating of about 10."—*Dale Brown*, assistant vice-president, National City Bank, Cleveland.

"We felt that it was effective but decided to make an acid test with Christmas Savings, spending the same amount of money as we had on newspapers the two past years, when results were practically the same. The result: 1951—4,974; 1952—4,971; 1953—5,911. This is a 19 percent increase."—*Raymond J. Spahr*, vice-president, The Peoples Bank of Dayton, Dayton, Ohio.

**The Question of Costs**

Have you found ways to cut TV costs?

Yes ..... 11  
No ..... 55

Among the suggestions received for cutting costs are these:

"Use newspaper artwork. It has the advantage of closer tie-in with the advertising program."

"During the summer months we

run a 13-week program repeating foreign films at one quarter the original cost."

"Live studio commercials seem to be a good deal less costly than slides or film commercials."

"Cooperative sponsorship helps cut TV costs."

"Our show was purchased at a 'package price'—an initial saving over straight time and talent. Material for commercials includes film strip and flip cards which can be re-used."

"We think we get good results from using films on moderate rental basis, as against buying syndicated shorts outright."

"Story flip boards and stop-action technique on camera cut TV production costs."

"Use well illustrated slides, rather than films, for commercials."

**Discontinued Programs**

Have you previously used other types of TV programs and discontinued them?

Yes ..... 26  
No ..... 40

Here are the types of programs and the reasons for discontinuing:

"Program involving competition between two families: formula became stale."

"Earlier two-minute commercials were cut to one minute and then to 20 seconds. Pace is faster and standards are constantly raised."

"Zoo show, made locally, discontinued due to excessive expense and time involved in development."

"We first used spot announcements but have changed to a 15-minute show, which is more effective because it gives the audience something to remember."

"Previously we used exterior and interior film shots of bank for institutional advertising. Now we are using prepared animated films to promote different services."

"We discontinued syndicated film show because of poor quality of the film."

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# The COLLEGE MARKET in the SEARCH for PERSONNEL

HOMER HILTON, JR.

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*The author is trust officer of The National Bank of Jackson, Michigan, and, in addition, works on personnel problems for the bank as a whole. He was formerly with the Guaranty Trust Company of New York and the First National Bank & Trust Company of Marquette, Michigan. He is a member of the State Bar of Michigan and the Class of 1953 of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University.*

**B**ANKS our size (about \$40,000,000 deposits) in towns our size (about 55,000) are not doing enough to recruit employees from college graduating classes. On the other hand, the large metropolitan banks are alert to the personnel possibilities in this market and are competing with the large industrial companies in seeking college recruits.

Since our initial exploration in this field leads us to believe that it offers real possibilities, we intend to expand our contacts to cover all the colleges within 50 miles of us, including two Big Ten schools and two privately endowed colleges. Our pressing need for young employees with executive potential is a situation shared by many banks throughout the land, but our case has been emphasized by the fact that in two years we have grown from a \$29,000,000 bank with one office to a \$40,000,000 bank with two branches, a large auto-bank, and a charge account service. This growth in physical assets and services was not matched by an increase in our staff of officers.

However, the need for good employees with executive potential is not easily translated into their acquisition. There are not enough to

go around, and the competition for those available is fierce and unrelenting. When you do find them you must be prepared to offer just as attractive (and remunerative) a package as is being offered by the big corporate enterprises, who are equally anxious to attract qualified young men into their ranks.

An aggressive personnel program requires, among other things, a policy of continuing contacts with a potential supply of desirable employees. It will not be possible to absorb all qualified available men, and, in fact, you may not be able to attract any from those available. But a continuing program will keep your name before men becoming available, will improve your techniques in approaching prospective employees, and will give you an opportunity to present the banking side of the employment picture.

### **The First Contact**

When our decision to investigate the college field was made in January, we began by contacting the placement bureau of Michigan State College. The earliest date available to us for interviewing students was in the third week in April, at the terminal end of the interviewing period for the graduating class. When arrangements were made, we were told that it was likely that there would be no one to interview, since we were unknown to the majority of students.

It was suggested at the time of original contact with the college that we plan on developing our college interviewing program over a period of successive years. This would establish us in the interviewing field, and would make it possible for our name to become known. It was also recommended that we

contact professors in the business administration and accounting departments, to familiarize them with the opportunities in banking institutions of our size.

We found the placement bureau very cooperative, with an efficient staff which got our name and interview date before students and arranged the interview schedule itself. On the day of the interview the bank officer was provided with a private room and complete student records, including a general information card, a "profile" card, which gave a summary of three faculty ratings, and a personal data record, which showed military status and extra-curricular activities. The faculty summary gave a confidential rating on "cooperation," "work-performance," "capacity for future development," "initiative," and "attitude." Thus, the interview began with the bank representative in full possession of much valuable information, so that it was not necessary to devote interview time to extracting routine information.

In spite of our late interview, seven students were scheduled, although two were canceled before the date. None of the students who appeared had been thinking specifically in terms of a job in banking, but all were attracted by the fact that an opportunity was offered to talk with an official of a bank outside the large metropolitan areas. Those interviewed indicated that the large city banks had done a fine promotion job and that the impression they had created was favorable in comparison with that made by large industrial firms.

Questioning the students brought out a fairly general opinion that banking outside the big cities is

(CONTINUED ON PAGE 134)

# All In, a Day's Work!

By DICK ERICSON and DONALD A. LAIRD



**1. IF MOST** of the hard work is now done by machines, why do people get so tired? Occupational tenseness is the answer in many instances. A timid typist who complained that her work made the back of her neck hurt is a good example. The tenseness stayed with her nights, and made it difficult for her to go to sleep. Floramae was observed at work, and the industrial nurse noticed she was tense all over. She dug her toes into the linoleum, chewed her tongue, and held her head rigidly as she watched the copy she was typing. Floramae's all-over tenseness was due to her inexperience, observers concluded. When the supervisor gave Floramae reassurance that she was making good, her anxieties were eased and there was a partial let-up in her generalized tenseness.

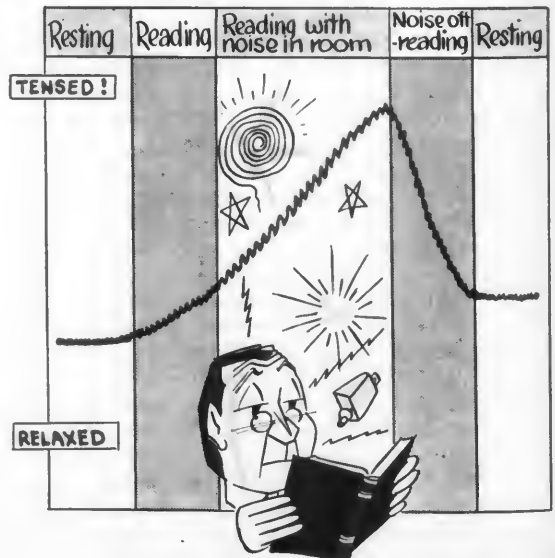


**2. FLORAMAE WAS SHOWN** how to relax the antigavity muscles which most people hold too tensely: jaw, back of neck, across the shoulder, upper back, abdomen, calf of leg. Attempts to relax may get nowhere if the person does not know where to start. "Just relax, Floramae," would have been too vague an instruction. Instead, she was told: "Relax your jaw first . . . now relax across your shoulders . . . now your back . . . calf of your right leg . . . now the left leg . . . now type gently."

**3. THE SAME THING** occurs at the executive level, when the growth of the firm, or a promotion, makes the job bigger than the man. In such a situation the executive puts on more steam to try to fit the bigger job, but usually nothing grows bigger except his ulcers. There are times when it is wiser to decline a promotion, or a new job.



**4. ELECTRICAL** measurements show arm and neck tenseness while reading and resting.







**5. NECK-ACHE** is a common ailment among white collar and salaried workers. They have to hold—or think they have to hold—their heads in a steady position in order to work. This is an example of static tenseness.

Florinae was shown how to change the position of the copy she was typing from time to time, thus shifting the tenseness to other neck muscles. In addition, she was instructed to pause occasionally in her work, and twist her head from side to side, then backward and forward, to restore a steady state in the neck muscles.

There are two useful rules for the person who has to hold his head more or less motionless while at work: (1) Change the position of the head slightly about every 15 minutes. (2) About every hour twist the head sideways, then up-and-down a few times.

**7. IN GORILLA** occupations the body is forced to lean backward. Legs are ahead of the trunk, as with the strutting drum major. Jobs that require carrying and lifting produce this gorilla type of tenseness. High heels sometimes cause it. So do jobs which require continuous looking upward, as gauge watchers.



**6. SOME OCCUPATIONS** can be classified as producing the kangaroo type of tenseness. Drafting illustrates kangaroo tenseness. Drafting seems like nice, light work, which should not be fatiguing. But leaning forward over a drafting board eight hours a day throws the postural tonus off balance from the waist up, and adds new tenseness. Occupations which require stooping, pushing, or leaning forward are in the kangaroo class. Most office jobs are kangaroo style.



**8. THE PERSON HIMSELF** can do much to restore his steady state if he stretches and bends in the opposite direction several times a day. When his work puts him in the kangaroo position, he assumes the gorilla position from time to time to make the tenseness balanced, or to "neutralize" it.

Since the kangaroo posture tends to compress internal organs and produce shallow breathing, people who have to work in that position should spend a few minutes several times a day in deep breathing. Inhale deeply, hold the breath a moment, then let it go out with an explosive gasp. The idea is not merely to get air to ventilate the bottoms of the lungs, but more to stretch the diaphragm and relieve some of the internal tensions so the vital organs will have their steady state restored. Learning to use muscles properly and to relax will make a big difference at 5 o'clock.

# METHODS and IDEAS

Operations . . . Promotion . . . Public Relations

This department is edited by JOHN L. COOLEY of BANKING's staff.

## FASTER CHECK COLLECTION

PLANS for expanding a ground-air transit system of check collecting, thus sharply reducing the time required for interbank exchanges, are announced by the Armored Carrier Corporation of Bayside, New York.

The company says that "bank controlled routing" will ultimately connect and integrate check collections and clearings for the more than 3,000 banks the firm is now servicing by ground in 16 major cities. Places already linked, through regional clearing centers, are Washington, Baltimore, Philadelphia, and Nassau and Rockland counties in New York State. A pilot operation is now being conducted in a network embracing Chicago, New York, Philadelphia, and Boston.

Armored's trucks pick up the checks from "country" banks and rush them to city correspondents. Facilities for air shipment between distant points are also available.

Fred S. Broach, vice-president of the company, says the plan is "tailored to fit the needs of individual banks," allowing each to determine when and where it wants checks to go.

The program, Mr. Broach asserts, will also make it possible to set up "effective regional clearing houses to follow industry's decentralization, and funds will be able to flow throughout the less heavily populated areas as rapidly as through the big financial centers.

## COMMODITY LOANS

A WIDER use of commodity or warehouse loans was forecast at the A.I.B. Cleveland convention by Rodgers L. Wycoff, vice-president, Liberty National Bank and Trust Company, Louisville.

"With interest rates making front page news and prices softening in many lines of business," he said, "bankers are less likely to look with favor on substantial unsecured loans to finance customers who, by the seasonal nature of their business, must accumulate large inventories for distribution through their selling season. As a more conservative lending policy is formulated by individual banks, wider use of commodity or warehouse receipt loans will likely materialize."

Mr. Wycoff pointed out the advantages of warehouse receipts, which pass title to commodities pledged to the lender, as against chattel mortgages and trust receipts

under which the borrower retains control. He emphasized that good title and ready marketability were essential requirements of a good commodity loan.

## SAVINGS CERTIFICATE

A 2½% PERCENT savings certificate in duplicate form with the redemption value printed on the face of the original, has been developed by William A. McDivitt, Jr., secretary and treasurer of The Bridgeville (Pennsylvania) Trust Company for the use of that bank.

The certificate has a one-time carbon with snap-out feature to facilitate speed in preparing. The original is lithographed on green

The Nassau County (N. Y.) Clearing House Association on July 1 started its "overnight check clearing" plan, reported in the May issue of BANKING. Chairman Oscar Gast called it a pioneer operation, "the first regional check clearing plan of its type in the United States." Checks are picked up from the banks by armored truck, brought to the clearing house in Freeport, processed, and returned before the banks open the next morning. The picture shows the clearing bureau's staff of 45 handling the 36,318 items brought in from Nassau County's 64 banking offices on the first day of the new system.



safety paper; the duplicate, or register copy, which serves as the bank's ledger sheet, is on pink paper.

The certificate is the size of a U. S. Savings Bond. It is issuable in multiples of \$100 and if held to the three-year maturity bears interest at 2½ percent compounded quarterly from date of issue. The redemption values per \$100 are given for three-month intervals.

## A BANK TALKS TO COLLEGE MEN

THE HANOVER BANK of New York has published, "in the interest of banking," a brochure that points out to college men the opportunities in banking.

*Banking . . . Today's Career* makes effective use of statistics, gathered by *Time* magazine, on more than 9,000 graduates, showing that those who chose banking as a career "made out better financially than those who went into any other business." Only young men entering the professions (medicine, dentistry and law) exceeded banking's high standing in the survey.

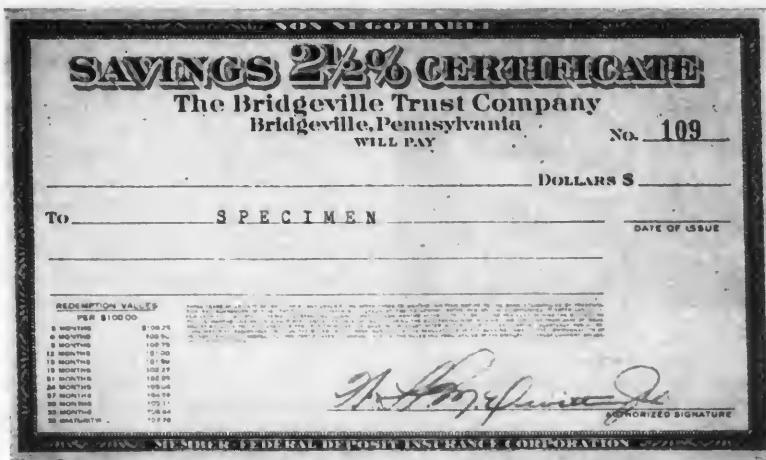
The pamphlet also cites a U. S. Chamber of Commerce report that "the financial industry is 25 percent ahead of all others in providing fringe benefits." Pointing out that banking is a "growth" industry, Hanover reminds young men that "more bank business means openings for more bank officers" and that "no industry can equal banking's high ratio of officers to employees."

"College-trained men can fill the big executive gap in banking. . . . Close study of the career opportunities in banking disproves many of the old shibboleths. For the college graduate, banking as it is practiced today is at once a profession and a lifetime career devoid of ruts and studded with opportunity for initiative and personal growth."

The Hanover has sent copies of *Banking . . . Today's Career* to the placement bureaus of all colleges and universities in the country, to all state bankers associations, and to the presidents of 200 large banks. It will also use the brochure in its own recruitment program.

## THE "YOU" ANGLE IN ADS

"SERVICE" copy in bank advertising should be persuasive and informative. It shouldn't argue with



The original of the savings certificate. On the reverse side is an assignment form. The duplicate or register copy omits the table of redemption values and has a space for the purchaser's signature

the prospect, or attempt to overawe him with the bank's size and importance, or woo him with tongue-in-cheek claims of friendliness and neighborliness.

These were comments by C. Arthur Hemminger, director of advertising and public relations at The First National Bank of St. Louis, in a talk at the A.I.B. national convention.

Citing several bank advertising campaigns that perform a service for the layman by explaining the uses and advantages of bank services, thus giving people assistance with money management problems, Mr. Hemminger said:

"All of these campaigns actually perform a service for the reader by giving him useful information. They play up the *you* angle and minimize the *we* angle. They avoid boastfulness and the somewhat condescending 'we are prepared (or willing) to serve you' approach that once was so prevalent.

"There's no news, certainly, in the fact that a bank is 'willing' or 'ready' to offer its services. After all, unless the stockholders have been woefully misled, every bank is organized primarily for profit—and unless services are sold there can be no profit!"

## AREA PUBLIC RELATIONS

TWO banks have recently provided examples of constructive public relations on behalf of areas in which they do business.

BANK OF AMERICA published a report on the growth in employment

in California from April 1940 to April 1953. CITIZENS AND SOUTHERN NATIONAL BANK, Atlanta, issued a 71-page book, "Growing Atlanta," featuring, largely by means of aerial photos, many examples of civic and commercial progress made by that city since World War II.

The California study reveals that employment in the state rose 86 percent in the 13-year period, as compared with a population growth of 71 percent. There was a substantial change in the type of work: agricultural employment was up 43 percent, while non-farm jobs jumped

First Westchester National Bank of New Rochelle, N. Y., recently enlarged its office in the New Haven Railroad station. At the opening ceremonies Miss Agatha Blasi, manager of the branch, was crowned "Queen of the Commuters" by Gerald Walsh, president of the city's Civic and Commerce Association





Jack Glenn, assistant president of the Citizens and Southern National Bank, presents the first copy of "Growing Atlanta" to Mayor William B. Hartsfield

103 percent, reflecting the increase in manufacturing and construction activities.

The Atlanta booklet reports more than 300 national businesses have added branches in the city since 1946, lifting the total above 3,300. Bank clearings nearly doubled. Citizens and Southern banks in Georgia now have an industrial development department which works closely with companies interested in locating there.

## LOAN MANAGEMENT

SEVERAL basic elements of a sound loan policy were suggested by Milton J. Drake, vice-president of The Detroit Bank, at the American Institute of Banking's credits conference in Cleveland. He offered nine points:

(1) Set a top limit on total loans. This normally will be related to either capital or deposits, and the level may depend upon the expected character of the loan account as to risk. While a maximum figure can be established, the aim of management should be to prevent loans from reaching this total except under the most pressing circumstances because it is desirable that there be some unused lending capacity to take care of the unusual demands of established customers.

(2) Pressures from directors, officers, or substantial depositors should not be allowed to exert an undue influence in making loans.

(3) The depositor, rather than the borrower, is the one to whom the banker's responsibility runs. If there is a doubt regarding the propriety of making a particular loan, that doubt should be resolved in

(CONTINUED ON PAGE 129)

## Safe Deposit Procedures

JAMES A. McBAIN

With this instalment **BANKING** concludes publication of excerpts from a memorandum prepared by Mr. McBain, vice-president of The Chase Safe Deposit Company, New York, for the A.B.A. State Legislative Council. The series started in the February issue.

### Records

All records should be kept in good condition. They may be called for in a court case involving your bank. A bad impression can be created if records are in poor condition. Periodical audits and inspections influence personnel to keep records in good shape.

My company follows the practice of destroying all records of surrendered boxes after 10 years from the dates of surrender. These records are grouped for this purpose and recommended for destruction as a regular audit procedure. Access slip records for both rented and unrented boxes are destroyed after the slips are 10 years old. We still have a memorandum record of access by slip number and date, filed alphabetically under the lessee's name, which continues to serve a useful purpose as long as the safe remains rented.

### Death of Lessee

The death of a lessee normally precludes access except by court order or by the accredited representative of his estate. Some states provide statutory procedure for the prompt opening of the safe prior to the appointment of the representative for the purpose of searching for a will, for the immediate removal of a cemetery deed and for the delivery of life insurance policies to named beneficiaries. This is done with the consent of tax authorities. A signed record is kept.

The burden of determining who is to open a box under such procedure is placed on the courts which may, at their discretion, deny box opening petitions made by persons the courts feel are not entitled to them.

After his appointment, the accredited representative of the estate is entitled to access, depending upon the nature of the appointment, evidence of which must be filed with the lessor. Such evidence should be carefully reviewed. Tax restrictions must be observed.

If a co-lessee dies, it may be necessary to require the survivor's presence at any access to the accredited representative, or to require the presence of one or the other. Contracts and statutes applicable, if any, must be reviewed and tax restrictions observed.

If no accredited representative has been appointed within two months of the date of death, lessors should review the Internal Revenue Code regarding filing Treasury Forms 704 and 705.

The death of a sole fiduciary usually precludes access except to his accredited successor or by other court procedure. If access is allowed to his successor, it is good practice to request the presence or consent of the accredited representative of the estate.

It is important that immediately upon notice of death or incompetency, everyone charged with the operation of the vault be advised and the records changed. Deputy appointment forms and contracts should be reviewed to see if the point is covered.

Some lessors require a co-lessee or deputy to sign an access ticket (for retention) indicating thereon that the absent co-lessee or principal is alive. This practice need not be followed and may be discouraged for the following reasons, among others:

(1) The visitor may not know if the absentee is alive; or the visitor may be physically incapable of signing.

(2) It places an unreasonable and expensive burden on lessors who may not wish to keep such records.

(3) It will not attain objectives desired by inheritance tax officials, since: (a) a visitor may sign it anyhow, with no evidence available to contradict his later statement that he took nothing of a taxable nature; (b) the practice may drive taxable assets to other places of safekeeping, possibly across state lines.

(4) It poses administrative difficulties for lessors who may be required to differentiate between boxes of residents and non-residents, and certainly between individual lessees and corporate, partnership and fiduciary lessees, where the death of a person authorized for access should not involve the lessor or lessee in inheritance tax procedure.

### Lessor Inventories

Some lessors, actively participate in, or make, inventories of decedents' boxes for tax or other purposes. Safe deposit authorities feel that such procedure unfairly involves the lessor. No adequate compensation is received. Personnel is not adequate or competent to make such inventories.

If such inventories must be made, a signed record should be kept for the protection of the lessor. A representative of the decedent's estate should be a signatory. Avoid participation in inventories.

# Banking's Family of 500,000

The Customer and Personnel Relations Department of the American Bankers Association recently made a survey which included data on the bank population. Some of the facts brought out in this study are presented briefly here.

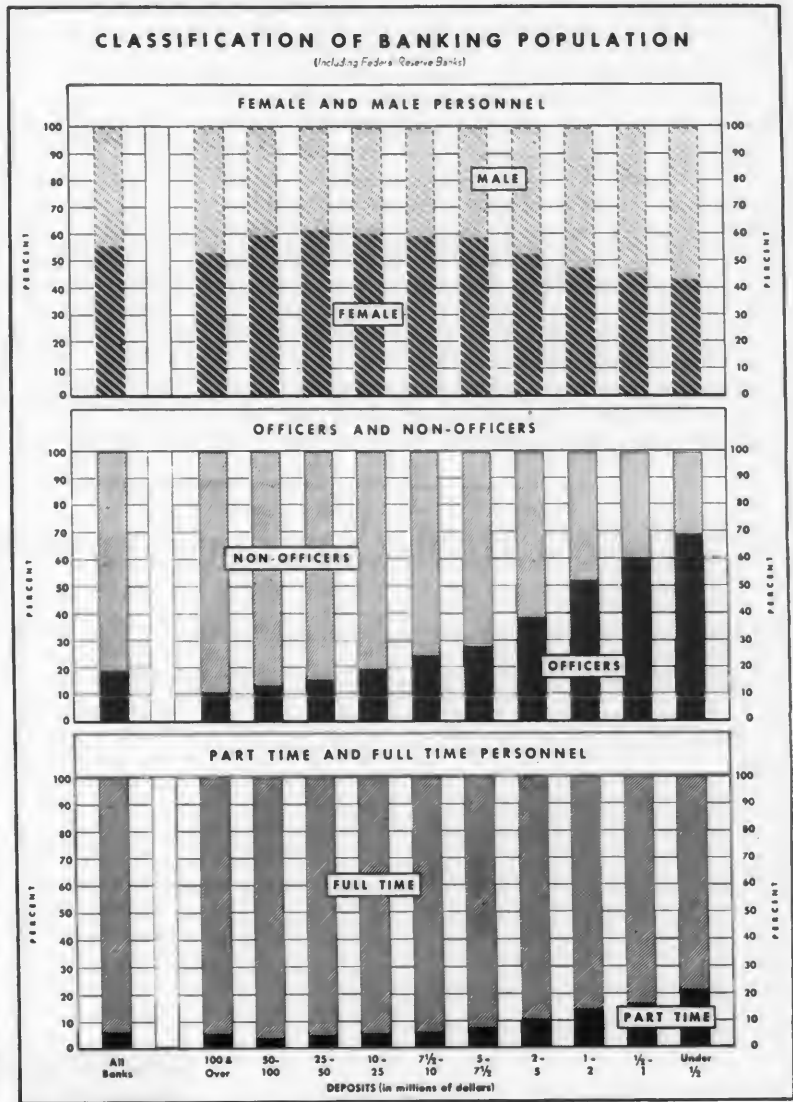
**B**ANKS now employ approximately a half million people. This compares with 281,000 in 1933 and 309,000 in December 1941. During the World War II, postwar, and Korean expansion, banks increased their staffs by 65 percent, or nearly 200,000 persons, in order to meet the increased requirements of farmers, businessmen, and individuals. This growth has exceeded 25,000 per year for the past two years.

The survey showed 496,479 employees as of January 31, 1953. This compares favorably with the revised bank employment series of the Bureau of Labor Statistics released in May 1953, which showed 496,200 for the middle week of February 1953.<sup>1</sup> This new series reflects a reduction of about 30,000 employees from the old BLS series.

The table shows a breakdown of the banking population. It is interesting to note that officers account for 18 percent of the total. This means that one out of every five and a half employees in banking holds an official position. The increased recognition of women in banking is reflected in the fact that women now constitute 9.1 percent of the officer group—considerably higher than a decade ago.

As was to be expected, there were great variations in the make-up of the staffs among the individual banks. However, very definite trends were evident in analysis by size groups. The chart on this page shows the percent of total employees who are officers, who are female, and who are part timers for all banks and for each of 10 size groups.

Many bankers have expressed an interest in ratios of the number

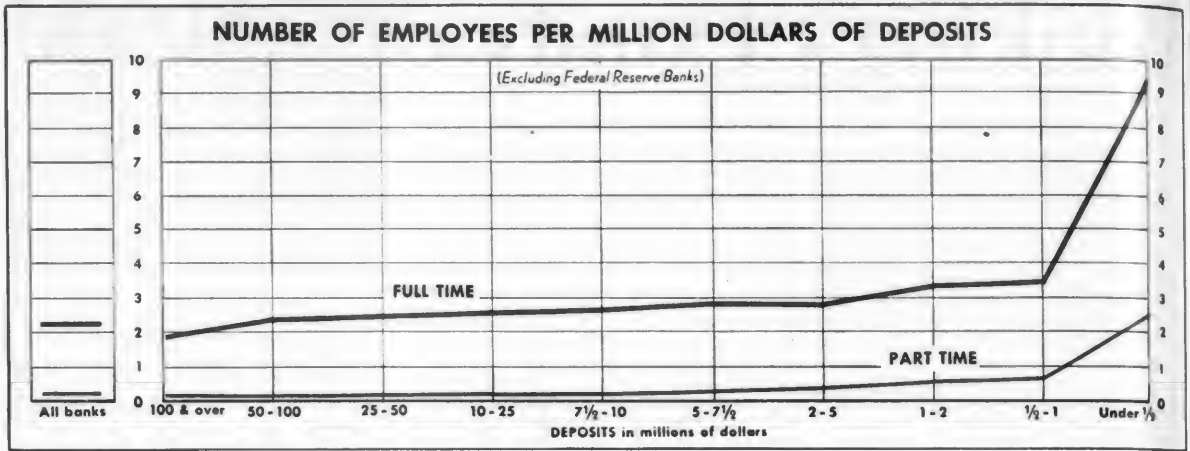


## Banking Population January 31, 1953

(All banks—including the 12 Federal Reserve banks)

OFFICERS	MALE	Full time	76,032			
		Part time	5,350	81,382		
		FEMALE	Full time	7,668		
			Part time	437	8,105	
				89,487		
OTHER EMPLOYEES	MALE	Full time	128,654			
		Part time	9,866	138,520		
		FEMALE	Full time	253,459		
			Part time	15,013	268,472	
				406,992		
TOTAL BANKING POPULATION						496,479

<sup>1</sup> Monthly Labor Review, U. S. Department of Labor, May 1953, Table A-2, P. 549.



of employees per million dollars of deposits for various size banks. The chart on this page presents the number of part time and full time employees per million dollars of

deposits for all banks and for 10 size groups. It must be remembered that the ratio of employees to deposits in an individual bank is affected by many factors, such

as the average size and activity of accounts and the variety of services. Therefore, although such ratios have their use, they should not be considered as a standard.

## Have a Hobby for Boredom-proof Retirement

**M**ENTION retirement to the average banker or businessman and he's likely to say: "Oh, I'll be ready for it when the time comes." And chances are he will be ready—financially.

Oddly enough, however, many of the persons who are most secure financially are the least prepared to face one of retirement's biggest problems—boredom. One week they are busy at the office; then suddenly they are sitting at home with lots of time and little to do. It is not uncommon to hear these men wish they were "back in harness," or that they had some means of "keeping busy."

**M**ANY bankers, therefore, might do well to follow the advice of Hugh Brooks, former assistant vice-president of The National City Bank of New York. He speaks from experience when he says: "Find a hobby now and develop it. You will be glad that you did when you retire."

Mr. Brooks took up his hobby, photography, in earnest when he left the bank in 1946. Today he is recognized as one of the country's very best amateurs, specializing in color photography of our national parks.

The vigorous, 67-year-old former banker belies the word "retired."

Every summer he leaves his Montclair, N. J., home for the Far West, recording with his camera scenes which have been reprinted in several magazines. More recently, he was the subject of a story in a nationally syndicated photography column.

Despite this attention, photography remains a hobby for Mr. Brooks and he strongly recommends it for any retired man. "The camera provides an incentive," he says, "to get out in the open, to see nature at its best.

"And the camera will keep bringing you back to scenic spots. You may get a better picture this time, and you certainly will have a deeper appreciation of the beauty of nature."

**B**UT no matter what hobby you decide upon, be it photography, woodworking, painting, or collecting, decide upon it now. When the day of retirement does arrive, you'll find that you are "ready for it" in every way.

WILLIAM E. JOHNSON

◆  
Mr. Brooks gets a closeup in a garden  
◆





drastic credit restrictions." Nothing could be plainer than that.

### Seasonal Requirements and Financing

Since "seasonal requirements" and "Treasury financing" demanded that additional reserves be supplied to the commercial banks, let's look at what these may be.

Last year from June 2 to December 31 gross loans of all member banks rose over \$5-billion. In the same six months the U. S. gross debt increased more than \$84,000,000,000. During the period the Federal Reserve banks supplied reserves by increasing their holdings of Government securities by about \$1,800,000,000.

For the rest of this year the U. S. gross debt may rise \$12-billion or more. There is nothing in the business figures now to indicate that the demand for loans will be substantially less than last year. With such a prospect the Board of Governors was forced to act. Whether it acted by authorizing the Open Market Committee to provide the reserves, by adding to the Federal Reserve portfolio, or by reducing reserve requirements, makes little difference. Both increase reserves and permit expansion of the supply of credit. Changes in the portfolio of the Federal Reserve banks are more applicable to weekly developments and more flexible. Lowering reserve requirements provide very substantial additions to reserves promptly. It is possible that both measures will be used again before the end of the year.

### Immediate Need for Cash

The specific reason for reducing the reserve requirements of the member banks was the imminence of the Treasury need for funds ample to meet the expected deficit for the July-September quarter. Last year the deficit for that period was about \$3,700,000,000 and the balance in the General Fund of the Treasury on June 30 was almost \$7-billion. This year it was not quite \$4,700,000,000.

### Treasury States Its Needs

What the Treasury expects was indicated on July 1, with the announcement of an offer for subscription of \$5½- to \$6-billion of a new 2½ percent tax anticipation certificate to mature on March 22, 1954, and "receivable at par plus accrued interest to maturity" if used "in payment of income taxes on March 15, 1954." This provision gives a bonus of about 3/64 to any holder using these certificates to pay income taxes and raises the yield from 2¼ percent to about 2.57 percent.

In making the announcement of the offer the Treasury said, "This offering is intended to take care of the Treasury's cash needs in the first quarter of the fiscal year," so that the market is now freed for some time from the necessity of wondering what the Treasury is going to do next. Furthermore, no extra amount of Treasury bills will be issued as all weekly maturities have now been revised to \$1,500,000,000 except that of September 10 and the \$800,000,000 tax anticipation bills maturing September 18.

### Offering Well Received

With the \$1,156,000,000 new reserves available, with the usual privilege of paying for subscriptions by credit to tax and loan accounts; with a 2½ percent rate for

(CONTINUED ON PAGE 136)

## Investment Markets

H. EUGENE DICKHUTH

**M**ORE new money was provided in the first half of 1953 by the capital markets of America than in any other six months' period since the war. The total of intermediate and long-term financing by the various classes of borrowers ran to about \$11-billion. This compares with about \$9.5-billion in the first half of 1952.

These figures illustrate the extraordinary prevailing demand for capital, but the aggregate would have been much larger yet if corporations, municipalities, and states had not withdrawn an appreciable number of proposed offerings because of rising borrowings costs and the stickiness in some segments of the investment markets, which was the result of tight money. The mortgage markets were affected as well.

Despite continued heavy expansion of savings, the private hunger for credit, coupled with unexpectedly heavy Treasury borrowing, was a main contributing factor in rising interest rates. The advance in yields since December last was about 0.4 percent for a selected group of high grade corporate bonds.

As a natural result of the working of all these economic forces in relatively free markets, there was a general decline of securities prices of all descriptions. This trend was arrested, however, after the announcement on June 25 of the reduction in member bank reserve requirements in July. Yields declined somewhat and prices firmed. Revival, on a modest scale, of Federal open market operations, had a similar effect previously.

In this seesaw on conflicting forces, bank borrowings were paid off out of proceeds from securities issues, and other bank loans were made by industry in order to avoid either debt or equity financing.

A mixed program was provided by Richfield Oil Corporation, which raised a total of \$65,000,000. Of this, \$40,000,000 was raised through a private sale of \$40,000,000 of 30-year 3.85 percent sinking fund debentures and \$25,000,000 through bank financing on unsecured 3¼ percent notes.

Worthington Corporation, as another example, just got itself a 22-year bank loan of \$25,000,000, representing a refunding of a 20-year loan of \$14,250,000 and an additional \$10,750,000 for expansion.

Under the prevailing unsettled market conditions, it is estimated that some \$250,000,000 of proposed corporate bond issues were reduced, postponed, or canceled altogether. The suggested sale of several large stock issues was likewise canceled.

The same tendency prevailed among municipal offerings. Underwriters refrained from bidding and advised postponement. A tabulation of proposed issues which were not sold at first offering shows about \$175,000,000, or about 6 percent of total offerings.

In the field of municipal finance, the tight reserve positions of commercial banks played an important role. They had to reduce their purchases because of inadequate funds, while municipal bond houses had the task of broadening the relatively narrow market for tax-exempt securities in order to move an increased supply of new issues.



# Big Business

## Is Banking on Main Street

JOHN B. MACK, JR.

*The phrase "Big Business" creates a mental picture of skyscrapers, Wall Street financial operations, and sprawling factories. Less dramatic, but of vital importance to "bigness," is the national network of branch offices, sales offices, plants, and stores that enables an organization to operate efficiently and profitably.*

*The day-in-and-day-out service provided by the commercial banks of the country to the local units of big business is an important part of the picture. In this article we have tried to present some of the ways in which banks are serving the national and local needs of business concerns. We have also presented some of the ways in which large corporations can help banks to do a better job of serving these national and local needs.*

*The author is president of the Mack and Irwin Advertising Agency, Freeport, New York. He was formerly deputy manager of the American Bankers Association in charge of the Advertising Department.*

**I**N A MID-WESTERN CITY, the branch office of a national building material concern needed the services of an expert real estate appraiser. It was essential that the man be intimately familiar with local real estate conditions.

The concern ran several classified advertisements in the local newspaper, but the response was disappointing. At this point the office

manager had an idea. Why not discuss this with the local banker?

As it turned out, the banker had a file of appraisers in his office. Three telephone calls and two interviews resulted in the hiring of a man who had exactly the right qualifications.

**T**HE TOWN CLERK had just finished reading the request of the XYZ Chain Store for a variance in the local zoning code. The store wanted to install a parking lot, and this would require a rezoning of part of the property.

Sam Jones was well known for his hatred of "outsiders." He hastened to rise and object to the application. "Chain stores are outsiders," he said. "They take money away from our town and give nothing back."

It looked bad for the chain store's plans. But just then Ray Brown, the local banker, rose and spoke. "I happen to know," he said, "that the chain store does a lot of good for our community. It keeps substantial funds here, it gives employment to local people, it supports local activities. This store is a part of our community, even though it is also part of a national organization."

The chain store's application was granted.

**O**NE OF AMERICA'S great corporations, a manufacturer of home appliances and equipment, built a new factory in a southern city. Many of

the management and supervisory personnel were brought in from other plants of the corporation. In addition, while most of the employees were recruited locally, many skilled workers were brought in from other areas.

In the face of a local housing shortage, the corporation had a serious problem in finding satisfactory homes and apartments for its people. At this point the local banks came to the rescue. Canvassing all known sources of sale and rental properties, lists of available dwellings were prepared and made available to the corporation. Instalment loan services were offered to plant employees for meeting moving expenses, purchasing furniture and equipment, meeting other expenses involved in starting a new home, and in revising existing mortgage arrangements.

The usual checking, savings, safe deposit and other banking services were made available to corporation personnel, and a general offer of counsel and advice on financial and other matters within the banking sphere was made and widely accepted. In the words of a corporation executive, "The banks were key members of the 'team' that enabled our plant to start operating smoothly and on schedule."

**T**HESE ARE by no means isolated instances of local bank service to units of national corporations. In an attempt to learn first-hand how



these large companies use their local banking connections, BANKING has consulted a number of corporation treasurers in recent weeks. Because of the confidential nature of the banking relationships involved, many of these executives have asked that their names be withheld.

It is not suggested that every banking service mentioned in this article could be used by every business concern, nor that every corporation could carry on all of the various activities to help local banks render better service. Nevertheless this survey reveals that big business today relies heavily on local banks for a wide variety of financial and related services. It also indicates that well-planned programs of information flowing in the opposite direction, from corporations to banks, are needed to enable the banks to do local servicing jobs of maximum helpfulness. As the treasurer of a nationally known company stated: "The banking relationship with our business is a two-way street." Many bankers echo this point of view.

### How Banks Serve Business

THE SERVICES of banks to local units of big business are by no means limited to the conventional banking facilities. Widely used, of course, are accounts in the local banks for meeting payrolls and making various disbursements, various banking facilities for transferring and collecting funds, credit reports, loan services, and safe deposit facilities.

Among the more specialized banking services that are used by these business concerns are the handling of foreign exchange transactions,

purchasing of Government securities, and various corporate trust services provided by the trust departments of the banks.

Industrial development services supplied by banks to their business customers include locating suitable plant sites, obtaining data on land values, supplying information on local labor, power, transportation, and materials.

In the area of operations, local banks are helpful in locating key personnel, helping in connection with pension plans, profit sharing plans, and group insurance programs, helping arrange trips for executives, and in many cases even helping the corporation to develop and install efficient internal operating procedures. The experience of the local banker in dealing with businesses of various types can prove valuable in many phases of local branch, factory, or office operation.

Marketing services provided by banks include credit information, the bringing together of buyer and seller, and the providing of business loans and instalment credit facilities to various manufacturing, wholesale, and retail units of the corporations.

A relatively new area of bank service to business has to do with corporation public relations and community relations. Quite a few treasurers of national organizations state that the local banks play an important part in their public relations programs. This is a recognition of the banker's position of leadership and influence in his community, and the importance of the local banker's nationwide contacts with

all segments of business and social life.

Safeway Stores, for example, in a handbook produced for use by local managers, calls attention to the importance of the banker in the company's public relations:

Safeway provides every bank with which it does business a satisfactory banking account. This is no mere assertion, but a reality accomplished by faithful application of one or more of the following policies:

- (1) Maintaining adequate bank balances at all times.
- (2) Paying bank service charges whenever balances are not profitable to the bank.
- (3) Establishing special inactive accounts in local banks when necessary to offset unprofitable banking accounts.

Chain stores are sometimes accused of "taking all of their money out of town." In the case of Safeway, it is a definite policy that this charge shall never be substantiated in fact. The best answer to such an accusation is to be able to refer anyone making such a statement to our local banker.

William J. Hogan, treasurer of American Airlines, expresses his attitude toward local public relations as follows:

Public relations is an especially important item in the conduct of our business and we are particularly interested in banks that are active in a community development sense.

On the same subject, E. H. Todd, treasurer of S. S. Kresge Company, said:

We feel that banks in the smaller communities should have an understanding of a corporation's commu-

### *Information Large Corporations Should Convey to Local Banks*

Company organization	Past earning record
History and development	Current dividends
Industry standing	Past dividend record
Data on products and services	Future expansion plans
Points of superiority	Company aims and policies
Facts about top executives	Employee relations policies
Financial structure	Public relations policies
Current earning picture	Community relations policies

nity and public relations policies, and we have attempted through our local managers to make this information available to our banks.

### Corporation Suggestions

Large corporations are generally quite satisfied with the service they receive from local banks. Certain suggestions for improved service have been made by corporation treasurers, and these are as follows:

(1) Banks should provide clearer and more complete information on their service charges.

(2) Non-par check clearance is a source of annoyance to a number of the large companies.

(3) Incomplete credit information; failure to cooperate fully on requests for credit reports.

(4) Some bank charges for collection of drafts are "excessive and arbitrary."

(5) Bank calls on corporation treasurers should be constructive, and it would be helpful if advance notice could be sent so that the treasurer could have information assembled, or if necessary, an assistant could be briefed to handle the interview.

This quick resume by no means covers all of the services rendered by the local banks. It does indicate, however, the broad scope of these services and gives some idea of their importance to large corporations.

### How Corporations Can Help

There is general agreement among the treasurers of national corporations that important information about company plan, policies, and operations should be put into the hands of local bankers if the relationship is to be beneficial.

Paul W. Guenzel, treasurer of the Container Corporation of America, said: "I think local banks should certainly know about our products and markets, industry standing, financial structure, earnings and dividends, and financing needs."

R. S. Bass, treasurer of the A. E. Staley Manufacturing Company, Decatur, Illinois, expresses his views this way: "It is vital that the local banks have complete knowledge of the management structure. The company is made up of individuals, and the general business attitude of

these individuals makes up the company's character."

George E. Baskie, treasurer of American Optical Company, holds a definite belief on the subject: "Banks should have at least a general knowledge of the company's products and their marketability. The company's standing in the industry and its financial structure, as well as its earnings and dividends, should be made available. . . . From the standpoint of stability, community policies and public relations policies are important to the company, and the principal bankers should be kept informed on any important changes or contemplated changes therein."

### What to Communicate

There is agreement among bankers, and also corporation executives, that a program of information directed by business concerns to the local banks will result in benefits to both. What are some of the things on which bankers in general need information?

*Company Organization:* Information about the organizational struc-

### *Some of the Services Local Banks Provide for Local Units of National Corporations*

Handling deposit accounts	Providing armored truck service	Advising on profit sharing plans
Making transfers of funds	Issuing official checks	Helping with group insurance plans
Handling collection of funds	Locating equipment and material	Arranging trips
Making business loans	Bringing together buyer and seller	Furnishing information on local conditions
Providing instalment credit service	Making introductions	Helping with proxies
Obtaining credit reports	Locating key personnel	Giving personal help to executives
Offering safe deposit facilities	Helping find plant locations	Certifying checks
Handling payrolls	Advising on investments	Supplying coin and currency
Providing charge account service	Assistance in stockholder relations	Handling escrow accounts
Dealing in foreign currency	Providing financial library facilities	Issuing letters of credit
Offering access to world contacts	Translating foreign letters	Paying bills
Purchasing and selling securities	Advising on insurance	Providing safekeeping service
Purchasing Savings Bonds	Marketing distress shipments	Making stock transfers
Handling equipment trust certificates	Helping with pension plans	Making telegraphic transfer of funds
Affording after-hour depository service		

ture of the corporation, data on mines, factories, offices and outlets, methods of distribution, top personnel, how long in business, relative size or position in its industry—all these make up a type of background material that can be very useful to bankers.

**Output of Corporation:** Of equal importance to the banker is factual material on products or services provided by the corporation, points of superiority in comparison with other products and services, some idea of how products are made or services are rendered.

**Corporation Plans and Policies:** The basic philosophy guiding the conduct of the organization, some idea of plans for future expansion and development, important policies in relation to manufacture, servicing, pricing, personnel relations, and similar aspects, give the banker a closer feeling of identity with the corporation.

**Financial Factors:** Of great importance to bankers are the financial facts about a business. How is the corporation capitalized? What are its assets and liabilities? What are

the current dividends, and what is the history of dividend payments through the years? Similar data on earnings, past and present, plus any future financial planning that might be made known, form an invaluable fund of banker information.

**Community Relations Policies:** Some large corporations have clear-cut programs of plant-area and branch-area relations. Where there are such programs, or even simple basic policies, bankers would like to have the facts. Information like this helps a banker form a picture of the "personality" of a national organization that otherwise might be just a name to him. Some corporations, for example, are "introverts." They have no desire to be a part of community life. Others have the qualities of an "extrovert" personality, an urge to become identified with local activities, to be known as an integral part of the community.

Armed with the necessary information on company aims and policies, the banker is in a better position to be helpful to the corporation in attaining its local goals. Some large

companies go far beyond merely identifying themselves with the community. They assert strong leadership in projects of community improvement, and in such areas as economic enlightenment of local citizens, and in selling the American system of free enterprise locally by both word and action. A study of a number of company programs of this nature indicates that banks and bankers can be brought into the picture much more effectively than at present. One of the first steps in bringing this closer teamwork about is by corporation programs of banker information.

**Public Relations Policies:** Closely identified with the community programs of large corporations are their over-all public relations policies and programs. Millions of dollars are spent each year by big business in an effort to achieve important public relations objectives. One company wants to be known as a leader in research and forward thinking, another seeks to convey constructive facts about its advanced policies of labor relations. Modern corporations realize full well the importance of people in their public relations thinking. They cultivate their employees, stockholders, suppliers, and customers. But all too often they overlook a key group of opinion influencers—the bankers.

### "Our Eyes and Ears"

ASIDE from routine services, we expect our banks at various locations to be our representative, our eyes and ears, in the area. We want them to criticize our activities and suggest improvements. Besides informing us of a potential customer, we want them to know the present ones and keep us advised as to their stability and aggressiveness. We want them to become familiar enough with our procedures that they can recommend changes if money can be saved. In the case of collection items refused, we should like to have additional information as to reasons and what steps should be taken by us if they are unable to act for us. Through our bankers we should like to get to know community and industrial leaders in their area, whether they be customers and prospects or not. We want to know the molders of public opinion.—CURTISS C. COLEMAN, treasurer, Pillsbury Mills, Inc.

THESE ARE BY NO MEANS the only areas of information in which local bankers need and welcome enlightenment from large corporations. There are special types of information that each company can convey to its own advantage. Neither is it true that these programs of information should be directed only to banks in which the respective corporations currently carry accounts. There is, of course, a type of confidential information that is properly exchanged only between a bank and its customer. But the general type of corporation information discussed in this article can be given wide distribution throughout the banking fraternity. As stated earlier, the relations of business with banks form a two-way street. It might be added that this two-way street is a broad one on which many can travel. And the more who travel it, the greater will be the benefits and advantages to all.

# Judging Future Loan Volume

EUGENE C. ZORN, JR.

MR. ZORN is director of research and secretary of the Research Council, American Bankers Association.

THE sharp rise in bank lending in the postwar period and the sensitivity of loan volume to changes in business conditions make it imperative that not only monetary authorities but also bankers keep a close watch over the bank credit picture.

"What will be the trend of bank loans during the last half of 1953?" The answer to this question is being widely sought today when so much attention is being focused upon Federal Reserve credit policy and Treasury cash needs as related to the course of bank credit. History is frequently a useful guide. Thus, if the experience of other postwar years holds in 1953, we can expect business loans to rise from around the end of July to the close of the year.

The reports of the Federal Reserve and supervisory agencies provide excellent media through which such basic trends in bank credit can be observed, but they require careful analysis and interpretation. The Research Council of the American Bankers Association has greatly simplified the task by devising a standard form and charts for this purpose.

## Value of Weekly Reporting Member Bank Statement

The Federal Reserve statement of "Condition of Weekly Reporting Member Banks in Leading Cities" is a report that can be used most effectively in gauging loan trends. This weekly statement has the important advantage of being current. It is available only a week after each statement date for the 94 leading cities combined, and a separate report for New York City and Chicago banks is released only two days after the statement date. The report is comprehensive enough to serve as a guide to the trends of the whole commercial banking system, since the reporting member

banks hold about 60 percent of the loans of all commercial banks and 70 percent of the loans of all Federal Reserve member banks, and only slightly smaller percentages of the deposits of both larger groups.

The statement of "Condition of Weekly Reporting Member Banks in Leading Cities" is issued by the Board of Governors in Washington in a mimeographed release designated H.4.2. The first page of this release gives data for banks in all 94 cities. The second page shows the data for central reserve city banks in New York and Chicago, although data for these two cities are also issued separately earlier by the Board in a release designated H.4.3. The statements are also published in the financial press, and appear several weeks later in the *Federal Reserve Bulletin*. (Occasionally, the statement first issued is revised. Any revisions are indicated in the following report, and in the *Federal Reserve Bulletin* where the final figures are published.)

The series covering 94 cities was initiated in 1947 and it remained unchanged until March 4, 1953, when the number of banks reporting was increased slightly to improve coverage of the data. This change does not greatly affect comparability of current figures with past years for most purposes. A description of the revision appears in the *Federal Reserve Bulletin* for April 1953.

## Standard Analysis Form

The Research Council's standard form for calculating and analyzing the changes in bank loans is based on the reporting member bank statement. Copies of the form, together with data and charts covering the period since 1947, have been made available in the booklet titled *The Trend of Bank Loans*.

Only the three classes of loans which might be described as "customer-lending" are included. They are:

(1) Commercial, industrial, and agricultural loans (for purposes of brevity, this category is usually referred to as "business loans"); (2) real estate loans; and (3) "other" (largely consumer) loans.

These three categories account for over 90 percent of the loan portfolio of the reporting member banks. The balance consists of two other major groups: loans on securities and loans to banks. Since the security loans are primarily related to capital markets and Treasury financing operations and loans to banks might generally be described as transfers of reserves between banks, they are excluded from the analysis of customer-lending.

## Compilation of Current Data Simplified

The analysis form, which is designed to cover each half-year period, can be used to enter each week from the condition statements, as they are released by the Board of Governors of the Federal Reserve System, the outstanding amounts of business, real estate, and "other" loans of the reporting member banks in 94 cities, and the amount of business loans of New York City and Chicago (central reserve city) banks.

From these five basic figures, simple and quick calculations can be made which will render the published statements much more useful to the banker and analyst. The form provides for the calculation of 14 additional columns of data from these five basic weekly figures.

The data for back periods have already been computed for each half-year, and the completed printed forms are contained in the booklet. The tabulations cover the old series from the beginning of 1947 through 1951, while data for 1952 and the first half of 1953 are based on the coverage of banks introduced in the March 1953 revision. It is an easy clerical operation each week to keep the series up to date as the statements are released by the Federal Reserve.

The computations cover the following additional information:

- (1) the amount of change from the preceding week in each of the three basic figures;
- (2) the outstanding amount of business loans of banks in the 92 cities other than New York and Chicago, together with the change from the preceding week;
- (3) the total of the three categories of loans for all 94 cities; and
- (4) the cumulative changes in the amounts of the three categories of loans outstanding since the end of the previous half-year period, with a further similar breakdown of the business loan figures for New York, Chicago, and 92 other cities.

For purposes of illustration, the booklet contains a sample form showing how the data would be entered from a Federal Reserve release. It will be noted from the form illustrated that, for 1953, data are accumulated from December 24, 1952, instead of December 31. The statement data of December 24, 1952, corresponds to December 27, 1951, which had been the last statement date of that year.

### Usefulness of Reports Greatly Increased

The accumulation of these data over a period of years is useful to the banker and analyst in gauging the trend of loans, the rate of expansion or contraction, the seasonal picture, and the occurrence of unusual circumstances. Knowledge of these factors in the loan picture helps to develop historical perspective, to make a more informed appraisal of the current trends, and to produce more satisfactory near-term forecasts. By having the in-

formation readily available in a form that lends itself to analysis, the problem is made more simple and comparisons can be made by analogy to previous periods concerning which more general information regarding economic and credit conditions is known.

### Charts Covering Previous Years Provided

The booklet also contains charts showing some of the data from the half-year analysis forms since the beginning of 1947. These charts can be kept current as the data are compiled.

The first chart shows the overall loan picture as measured by total business, real estate, and "other" loans of reporting member banks in 94 cities, and the relative importance of each type. The trend since 1947 can be observed, but because of the size of the data it is difficult to measure approximate rates of change or seasonal factors from this chart.

The remaining charts are useful on these latter points. They show the cumulative net changes during half-year periods in each of the three types of loans. It should be noted that a different scale is employed on each of these charts in order to bring out greater detail. The analysis of the data on a half-year basis is arbitrary, but the picture is more clearly discernible than when annual or longer periods are used.

It is not intended here to cover all of the specific information to be derived from the data and the charts, but some of the more important points can be noted:

- (1) data on cumulative net changes

can permit observation of seasonal patterns more readily;

(2) these cumulative net changes can also facilitate comparison of approximate rates of change between individual years;

(3) week-to-week changes show rates of change not only during current periods, but also comparison with the corresponding portion of previous years;

(4) special circumstances are highlighted, such as increased borrowing around income tax dates, or unusually large individual loan transactions (e.g., Bethlehem Steel Co. loan in week of August 15, 1951); and

(5) divergence of trends between money market banks in central reserve cities and other cities can be watched, particularly when large borrowers are resorting to capital markets to refund city bank loans, while credit demand is strong elsewhere.

Even these refinements derived from the basic Federal Reserve report do not prevent important underlying trends from being obscured at times when some types of loans are expanding and others are contracting, thus canceling out each other in an aggregate figure. Nevertheless, they do afford a simple method for following the general loan picture.

One of the important contributions of the Voluntary Credit Restraint Program was to initiate the compilation of data since March 1951 by the Federal Reserve Board on changes by industries in business loans of a sample of reporting member banks. These data are already quite useful in revealing underlying seasonal trends of lending to different industries that are obscured by over-all figures. They also show the sensitivity of loan volume to ex-

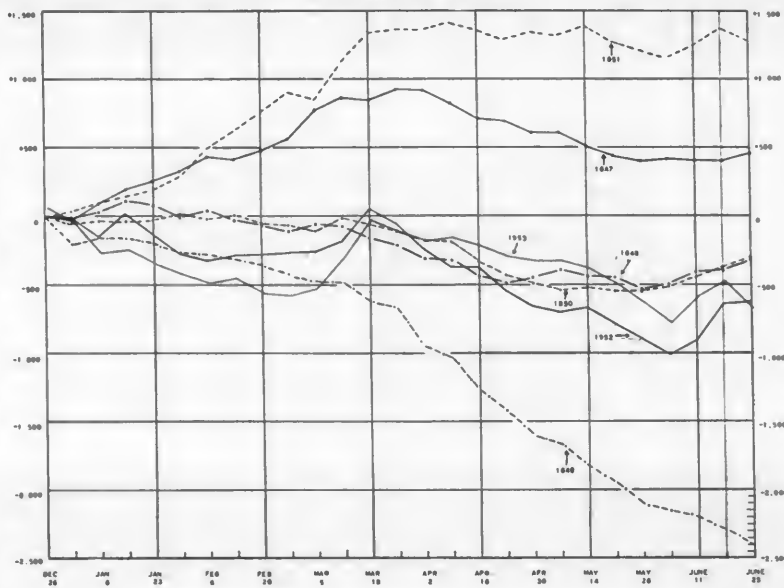
### Extract from sample tabulation form

PERIOD COVERED FIRST HALF - 1953

COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL, REAL ESTATE, AND "OTHER" LOANS OF WEEKLY REPORTING MEMBER BANKS IN 94 CITIES  
(in millions of dollars)

DATE	COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL LOANS OUTSTANDING								REAL ESTATE LOANS OUTSTANDING		ALL "OTHER" (LARGELY CONSUMER) LOANS OUTSTANDING		TOTAL BUSINESS, REAL ESTATE, AND "OTHER" LOANS	CUMULATIVE NET CHANGES SINCE START OF PERIOD					
	94 CITIES		NEW YORK CITY		CHICAGO		82 OTHER CITIES		AMOUNT	WEEKLY CHANGE	AMOUNT	WEEKLY CHANGE		BUSINESS LOANS		REAL ESTATE LOANS	"OTHER" LOANS		
	AMOUNT	WEEKLY CHANGE	AMOUNT	WEEKLY CHANGE	AMOUNT	WEEKLY CHANGE	AMOUNT	WEEKLY CHANGE						94 CITIES	NEW YORK CITY			CHICAGO	82 OTHER CITIES
DECEMBER 24, 1952	23,484		6,783		3,187		10,664		6,088		7,201		36,781	0	0	0	0	0	0
DECEMBER 31	33,360	+104	6,736	-48	2,171	-48	12,484	+8	6,098	-1	7,335	+34	36,736	-104	-48	-4	-10	-1	+50
JANUARY 7	23,138	-231	6,417	-118	2,154	-17	12,388	-8	5,984	-1	7,280	-57	36,613	-335	-160	-23	-148	-3	-50
14	23,188	+50	6,550	+133	2,143	-11	12,388	-3	6,106	+12	7,381	+101	36,674	-306	-133	-24	-148	+10	-60
21	23,087	-101	6,820	+30	2,138	-16	12,342	-46	5,104	-2	7,324	-57	36,613	-487	-183	-48	-203	-6	-133
28	33,011	+78	6,688	-32	2,103	-22	12,812	+70	6,120	+16	7,325	+1	36,468	-483	-187	-24	-232	+24	-134
FEBRUARY 4	22,852	-88	6,557	-36	2,078	-23	12,317	-95	6,121	+1	7,368	+34	36,448	-542	-226	-88	-227	+28	+168
11	22,868	+16	6,574	+17	2,068	-13	12,350	+33	6,132	+1	7,377	+9	36,488	-105	-208	-103	-184	+26	+175
18	22,841	-106	6,538	-36	2,051	-14	12,288	-62	6,133	+13	7,288	-89	36,411	-613	-248	-116	-248	+38	+154
25	22,868	+12	6,543	+5	2,051	-1	12,278	-10	6,147	+12	7,405	+17	36,431	-635	-245	-116	-248	+51	+164
MARCH 4	22,832	-36	6,583	+40	2,076	+26	12,261	-17	6,136	+8	7,458	+56	36,633	-672	-218	-81	-283	+68	+154
11	23,138	+306	6,633	+50	2,078	+2	12,426	+167	6,187	+51	7,607	+149	36,813	-338	-150	-86	-116	+71	+168
18	33,418	+1280	6,742	+109	2,128	+50	12,830	+402	6,198	+11	7,361	+754	37,136	-718	-41	-41	-48	+93	+168
25	33,337	-81	6,673	-69	2,128	-1	12,838	+8	6,175	+14	7,687	+126	37,117	-787	-118	-42	-3	+77	+168

CUMULATIVE NET CHANGES IN BUSINESS LOANS OF WEEKLY REPORTING MEMBER BANKS DURING THE FIRST HALF OF THE YEAR  
(In millions of dollars)



ticable after the close of each period, and additional blank forms. The price will be \$2 per year to cover the cost of reproduction and mail-

ing. Orders should be addressed to the Research Council, American Bankers Association, 12 East 36th Street, New York 16, N. Y.

## Fed Opens New Communications System

A NEW automatic teletypewriter communications system, through which nearly a trillion dollars in bank credit will be transferred each year, was put into operation by the Federal Reserve System on July 6.

Known as the Federal Leased Wire System, the new network will span some 11,000 miles, as a crow flies, bringing the 12 Federal Reserve banks and their 24 branches, the Federal Reserve Board of Governors, and the Treasury's offices in Washington and Chicago within seconds of each other. It will also handle on occasion messages of the Reconstruction Finance Corporation and the Commodity Credit Corporation.

The new switching system will replace a wire transfer operation. One of the continuing important functions will be the telegraphic transfer of funds for member banks. For example, a customer of a member bank in New Hampshire might want to get \$5,000 to San Francisco rapidly

to complete a business deal. His bank would ask the Federal Reserve Bank of Boston to transfer the funds. The Boston "Fed" would deduct the \$5,000 from the bank's reserve account and wire the San Francisco "Fed" to credit it to the account of the proper San Francisco bank, giving notice that it was for the business concern there. The transaction might take less than half an hour.

### Other Uses

In addition to speeding up the transfer of funds for commercial banks, the new system will also handle messages by which the Reserve banks adjust their accounts daily in the Inter-District Settlement Fund in Washington. Messages transferring Treasury funds in large amounts would also move via the network.

Some 6,000 messages averaging 25 words are sent each day over the Federal Reserve's communication network. The new system, developed

by the Bell Telephone Laboratories, and provided under contract by the Long Lines Department of the American Telephone and Telegraph Company, will operate at a line speed of 75 words per minute, allowing the maximum use of line time.

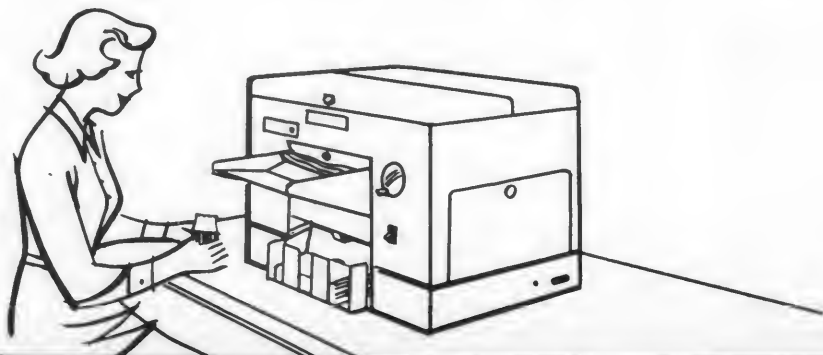
Headquarters of the network that will link together 46 stations in 37 cities will be a switching station in the Federal Reserve Bank of Richmond.

### "Mechanical Brain" to Catch Human Errors

The system is equipped with a mechanical brain able to spot human errors.

Entirely automatic—except for the typing of the original message by the operator—it incorporates several new techniques in written communications to speed messages and insure against loss of traffic. Among these is an interception mechanism which picks up messages that have been misdirected.

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# THE FAMILY DOLLAR

EARL S. MacNEILL

Vice-president, Irving Trust Company, New York

## Factors in Estate Planning: HUMAN NATURE

**I**T seems appropriate that a discussion of this subject should place some emphasis on the factor of human nature in the process of estate planning.

Practitioners of professions tend to live in ivory towers—to each his own. The tower inhabited by estate planners has more rooms than most, for planning the disposition of the fortunes of a man for his family's sake involves law, taxation, accountancy (taxation bridges the first and third), economics, life insurance, and that form of applied psychology that is salesmanship. The trust officer who advises customers of the bank how they should organize their affairs must have knowledge of all these callings, nor can he be dilettante in any of them. But he must not become so preoccupied with his basket of specialties as to acquire an ivory tower complex.

It is all too easy, as the facts unfold, to start fitting them into one pattern or another. If an estate of a certain size is indicated, there should be a marital deduction trust for the widow in the husband's will (amounting to half of the estate), residuary trusts for the children under the will, and a series of immediate, irrevocable gifts in trust for them—thus a classic program unfolds. The computations are impressive: So much "second" tax on the estate is saved; there's a group of income taxpayers created, many in low brackets, in place of the original high bracket taxpayer—it's a tight, seaworthy tax-minimizing estate plan, but it founders on the rock of human nature.

**F**OR it happens that the wife, for one, unhappily regards the marital deduction trust as a reflection on her own ability to take care of things. "I helped save the money!" she indignantly protests, "and you've asked my opinion time and time again about the business—particularly in the early days when the going was rough. You remember that time you insisted on . . . and how right I was?" Whereupon she piles up all the instances when she was right.

She knows, too, this knowing woman, that it is

not necessary that there be a trust to make available the marital deduction—that an outright gift will serve as well. So comes the first revision in the "ideal" plan: Half of the estate goes outright to the widow rather than in trust.

Then there are those trusts for the children, to take effect either now or upon the husband's death. Statistically they are perfect, for the aggregate family income will be high, and if this is concentrated in one taxpayer the income tax will be considerably higher than it needs to be. But the wife demurs—and, not to make her a scolder or schemer, her reasons are sound. For this is a family where the children, though legally of age, are emotionally immature. A firm control is needed still, and one element of that control is—money.

"They can laugh at me and flout me," says their mother. "If I lose control of the family finances, I have lost control altogether."

**T**HE father sees the sense of this, so the residuary trusts under the will become a single trust for the widow's benefit; and she is given a tax-free power of appointment so that upon her death she can by will direct how the principal of this trust shall be distributed among the children, and whether outright or in trust, according to their behavior, talents, and needs.

As for the immediate irrevocable gifts in trust for the children, the father decides that he is far too young (after all, he's only 60!) for such finality. He, too, cherishes control.

I can recall that in the "early days" (as they seem now) of formalized estate planning there was much emphasis on trusts for the longest terms possible under various state laws limiting the duration of trusts, all with the idea of eliminating *second* and even *third* estate taxes on a testator's (or will-maker's) estate. Thus, John dies leaving all to his wife, Mary, and there is a tax. Mary dies, leaving what is left to the children, and there is another tax. Then as each child dies there is a tax again

on what came originally from the father as well as on whatever the child earned on his own. But if John left his estate in trust for Mary, and by the terms of John's will the trust would be continued after her death for the lives of the children, with distribution directed to *their* children, then the original estate of John could go to his children's children free of tax other than the tax that had been paid on John's death.

The total savings that could be accomplished by such a pyramiding of trusts were often impressive. Sometimes they were too impressive and too convincing, with the result that the family became laced in a straitjacket.

More and more the tendency has become, I believe, to balance the development of character against dollar saving; and usually character wins.

As a consequence, the trust of limited duration has become increasingly popular. At some such age as 25, 28, or 30 a substantial portion of the principal is paid a child, and at an age ranging from 30 to 35 the balance is turned over. Thus

there's an opportunity to learn the hard way—with the chance remaining for a second try. Where funds are substantial a third instalment sometimes is provided for.

PARENTS who may express a wish to spread the payments of principal thinner than this—extending into later middle life—can be made to realize the absurdity of such a project. "If the boy can't learn by 40, then he'll never learn; either give it to him while he's fairly young or keep it in trust for life." So there's a hard realism in most people's thinking on these matters. A couple said to me the other day, "We started from scratch. We've given our children the best of educations—far more than we had. We've given them capital—which we never had. If they can't make the grade it's just too bad!"

With it all is a sense of hopelessness too: "In this atomic age, what *are* values?"

And they mean human values, as well as the values of money and things.

## Basic Trust Services: EXECUTORSHIP (I)

THERE are words so commonly bracketed in pairs that their meanings become fused; it is forgotten that they mean quite different things. Such a couplet is "executor and trustee." People get in the habit of using them interchangeably, so that when a customer tells us that he has named us trustee in his will, we can't be sure whether we are one, the other, or both until we have read the document.

To add to the confusion, an executor is a trustee, using the latter word in a generic sense. But every trustee is not necessarily an executor, who is a man (woman, or corporation with trust powers) nominated in a will and appointed by the court to do certain specific things:

(1) To search out the assets of the deceased, take them in his actual or constructive possession and keep them safely; to manage them if they're the kind of assets that require management.

(2) To find out what was owed by the deceased, and here's a question: Should he search or simply wait for claims to be presented? Prudence suggests that he should take the initiative so that interest and penalties may not accrue.

(3) Having assembled the assets, to evaluate them; thus he builds up his inventory, which serves thereafter as the yardstick by which his performance is measured. For if his negligence or poor judgment brings loss to the estate he can be held personally liable.

(4) Having received the claims, to determine their validity—and enforceability. For a claim may be a "just" debt, but, for example, the claimant's right to enforce it by legal action may have been lost because he waited too long. If a statute of limitation bars a claim, it is the executor's duty to avail himself of the statutory defense; he cannot out of goodheartedness dissipate the assets of the estate. (*Query:* How about that opening cliché of wills: "I direct that all my just debts shall be paid." Does this nullify the statute? Legal authorities say, "Leave such directions out. They're unnecessary and can bring unnecessary liability to an estate.")

(5) But the executor doesn't pay any claims yet—unless they be unpaid income taxes or other debts due the United States. He gives priority to private claims at his own peril. His own pocket can be tapped. So he seeks early audit of the income tax returns of the deceased back to whatever time statutes of limitation may have run against the Government; and he pays promptly whatever is indisputably due.

(6) Not to confuse the reader, there are two types of private debt the executor can safely pay: funeral expenses and the costs of administering the estate. These have priority even over taxes.

(7) Now come another kind of tax. Having completed his preliminary balance sheet, with assets on one side and public and private debts on the

other, the executor now is able to prepare and file his state and Federal-estate tax returns. In the case of the Federal return, the executor has an important option: to take the value of the estate's original assets precisely one year from the date of death, anything sold in the meantime to be valued at the sales price. This privilege is an outgrowth of the economic tragedy of 1929, when estates were used up completely in efforts to pay taxes based

on values prevailing at the market's peak. Determination of whether or not to wait for the optional date may involve important policy decisions by the executor.

And while he is pondering economic trends and market action it may be a good time to leave our executor for the time being, since there are too many tasks remaining for us to tell about them in this issue.

## Tax Hint-of-the-Month

### U. S. Discount Bonds

**Q**UITE a little publicity lately has been given to the fact that certain Treasury issues are redeemable at par, whatever their current market price, in payment of Federal estate taxes. The justification for this article is that not all of the conditions attached to the privilege have been widely publicized, and there is one official semi-ruling that has only lately been released.

A schedule of the bonds so redeemable will be found below. Some of them, at today's prices, are definitely in the bargain class.

One may smile at the thought that it's the kind of bargain one has to die to realize. Yet, assuming that a man of considerable means has been building reserves of high grade bonds so that his estate may be in possession of liquid assets out of which taxes may be surely paid, it is reasonable to suggest that his selection be from among those bonds that are available at a discount. In recent months large shifts in bond holdings have been made for just this purpose.

There are a few simple rules governing the matter.

For one, the bonds "must actually be owned by the decedent at the time of his death and must constitute part of his estate," to quote the regulations. That is, the executor can't buy the bonds with estate assets and turn them in for the tax.

Number two: "The amount of Federal estate tax due must equal or exceed the par value, plus accrued interest, of the bonds redeemed to pay the tax." All this means you can't redeem discount bonds at par in amounts exceeding the tax. If denominations are too large to pay the tax exactly, the executor can swap into lower denominations, but when he reaches the lowest available denomination, he must make up any difference in cash.

Then there are some detailed instructions as to how, when, and where the bonds may be submitted for redemption. Federal Reserve bank circulars are issued from time to time containing the latest version of these instructions.

Also in these circulars will be found interpretations of the "ownership at time of death" rule as applied to certain special situations. Thus, if bonds

of one of the tax-redeemable series are held in a revocable trust established by the decedent, so that they would be taxable in his estate, they will be treated as owned by him. They'll be similarly treated if they are assets of a trust over which the decedent had a general—and therefore taxable—power of appointment. Bonds jointly owned with another will be deemed owned by the decedent to the extent they are taxable in his estate—an extent usually determined by his contributions toward their purchase. And there's a like rule as to bonds held by a partnership.

The privilege of redeeming to pay taxes brought tax problems in its train.

Here is a bond, for example, worth 91 in the market at date of death; and normally that would be its value for the purpose of determining Federal estate tax. But suddenly it becomes worth 100 as the equivalent of currency to *pay* the tax. Does its value go up in the tax appraisal? And how about capital gains, when an asset worth 91 is redeemed at 100?

The advice of the Treasury recently was sought, and by telegram to the Committee on Banking Institutions on Taxation, in New York, the advice was given that par or market value, whichever was higher, should be reported up to the redeemable amount. Nothing was said about capital gains tax, but it may be assumed that if the bonds were valued at par and redeemed at par no taxable gain would be claimed.

#### Treasury Bonds Redeemable at Par to Pay Federal Estate Taxes

Series	Price on July 1, 1953	Yield to Maturity
2¼'s 9/15/1956-59	96 28/32	2.80%
2¼'s 6/15/1959-62	94 28/32	2.90
2¼'s 12/15/1959-62	94 28/32	2.87
2½'s 6/15/1962-67	94 20/32	2.97
2½'s 12/15/1963-68	93 24/32	3.01
2½'s 6/15/1964-69	93 20/32	3.00
2½'s 12/15/1964-69	93 10/32	3.01
2½'s 3/15/1965-70	93 2/32	3.03
2½'s 3/15/1966-71	92 30/32	3.01
2½'s 6/15/1967-72	92 30/32	2.99
2½'s 12/15/1967-72	92 28/32	2.98
2¾'s 1975-80	(Not purchasable)	
3¼'s 6/15/1978-83	99 28/32	3.25

# Continental Illinois National Bank and Trust Company of Chicago

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## *Statement of Condition*

JUNE 30, 1953

### RESOURCES

Cash and Due from Banks.....	\$ 796,652,315.37
United States Government Obligations...	997,429,648.60
Other Bonds and Securities.....	150,343,474.51
Loans and Discounts.....	655,714,303.36
Stock in Federal Reserve Bank.....	5,250,000.00
Customers' Liability on Acceptances.....	893,252.79
Income Accrued but Not Collected.....	6,728,798.38
Banking House.....	8,550,000.00
	<u>\$2,621,561,793.01</u>

### LIABILITIES

Deposits.....	\$2,389,688,722.73
Acceptances.....	893,252.79
Reserve for Taxes, Interest, and Expenses.	9,018,974.33
Reserve for Contingencies.....	18,106,304.19
Income Collected but Not Earned.....	1,304,526.16
Capital Stock (2,250,000 shares. Par value \$33 $\frac{1}{2}$ ).....	75,000,000.00
Surplus.....	100,000,000.00
Undivided Profits.....	27,550,012.81
	<u>\$2,621,561,793.01</u>

United States Government obligations carried at \$274,787,541.49  
are pledged to secure public and trust deposits and for other  
purposes as required or permitted by law

LA SALLE, JACKSON, CLARK AND QUINCY STREETS  
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# The Country Banker



John Mommsen, left, West Coast timber grower, and Banker Woods study record one thinning harvest from a half-acre of the 700-acre Mommsen cattle and timber farm

## News for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

### Woodlands Farming Advocate

FARM woodlands that are being managed to grow timber as a cash crop should be classed as improved real estate eligible for bank credits, in the opinion of W. W. ("Bill") Woods, vice-president of the First National Bank of Montesano, Washington. He believes a Federal banking regulation classifying cutover lands as "unimproved real estate" should be changed to recognize and encourage the growing of timber crops by farmers. He is sponsoring a resolution along that line for the Washington State Bankers Association.

Mr. Woods, who operates a bank in the county where the forest industry-sponsored American Tree Farm System began a dozen years ago, has conducted a one-man crusade to make his fellow bankers recognize timber as a crop.

Recently, at the Grays Harbor woodland tour on the Mommsen brothers farm at McCleary, Mr. Woods was stationed at one of sev-

eral points of interest to explain about this new cash crop. He spoke from a platform made up of \$159 worth of logs thinned from a half-acre of woodland. The "cold deck" consisted of 1,350 feet of young peelers and 2,550 feet of sawlogs.

"After taking these thinnings out," Banker Woods told his listeners, "the Mommsens still had the best trees left, all set to grow better wood faster. The more I see of timber as a crop, the more I realize trees compare favorably with other farm crops in per-acre, per-year income opportunities for farmers."

### \$100 "Incendiarism" Award

IN a bulletin to member banks, the Wisconsin Bankers Association reviewed the forest fire situation in Wisconsin, with its resulting losses. WBA used the bulletin to announce a \$100 reward "for information leading to the arrest and conviction of any person found guilty of maliciously setting a forest fire in Wisconsin."

WBA's bulletin stated that "incendiarism accounts for 12.8 percent of the total number" of Wisconsin's

forest fires. The reward is good for one year from last May 15.

### Bank-Farm Management Parleys

IN a round-up report in the *Agricultural Bulletin* of its agricultural activities thus far this year, the Kentucky Bankers Association listed nine banker-farm management meetings that will be held over the state, starting in August and continuing into October.

These meetings are sponsored by the association in cooperation with the University of Kentucky and the Federal Reserve banks of Cleveland and St. Louis. Meetings are held in the evening and are arranged to give something useful to bankers, bank directors, farmers, and professional agricultural workers.

### Banker on SCS Committee

B. J. BOST, farm and ranch service man of the Roswell (New Mexico) State Bank, has been named to an eight-man committee of the New Mexico Soil Conservation Service by Governor Edwin Mechem.

Raised on a farm, Mr. Bost at-

tended Oklahoma A & M College and taught agriculture for 16 years before joining the bank's staff.

## Jersey 4-H'ers Raise Odd Crop

**J**ERSEY 4-H Youngsters Raise "Oddest Crop—Eyes to Guide the Blind" read the headline introducing an article in *Report from Rutgers—The State University of New Jersey*. It tells how approximately 150 German shepherds (Seeing Eye dogs) are raised each year by Jersey 4-H Club families. This "unique cooperative effort has provided 4-H youngsters with one of their most satisfying projects while at the same time solving a knotty problem for The Seeing Eye, Inc.," the *Report* stated.

While Seeing Eye maintains its own breeding farm, the pen or kennel-raised dog never gets exposed to the sights and sounds of a typical home. The home environment is desirable during the pre-training age of 15 to 18 months and makes the dog's difficult advanced education easier.

The solution—4-H families—was found in 1942.

## \$900 in Calf Contest Awards

**S**IXTY-THREE high scoring entries were submitted by 4-H Club agents and Vo-Ag teachers for consideration in the 1953 Oneida-Herkimer County (N. Y.) Bankers Calf Contest. For six years the Oneida-Herkimer Bankers Association's 25 commercial banks in the two counties have jointly sponsored the contest and provided the prize money, which this year amounted to \$900.

The awards are paid in cash, for or toward the purchase of a registered calf of the winners' own choice. There were four awards of \$100 each, four of \$75 each, and four of \$50 each, divided between the two counties, one-half to 4-H and the other half to FFA winners.

## New Farm Service Department

**T**HE LeRoy (Illinois) State Bank announces the installation of a farm service department and the appointment of W. A. Harrington as farm manager.

In its announcement folder the bank described the function of the farm service department, stating that it will do more than just man-

age farms. "It is an agricultural department," it said, "which will serve the bank in any and all matters pertaining to agriculture. The farm manager will manage the operations of trust-owned farms and will have the added responsibility of managing farms for customers other than trust accounts and he will perform other services, such as making appraisals, supervising farm sales, and directing the agricultural credit for the bank.

"The farm manager will engage in a large number of miscellaneous activities—many of which will be in the nature of public relations."

Mr. Harrington is a graduate of New York State College of Agriculture at Cornell University and for 28 years has been engaged in farm management work in Illinois.

## 1st of Clarksville Appoints

**T**HE appointment of Edward M. Norman as special agricultural representative by The First National Bank of Clarksville, Tennessee, has been announced by President C. W. Bailey. Mr. Norman will work closely with Vice-president Lewis C. Pace who supervises the bank's agricultural program.

Mr. Norman was reared on a Tennessee cattle and grain farm and while attending high school was active in FFA and 4-H Club work. He was graduated from the College of Agriculture at Tennessee Polytechnic Institute with a B.S. degree in agronomy.

## Pennsy's 4-H Leadership School

**I**N an address before the 24th Annual Leadership Training School of 4-H Clubs of Pennsylvania, Roy

G. Shaull, vice-president and trust officer, The Second National Bank of Mechanicsburg, and 1952-1953 chairman of the Pennsylvania Bankers Association Committee on Agriculture, said: "The responsibility of keeping abreast of the world's food needs is one that should not be taken lightly. Larger numbers of informed men and women will be needed. It will not be accomplished overnight. Speed is not as important as the direction in which you are headed. You will need a compass—not a speedometer.

"Your bank can play a large part in helping you plan your borrowing program to fit into your particular business. Your banker is laying plans to help you when you need help. Draw on his experience when making plans.

"Ties that unite farmer and banker should receive more attention," Mr. Shaull concluded. "We are very much dependent one on the other, and those who can successfully bring both groups into harmony should be encouraged."

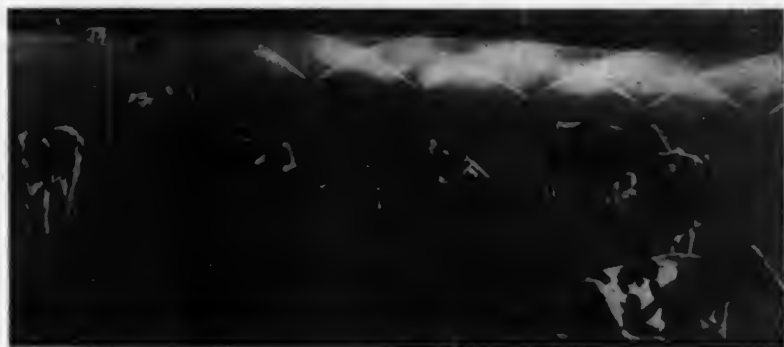
## Irrigation Loans

**I**RRIGATION loans were the subject of an article in a recent issue of the *Kentucky Banker*, from which we have taken a few excerpts:

"The hazards of drought have always been one of the big bugaboos of farming. No matter how efficient a farmer may be—how much fertilizer he may use or how good his preparation and planting, his crops need water and need it badly in the crucial months of July and August. These same two months are often the driest, and the hottest, in the South.

"It is distressing indeed, to have a farmer plan well, work hard and expend great effort on his crops,

Portable irrigation system, similar to those mentioned in *Kentucky Banker*, in use on pasture land



then be forced to stand idly by watching them perish during the hot, dry days of an extending drought.

"New hopes of overcoming the hazards of drought have evolved during recent years. The development of light weight aluminum pipe now makes it possible to install small, portable overhead sprinkler systems, suitable for utilizing the water from small streams or farm reservoirs. Already hundreds of such systems are in use and thousands of farmers look to the future when they can install them.

"Rural banks enter the picture because most irrigation systems will cost more than the farmer is willing to finance from his cash reserves. Credit, extending over a period of months or years, will be needed for its purchase.

"As with other production loans, credit for irrigation systems may or may not be good loans, depending upon the local conditions. Two major factors, of course, are the ability of the farmer to use it wisely and the adequacy of water. Irrigation systems will not make good farmers out of poor farmers nor will they guarantee high yields of crops every year.

"In the hands of a good operator a properly installed irrigation system will make farming safer, will lessen the danger of drought, will pay for itself, and will enhance loans for other purposes on the owner's farm, such as livestock, machinery, and fertilizer.

"At the outset the system must be engineered to the farm. The banker considering such a loan should insist that the farmer obtain sound advice from a qualified engineer. This service may be obtained through the Extension or Soil Conservation Services, or from reliable dealers in irrigation systems."

Authors of the *Banker* article were Wm. C. Johnstone, KBA's agricultural representative, and Robert P. Steptoe, KBA director of public relations.

## Illinois BA Gives Plaques

FOR the sixth consecutive year the Illinois Bankers Association has awarded its traveling bronze plaques to winners in the FFA Chapter Activity Contest. Twenty-five sectional awards were made at the annual convention of the Illinois Future



The Robert Strickland Agricultural Memorial Award Club met in Savannah, Georgia, and adopted a club constitution pledging the membership to "the furtherance of agriculture as part of the general business economy." Membership in the club is limited to banking institutions which have received the Strickland Award, presented annually by the Trust Company of Georgia.

Left to right: George M. Bazemore, president, First National Bank in Waycross (1947); C. R. Bradford, president, Farmers Bank of Monroe (1948); John A. Mills, Jr., president, Bank of Screven County in Sylvania (1950); W. D. Trippe, president, Commercial National Bank of Cedartown (1951); and F. W. Thomas, president, Washington Loan and Banking Co. (1952). W. N. Shadden, executive vice-president, First National Bank of Cartersville (1949), was not present.

Farmers of America in Champaign.

Wendell Trenchard, president of the DeLand State Bank, and chairman of the Committee on Agriculture of the IBA, announced the names of the winning chapters. Winning of a sectional chapter activity contest signifies that the particular chapter has been the most active in the work of the FFA and has demonstrated its superiority over the other chapters in its section.

## Bankers Ag School at Cornell

APPLICATIONS for enrolment in New York's Bankers School of Agriculture, Cornell University, Ithaca, August 17 to 21, have been running far ahead of total registrations received on comparable dates in previous years, according to *The New York State BANKER*, publication of the New York State Bankers Association. "If the trend continues in the same volume, by the time the school convenes, this year should mark the largest attendance since the courses were begun in 1946," it said.

Continuing, the *BANKER* stated: "For the freshmen, instruction will be given in farm management, agronomy I, dairy husbandry, poultry husbandry, and vegetable growing, while in the sophomore year courses will be presented in agronomy II, farm appraisal, farm accounting, and marketing.

"Field trips will be conducted each afternoon with classroom instruction in the mornings. As usual, registration will be held Sunday afternoon, August 16.

"A get-together buffet supper for students, faculty, and graduates will be served that evening, and the traditional organizational banquet will be held Monday evening, August 17."

## Bank Educates in SCS Service

MODERN advertising techniques were employed in the production of a soil conservation folder by the Farmers Bank of the State of Delaware, Dover, in collaboration with the district soil conservation office.

With a minimum of copy and striking photographs the services offered by SCS are enumerated. On the frontispiece these are featured:

(1) A soil map, indicating type of soil, slope of land, degree of erosion; with complete farm plan to fit the capabilities of the soil.

(2) A drainage survey (if needed), indicating location of ditches, proper outlet, profile of grade.

A blurb at the bottom of the page reads: "They Will Provide Technical Assistance to Lay Out and Super-vised Conservation Farm Planning."

The bank's signature appears on page four.

(CONTINUED ON PAGE 106)



# WESTERN UNION

# Intrafax

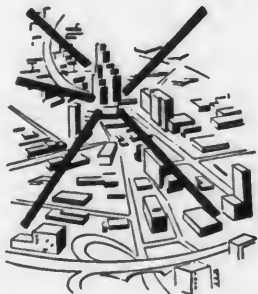
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# WESTERN UNION

# Agricultural Credit and Land Value Trends

**I**NDICATIONS are that the volume of agricultural loans held by banks is likely to be smaller this year than last. This is based on reports received from county key bankers in a survey conducted by the American Bankers Association's Agricultural Commission.

During 1952 the total nonreal estate agricultural loans held by banks increased 15 percent and reached an all-time high of \$3.9-billion as of the first of the year. Of this volume, \$3.2-billion was in short-term production loans and the remainder, or \$725,000,000, in Commodity Credit Corporation price support loans.

More farmers are now making use of bank credit for production purposes. Higher production costs and declining farm prices have necessitated more loans to meet farmers' living expenses and normal farm operations.

## Financial Assets

The financial assets of agriculture totaled \$24.1-billion on January 1, 1953, according to preliminary estimates of the Bureau of Agricultural Economics. This is an increase of \$1.2-billion over a year earlier. For the country as a whole, however, 65 percent of the key bankers pointed out that more farmers, compared with 1952, have had to draw on their savings to meet current expenses. Thus the number of farmers borrowing to finance this year's operations will be larger.

Only 7 percent of the key bankers reported the financial condition of farmers "generally better" than last year. Fifty percent, however, indicated that conditions are "somewhat poorer" than last year and 4 percent said that their farmers are "much worse" off than a year earlier. Reports from the northeastern states indicates that farmers' finances are better, or about the same.

The tendency for farmers to refinance their short-term indebtedness into longer-term loans with other agencies is mounting. More refinancing is being done by farmers in the western states than in other parts of the country. The northeastern states reported less refinancing than for any other section of the country.

The decline in farm commodity prices and shrinkage in profit margins necessitated a "carry-over" of many short-term farm loans made in 1952. This tendency was higher than last year in the Midwest and in the West. The key bankers reported the proportion of nonreal estate loans made in 1952 that were not paid as originally planned.

The data are given by regions:

Loans Not Paid as Planned	0-24%	25-49%	50-74%	75-100%
Northeast	86%	14%	0%	0%
South	68	15	10	7
Midwest	59	21	12	8
West	73	17	6	4
U. S.	67%	18%	9%	6%

To illustrate, 21 percent of the bankers reporting for the Midwest indicate that 25 to 49 percent of their loans to farmers in 1952 were not paid on schedule.

A decline in livestock loans is anticipated. About two-thirds of the key bankers reported that farmers will use less credit to buy livestock this year. Lower prices for both beef and dairy cattle means that less credit is needed to finance the purchases of animals. Almost half of the bankers anticipate a reduction in borrowing for farm machinery purchases. Purchase volume since World War II and the durability of farm machinery tend to reduce buying.

## Credit Demand to Increase

The credit requirements to finance general farm operating expenses is expected to increase this year over last year according to about 50 percent of the county key bankers. Greater amounts of credit for day-to-day farm operating and family living expenses will be needed, particularly in cattle raising and feeding areas.

The farm mortgage situation continues to be tight. According to the BAE it is estimated that over two-thirds of all farms bought were credit-financed, with cash sales declining proportionately and reaching the lowest level since 1946.

The farm mortgage debt on January 1, 1953, is estimated to have been \$7.1-billion, an increase of more than \$878,000,000, or 14 percent over that of a year earlier. Since 1946, when the debt reached a 34-year low, it has risen more than \$2.4-billion, or 53 percent. Farm mortgage loans held by banks on January 1, 1953, amounted to \$1.1-billion, or an increase of 5 percent during 1952.

## Farm Real Estate Values Decline

Farm real estate values showed some decline in most areas during the four months ending March 1, 1953. Although changes in about half of the states were 1 percent or less, significant declines occurred in 19 states, most of which were in the West. The national index for March dropped to 209 (1912-14 = 100), 2 percent below both last July and last November, and 1 percent below a year earlier.

Compared with a year earlier, individual states show mixed trends. Values were generally lower this March in most of the western states, in Texas, and in scattered states elsewhere. The largest area showing further increases was in the southern states from Virginia to Louisiana.

Sharply lower prices for beef cattle were the primary reason for the significant drop in prices of grazing land in most of the mountain and Pacific Coast states. Lower income from livestock was also an important factor in reducing land values in Illinois, Iowa, Ohio, Oklahoma, and Texas, while two years of dry weather was an added factor in the last two states.

The rate of voluntary sales of farm property during the year ending March 1953 was estimated to be 8 percent below the previous year and 41 percent below the postwar peak of 1946. Sales volume has declined steadily since 1946 to about the 1941 level.

## Average Value of Farm Land and Buildings

State	Average value per acre				State	Average value per acre			
	1940 Dollars	1950 Dollars	1952 Dollars	1953 Dollars		1940 Dollars	1950 Dollars	1952 Dollars	1953 Dollars
Alabama	21.35	48.69	59.83	62.80	Nebraska	24.03	57.62	74.56	74.91
Arizona	5.99	15.13	19.73	20.73	Nevada	12.57	19.24	21.39	20.76
Arkansas	25.32	60.18	75.71	73.96	New Hampshire	34.38	72.85	79.04	81.45
California	70.97	154.32	186.73	183.95	New Jersey	121.54	292.84	346.14	352.87
Colorado	12.32	31.93	36.94	35.51	New Mexico	4.83	15.01	18.22	17.38
Connecticut	135.41	247.77	273.04	277.01	New York	55.16	91.62	105.91	105.73
Delaware	61.30	114.11	140.58	143.55	North Carolina	39.09	98.65	121.93	127.46
Florida	38.90	57.23	76.97	80.58	North Dakota	12.92	28.86	35.90	36.80
Georgia	20.28	43.28	53.41	55.96	Ohio	65.91	136.34	181.60	180.92
Idaho	32.94	69.82	77.22	74.50	Oklahoma	23.88	51.42	65.20	63.35
Illinois	81.76	174.15	222.22	226.22	Oregon	26.51	59.82	68.08	65.92
Indiana	63.20	136.90	178.93	180.57	Pennsylvania	59.22	107.19	136.02	135.49
Iowa	78.79	160.71	197.51	191.73	Rhode Island	118.67	232.02	255.45	255.45
Kansas	29.51	65.80	81.07	82.45	South Carolina	30.12	69.06	82.53	84.39
Kentucky	38.26	80.87	102.38	98.10	South Dakota	12.80	31.30	40.55	39.04
Louisiana	35.40	82.21	95.12	98.65	Tennessee	35.93	77.26	92.56	93.18
Maine	29.38	54.17	52.00	54.22	Texas	18.81	46.21	62.57	57.67
Maryland	65.27	125.07	157.46	159.71	Utah	21.14	43.37	48.49	47.14
Massachusetts	109.40	189.54	212.85	213.61	Vermont	30.30	55.68	61.97	62.03
Michigan	50.59	98.52	121.18	124.23	Virginia	41.04	82.01	104.41	108.27
Minnesota	44.26	84.46	106.25	103.63	Washington	39.08	84.64	94.88	91.50
Mississippi	24.80	55.42	70.27	72.77	West Virginia	30.29	59.31	69.93	70.46
Missouri	31.87	63.66	82.82	82.63	Wisconsin	51.96	88.58	104.88	105.14
Montana	7.54	16.86	20.45	19.34	Wyoming	5.67	13.21	16.50	16.14
<i>Census enumerations as of April 1. The 1952 and 1953 estimates were obtained by applying the percentage change shown in the BAE index to the average value reported in the 1950 Census.</i>					United States	31.71	64.96	81.06	80.31

## Agricultural Briefs

### Youth Achievements Reward

At the annual parents' and sons' banquet in Mount Vernon, Washington, the First National Bank of Mt. Vernon, presented a purebred Holstein heifer to the FFA member who had planned and carried out the best dairy project in his age group. The winner was selected by a committee composed of representatives of the bank, the FFA, and the high school teaching staff.

This is the ninth year the bank has made such an award. This year the bank also presented a \$25 series E Savings Bond to the closest competitor and a plaque for the most outstanding Jersey project.

### Wisconsin Forestry Tour

The first annual Wisconsin forestry tour is being held at the Trees-for-Tomorrow Camp at Eagle River on August 2-5. Cosponsors of the tour include the Wisconsin Bankers Association, United States Cham-

ber of Commerce, and Wisconsin State Chamber of Commerce.

Also cooperating are the Wisconsin Conservation Department, Trees for Tomorrow, Inc., and State Forestry Advisory Committee.

The tour is limited to 45 people and the "on-campus" cost is \$25, which covers room, board, and chartered bus transportation.

### Bankers Visit Research Farm

TWO HUNDRED AND FIFTY-ONE bankers from 15 southern states recently accepted the invitation of the Ralston Purina Company of St. Louis to spend two days in St. Louis visiting Purina's research farm and general offices for a discussion "of opportunities for service and profit."

Following the conferences, the company issued a brochure—*A Souvenir of Your Southern Region Bankers' Farm Trip*—and sent a copy to each banker visitor. The brochure is a pictorial review of the two-day sessions.

### Woodlot Conference

PUBLIC and private foresters and others concerned with the management of America's more than 261,000,000 acres in small-size woodlands attended a Chicago meeting in June, called by American Forest Products Industries, for an exchange of ideas.

Seven years ago AFPI called a similar conference to get the advice of all concerned with the timber resource situation in the U. S. At that time, bringing of the country's small woodlands into full and continuing production was generally recognized as the nation's No. 1 forestry problem. At the Chicago meeting an up-to-date appraisal was made of the progress made in meeting that problem.

The little forests, averaging 62 acres each, make up 57 percent of the commercial forestland in the U. S. and 75 percent of all private commercial forestland.

# THE A.B.A. PUBLIC RELATIONS AT WORK THROUGHOUT THE COUNTRY

Here is a volume picture of some of this advertising and public relations work

**ADVERTISING**—More than 60 percent of all banks in the United States now use A.B.A. Advertising Department services.

#### SUPPLIED TO BANKS IN ONE YEAR

87,300 newspaper mats  
10,128,000 copies direct mail pieces  
22,800 display posters  
665 shadow box displays  
1,200,000 copies of *School Saver*

**NEWS**—The News Bureau prepares hundreds of releases annually reporting banking activities to the press, radio, and magazines or helping bankers inform their own communities on banking activities.

**FORUM IN PRINT**—This annual exhibit of "the best of the best" in bank advertising stimulates effective bank advertising. The 1953 showing at New York and Rutgers Universities attracted 1,112 entries from 308 banks.

**BANK BUILDINGS**—Several thousand photographs of bank buildings, in albums or on slide films, which may be borrowed by any bank, provide the latest ideas in design, construction, layout, and furnishings.

**FILMS**—Five films now sponsored for high school use by over 3,600 banks in more than

1,500 cities covering all 48 states. Over 3,250 prints are in circulation virtually every day.

**MANUALS**—Over 10,000 bank subscribers have purchased 103,631 copies of nine different manuals in the A.B.A. public relations series.

**BOOKLETS**—154,726 copies of a public relations booklet and four public relations leaflets have been distributed to banks.

**SCHOOL AIDS**—Over 250,000 copies of a teaching unit on money and banking have been sold.

**SPEECH SERVICE**—More than 6,500 kits of 17 different talks on banking and related subjects are in use.

**VOCATIONAL AIDS**—Over 114,000 copies of a booklet dealing with opportunities in banking have been distributed.

**WORKSHOPS**—Public relations regional meetings covering 33 states have been held in the last two years.

**NEWS LETTERS**—Special news letters on pertinent aspects of public relations are issued to banks from time to time. The first one drew about 1,500 bank requests for further information and materials.

# RELATIONS PROGRAM OUT THE NATION

of how banks are using  
and educational material

**FINANCE FORUM KITS**—Over 500 kits are in use.

**HUMAN RELATIONS COURSE**—1,750 sets distributed to date—for employee training.

**PUBLIC EDUCATION**—A typical example is *BANKING Magazine* which circulates considerably outside the banking field. There are several thousand school and library subscriptions. *BANKING* also publishes many how-to-do-it public relations articles.

**SPECIAL PROJECTS**—A typical example is the financial study guide being developed for the 1,218 local branches and 122,000 members of the American Association of University Women.

Acting as a consultant with the Institute of Life Insurance and the Association of Stock Exchange Firms, the A.B.A. has contributed outlines on three different aspects of banking, a bank glossary of terms and a suggested bibliography, plus 5,000 copies of two A.B.A. Advertising Department booklets—*The Woman and Her Bank* and *Trust Services for You*.

**INFORMATION SERVICE**—Over the period of a year, the A.B.A. Public Relations Council, the Advertising Department, and other departments handle thousands of bank inquiries on public relations subjects. There is a daily flow of information and materials between the headquarters office and member banks.

## **ARE YOU MAKING THE BEST USE OF THESE OPPORTUNITIES?**

*An attractive brochure describing these and many other services is being mailed to your bank. For further information write to:*

**PUBLIC RELATIONS COUNCIL**

**THE AMERICAN BANKERS ASSOCIATION**

12 East 36 Street

New York 16, New York

# Canada's Election Campaign

C. M. SHORT

**T**HE Canadian general election to be held on August 10 will have a rather close resemblance to the last Presidential campaign in the United States. "Time for a change" is a slogan of the Progressive Conservative party, the major opposition to the Liberal administration which has ruled Canada since 1935, and which for a short period of five years preceeding that year had an almost equally long term of office. Economy in government expenditures has also been made a major issue in the present political campaign by the Progressive Conservative party, which has come out boldly to accuse the Liberal administration of inefficiency, waste, and extravagance, particularly in the Government's defense program, basing its claims on certain official reports and audits over the last two or three years.

Accordingly, the chief opposition party states that if it is voted into power it can cut the federal government expenditures by \$500,000,000 per year and thereby reduce taxation by at least 10 percent, while at the same time maintaining all the elaborate social welfare services that have been built up under the many years of Liberal administration. The leaders of the Liberal party scoff at these claims, denying that they have been guilty of waste and extravagance, and pointing to the tax reductions of \$500,000,000 or more that they have effected in recent years, while undertaking and maintaining social welfare programs, as well as vast rearmament and associated natural resources developments for the defense of Canada and of its allies in the free world.

Personalities are also likely to figure largely in this general election. Canada is fortunate in its political leaders.

Rt. Hon. Louis St. Laurent, the leader of the Liberal party and the

present Prime Minister, is not a professional politician either by instinct or training. While he bears a French name, that of his French father, he is half Irish on his mother's side and completely bilingual. Before he was pressed into the political scene in World War II as the chief representative of the French-Canadian race, he was a noted corporation lawyer, as well as a director of one of the largest English banks in Montreal. He might better be described as a high intellectual who gave up a lucrative and pleasant private life to devote himself to public service. This change, and his fine personal character, have made a deep impression on the Canadian electorate and he goes into the general election with a clear personal advantage over his opponents.

**H**OWEVER, Mr. Drew the head of the Progressive Conservative party, has something like the same characteristics as Mr. St. Laurent. He is also a lawyer of early professional training who sacrificed some great personal prospects. A son-

R. Douglas Stuart is the new U. S. Ambassador to Canada



HARRIS & SWING

in-law of Edward Johnson, formerly the noted tenor of the Metropolitan Opera in New York and later general manager of that organization, Mr. Drew was once Premier of the Province of Ontario and in that capacity had an enviable reputation as a legislator.

**T**HE leaders of the other two parties in this general election are also men of fine character. Mr. Coldwell, heading the C.C.F. (Socialist) party, was once a prominent educator in western Canada and has since become known as a most able public speaker. He has a quite large following in some sections of the West and is supported also by the Canadian CIO union. But his party has lost ground in recent provincial elections. Solon Low, the head of the Social Credit party, is also a fine personal character, but while he represents a faction which is in power in Alberta and British Columbia and one that has all but forsaken the fuzzy Douglas monetary theories to give those two provinces good practical administration, Mr. Low has but comparatively few supporters elsewhere in Canada.

If, therefore, personalities determine the issues in this general election the contest will be between Mr. St. Laurent and Mr. Drew, with the advantage much in favor of the former who has the best French background in the province, Quebec, where the balance of political power rests. If, as now seems probable, the electorate gives a working majority to either one of the old line party, Liberals or Progressive Conservatives, Canada would be assured of strong government. Mr. St. Laurent has brought into the political battle not only his own personal qualifications but, also, most of his able Cabinet, including such well-known personages in the United States as the American-born Minister of Trade and Commerce,

(CONTINUED ON PAGE 78)

# IRVING TRUST COMPANY

## NEW YORK

### STATEMENT OF CONDITION, JUNE 30, 1953

#### ASSETS

Cash and Due from Banks . . .	\$ 370,771,936
U. S. Government Securities . .	250,206,095
U. S. Government Insured	
F.H.A. Mortgages . . . . .	31,604,617
Other Securities . . . . .	22,307,100
Stock in Federal Reserve Bank .	3,150,000
Loans and Discounts . . . . .	592,324,493
First Mortgages on Real Estate .	2,091,613
Banking Houses . . . . .	14,789,142
Customers' Liability for Acceptances Outstanding .	16,637,002
Other Assets . . . . .	3,509,728
	<u>\$1,307,391,726</u>

#### LIABILITIES

Capital Stock (5,000,000 shares—\$10 par) \$	50,000,000
Surplus . . . . .	55,000,000
Undivided Profits . . . . .	17,568,994
Total Capital Accounts . . .	122,568,994
Deposits . . . . .	1,156,451,856
Reserve for Taxes and Other Expenses . . . . .	4,013,753
Dividend Payable July 1, 1953 .	1,250,000
Acceptances: Less Amount in Portfolio . . . . .	17,782,552
Other Liabilities . . . . .	5,324,571
	<u>\$1,307,391,726</u>

United States Government Securities are stated at amortized cost.  
Of these, \$55,929,739 are pledged to secure deposits of public monies and for other purposes required by law.

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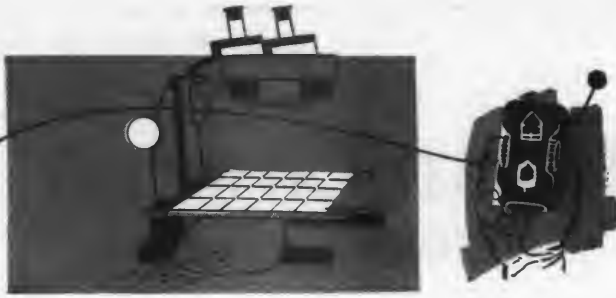
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 76)

Hon. C. D. Howe, and Hon. Leslie Pearson, Minister of External Affairs, who is favorably known as the former Canadian Ambassador in Washington and as a prominent figure in the United Nations. However, Mr. Drew has just as good cabinet material in his political associates.

THIS general election comes at a time that is rather crucial in Canadian economy. On the surface of certain official statistics Canada still seems a most prosperous country, for one reason because, as predicted in this column some months ago, its exports to the United States have increased to nearly two-thirds of all its exports. This rise in shipments to the American market is accounted for mainly by such strategic materials as copper and nickel, as a result of course of the greater production following upon the vast expansion of Canada's mineral resources in recent years, one that is now reaching into such remote regions as the sub-Arctic and the Yukon. Yet this increase in Canadian exports to the United States has been far short of the decrease in overseas shipments of Canadian materials of all kinds; although, contrary to the trend in American agricultural exports, Canada has recently enjoyed a record trade in grain exports. And also contrary to the drought in many sections of the United States, most of Canada's agricultural domain has experienced excessive moisture, which though giving the promise of high yields indicate also late maturity and consequent frost damage. There is, however, this similarity in American and Canadian agricultural conditions, namely, low prices for farm products. Those in Canada are the lowest since 1947.

INDUSTRIAL production in Canada increased by over 10 percent in the early part of this year over the like period of 1952, partly because of a continued wave of instalment buying, as well as by the bringing into production of a great many new industrial units. But this upsurge has recently been checked, even in such formerly progressive industries as pulp and paper and steel, in which supply has at last caught up with demand, and too strong competitive conditions have developed.



**INSTRUMENT MAKING** is one of the Los Angeles Metropolitan Area's fastest-growing industries. Since 1947, employment has doubled, payrolls have trebled. (Current employment: 13,300 persons; payroll for first quarter, 1953, estimated at an annual rate close to \$57,000,000.) Plants produce a wide range of professional, scientific and industrial instruments for measuring, controlling, recording—from kitchen range clock controls to Geiger counters and highly technical electronic research devices.



## Statement of Condition June 30, 1953

### RESOURCES

Cash and Due from Banks .....	\$ 390,009,763.64
U. S. Government Securities .....	\$930,862,520.79
State and Municipal Securities .....	58,145,016.17
Other Bonds and Securities .....	14,861,860.35
Loans (less reserves).....	1,003,869,397.31
Earned Interest Receivable .....	552,092,085.75
Customers' Liability under Acceptances and L/C .....	5,597,705.83
Bank Premises .....	6,261,707.12
Other Assets .....	4,076,781.67
<b>TOTAL .....</b>	<b>207,300.59</b>
<b>TOTAL .....</b>	<b>\$1,962,114,741.91</b>

### LIABILITIES

Capital .....	\$ 30,000,000.00
Surplus .....	40,000,000.00
Undivided Profits ....	49,205,893.85
Reserves for Interest, Taxes, etc. ....	\$ 119,205,893.85
Interest Collected—Unearned.....	15,286,072.03
Acceptances and Letters of Credit Liability .....	5,920,634.38
Other Liabilities .....	6,261,707.12
Deposits—Time ....	274,609.73
—Demand ..	618,676,296.44
<b>TOTAL .....</b>	<b>1,815,165,824.80</b>
<b>TOTAL .....</b>	<b>\$1,962,114,741.91</b>

Securities carried at \$172,388,136.04 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

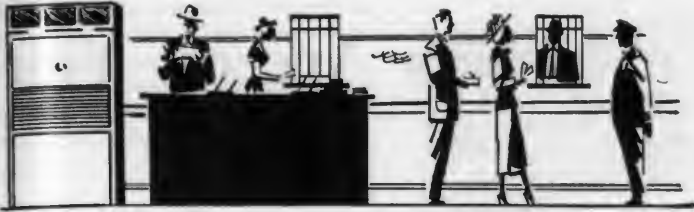
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140 Offices and Branches serving  
Central and Southern California

MEMBER FEDERAL RESERVE SYSTEM  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





## IMPROVE EMPLOYEE EFFICIENCY... INCREASE CUSTOMER GOODWILL!

Customers prefer to transact business in cool, refreshing comfort. In addition, a clean, quiet, stimulating atmosphere increases customer goodwill. That's why Chrysler Airtemp Air Conditioning is a must for your bank. You'll find, too, that Air Conditioning increases the efficiency of employees, as well as adding to institutional dignity. That's because employees are more alert and efficient when not distracted by annoying heat, humidity and street noises.

Choose the "Packaged" Air Conditioning which most people buy—Chrysler Airtemp. You'll get all these benefits:

- Outstanding quality... complete satisfaction . . . assured by the Chrysler Airtemp name.
- Chrysler Airtemp Air Conditioning is *time-tested* . . . your warranty of top efficiency.
- Competitive price.
- Nationwide network of dealers ready to render prompt, courteous service should it ever be required.

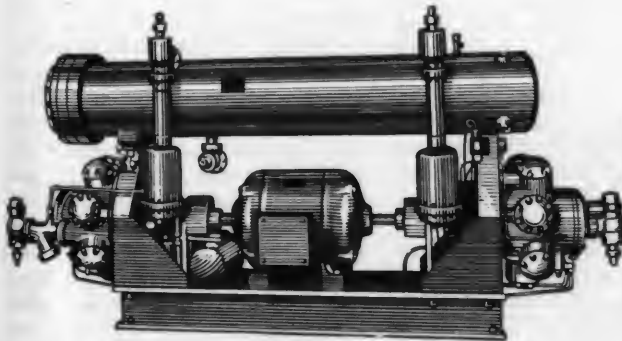
Get all the facts. See why it will pay you to choose Chrysler Airtemp Air Conditioning!



"Packaged"  
Air Conditioners  
Six models from 2 to 15  
H.P. capacity. Meets most  
cooling needs.



Room  
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Fits in window, cools,  
filters, circulates fresh  
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Central Station Unit  
The efficient "heart" of larger air conditioning systems.



# Chrysler Airtemp

**HEATING • AIR CONDITIONING**  
for HOMES, BUSINESS, INDUSTRY  
Airtemp Division, Chrysler Corporation, Dayton 1, Ohio

Airtemp Division, Chrysler Corporation  
P.O. Box 1037, Dayton 1, Ohio

B-8-53

I'd like to know more about Chrysler Airtemp Air Conditioning.

Name \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

# The Eyes of Customers Are on You

ARTHUR L. HOWELLS

DR. HOWELLS is instructor in psychology and education in the City College at Pasadena, California, and was formerly on the faculty of Pasadena Chapter, A.I.B.

THE banker is, of course, subject to the barbs of criticism which are the heritage of all who render service in public and quasi-public institutions. He is, or should be, aware that he is being watched—being watched by the scrutinizing eyes of the ones being served at the windows and, more especially, by those standing on one foot and then the other, waiting for service. What do they see?

To obtain the answer to this question a poll was conducted by several classes in advanced psychology at the City College in Pasadena, California. The polling technique was being studied as one means of identifying aspects of a cultural pattern. This technique, as a tool in the area of social psychology, can be applied to any problem, psychological or otherwise.

Omitting technical details, the question agreed upon was: "Have you found bankers and bank employees courteous and efficient?"

Adults, off-campus, in Pasadena and neighboring communities exclusive of Los Angeles were questioned at random. We expected and received a preponderance of "yes" replies. If a "no" response was obtained an effort was made to obtain some indication of the nature of the dissatisfaction. Some were willing and able to expound at length on a variety of complaints. Regardless of which response was obtained, the person was asked about the type of bank he patronized, whether it was a chain or an independent bank.

Altogether, 3,321 citizens were contacted in this survey. The pollsters were instructed to use their psychology and be discreet in the manner of approach. Few "brush-offs" were experienced after the explanation was made that students of social psychology at City College were making a study of bank psy-

chology. Then the \$64 question was presented. Table 1 summarizes the over-all results.

Table 1

REACTIONS TO POLL QUESTION: HAVE YOU FOUND BANKERS AND BANK EMPLOYEES EFFICIENT AND COURTEOUS?		
YES	NO	TOTAL
2,901	420	3,321
87.3%	12.7%	100%

The percent of dissatisfied customers is not great, but it does represent a body of citizens which must be coped with because it is a focal point of infection. No bank official should be satisfied until this number is reduced to a negligible amount. Leaving this matter to chance is asking for trouble. An occasional bank staff meeting in which psychological problems are discussed is an essential order of business.

The angle of bank organization represented by the term "chain" and "independent" was involved in this study. It would be helpful to know whether one or the other of these organizational plans succeeds more adequately in customer relations. Each person polled was asked to identify his bank as chain or independent. Of the total of 3,321 citizens polled, 2,736 cooperated by specifying the type of bank. Table 2 summarizes the data.

Table 2

TYPE OF BANK PATRONIZED BY PASADENA CITIZENS		
CHAIN	INDEPENDENT	TOTAL
2,098	638	2,736
76.7%	23.3%	100%

Although the information contained in Table 2 is an accessory to the polling question, it is interesting to observe the degree to which chain banking has grown in this area. The identification of the type of bank patronized by customers is valuable in the analysis of "no" responses. Out of 420 dissatisfied customers, 366 specified the type of bank which had discourteous and inefficient employees. The analysis follows in Table 3.

Table 3

ANALYSIS OF "NO" RESPONSES IN TERMS OF TYPE OF BANK	CHAIN	INDEPENDENT
	"No" responses	266
Total responses	2,098	638
Percent "no" responses	12.2	15.7

The data presented in the preceding table disclose the fact that dissatisfaction with bank service is not peculiar to one type of bank organization. The slight difference between 12.2 percent and 15.7 percent is not statistically significant.

Now the important psychological problem centers around the nature of the dissatisfaction. Once the trouble spots are identified, the alert banker can begin his long-range program of improvement. Rationalization must not be resorted to, with the comment, "You can't please everybody," or, "There'll always be crackpots who complain." The bank must try to approximate the goal, "Every customer, a satisfied customer." Even though a request for a loan must be refused, it can be done in a discreet, understanding manner. The average person can be made to appreciate the necessity of adequate collateral.

The specific characteristics most frequently mentioned by dissatisfied customers include three which were exceptionally aggravating: rude personnel, slow service, and poorly trained employees. It was not possible to go into an analysis of how the rudeness occurred or what provoked it. Slow service might have been due to too few windows being available, or to poorly trained personnel or both. The inadequate training might be due to a short-sighted bank policy: "Get the best you can for the least money possible." My conversation with bank customers has often led to the subject of improved public relations via the route of higher salaries for bank personnel. This, in turn, would justify higher qualifications, which would attract applicants with well balanced personalities. Rudeness would be less likely to appear among well paid, highly competent people.

Thus, the three top-flight objections would be minimized by this one key solution—higher salaries.

Table 4 summarizes the complaints in relative order of frequency, the first three being unusually predominant.

**Table 4**  
RELATIVE ORDER OF CUSTOMER COMPLAINTS

- (1) Rudeness
- (2) Slow service
- (3) Inadequate training
- (4) Condescending attitude
- (5) Inaccurate computation
- (6) Unreasonable loan rejections
- (7) Check-cashing dissatisfaction
- (8) Inefficient records
- (9) Unfriendly attitude
- (10) Preferential treatment
- (11) Seeming distrust

The human element, better described as the psychological implications, in the above list is noteworthy. Only "inefficient records" could be labeled as purely a mechanical factor. All the others are like railroad timetables, subject to change without notice. They are features of public relations which could be included in any adequate bank training program, preferably under the guidance of a psychologist who is skilled in the observation and analysis of the human side of banking.

At frequent intervals it would be helpful to remind every banking staff: "They're watching us!"

\*\*\*\*\*

*We wonder whether women's feet are getting larger now that they so often fill men's shoes.*

No molehill is so small that someone can't make a mountain out of it.

*When money talks, few need a hearing device.*

It's getting so a billion is only a drop in the budget.

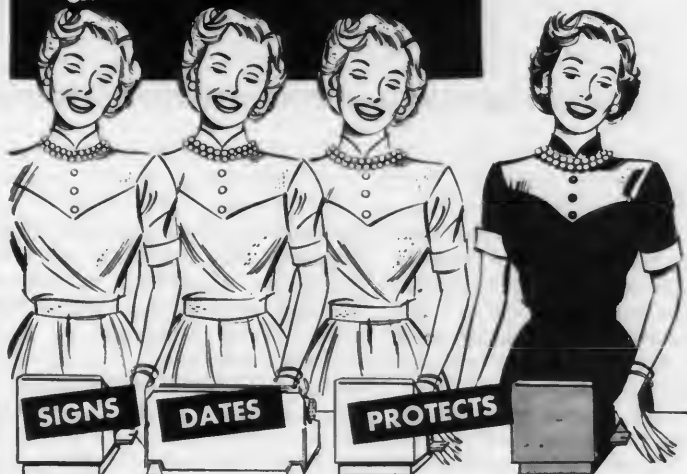
*The unfortunate thing is that children often do take after their parents.*

An objective thinker is a person who has rearranged his prejudices.

*A person who talks about his inferiors hasn't any.*

A good neighbor is a person who doesn't know what's going on at your place.

**ONE MACHINE  
DOES THE WORK  
OF THREE  
—and does it better**



## —the new Todd Check Disburser

It's the only machine of its kind in the bank equipment field. It puts the date, the amount, the signature on a check in a single operation.

Ideal for bank money orders and Christmas Club—and often in stock transfer and trust work. With it, check issuance is rigidly controlled every step of the way—from blank check to cancelled check. Insurance guarantees this protection.

Bankers like the new Todd Disburser because it's fast, simple, easy to operate. They like it, too, because it speeds check issuance, cuts lobby lines, and makes it unnecessary for officers to sign checks personally.



FOR COMPLETE INFORMATION—MAIL THE COUPON



ROCHESTER NEW YORK  
SALES OFFICES IN PRINCIPAL CITIES  
DISTRIBUTORS THROUGHOUT THE WORLD

**THE TODD COMPANY, Inc., Dept. B,  
Rochester 3, N. Y.**

Please have your representative telephone me for an appointment.

Name of Bank \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

Telephone \_\_\_\_\_

By \_\_\_\_\_

B-8-53

# Uniform Commercial Code

**T**HE Uniform Commercial Code is "a comprehensive revision of private commercial law" drafted under the sponsorship of the National Conference of Commissioners on Uniform State Laws, and the American Law Institute.

Purporting to deal with "all the phases which may ordinarily arise in the handling of a commercial transaction," the Code would replace existing state laws dealing with such subjects as negotiable instruments, bank collections, chattel mortgages, accounts receivable, factors liens, stock transfers, and trust receipts, and would bring within its scope many matters not now covered by legislation.

Its enactment would affect bank-

ing probably more than any other business. Virtually every type of transaction handled by a bank or in which a bank may become involved, would be affected by it in one way or another.

The American Bankers Association has taken no official position *pro* or *con* the Code, since questions concerning the desirability of its adoption by the states must be resolved at the state level. However, in order that those concerned with the Code might know what is being done about it in the various states, data on action taken by legislatures, bankers associations, and other groups have been compiled by the A.B.A. Committee on State Legislation, under the chairmanship of

Sherman Hazeltine, president, Bank of Arizona, Prescott, Arizona.

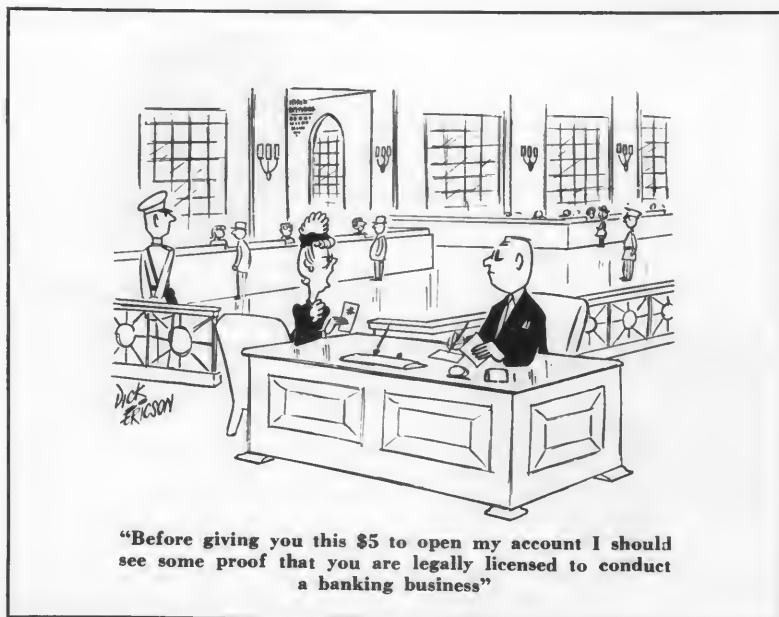
## Pennsylvania Acts

A report which has been issued by the Committee shows, among other things, that one state, *Pennsylvania*, has now adopted the Code, to become effective on July 1, 1954, and that the Code has been introduced in, but not enacted by the legislatures of six other states: *California*, *Connecticut*, *Illinois*, *Indiana*, *Massachusetts*, and *New Hampshire*.

The report also notes that the legislatures of five states, *Connecticut*, *Massachusetts*, *New York*, *Oklahoma*, and *Rhode Island*, have made provision for studies of the Code by official agencies or special commissions, while bills calling for such studies failed of enactment in *California*, *Ohio*, and *Wisconsin*. In most cases, it is pointed out, banking will have no official representation upon these study groups.

## State Association Action

Official action with respect to the Code has been taken by very few state bankers associations, the report indicates: The Legislative Committee of the *Pennsylvania* Bankers Association, and the Legislative Committee and the Executive Council of the *Massachusetts* association have favored its enactment. The *California* and *New York* associations, and the legislative committees of the *Connecticut* and *Rhode Island* associations have favored referring it to interim legislative committees for further study. The *Illinois*, *Kentucky*, *Maine*, *Massachusetts*, *Nebraska*, and *New Mexico* associa-



tions have appointed their own committees to consider the Code, while the *California* association has been asked by its legislative committee to appoint a committee of bankers to study the Code by applying its provisions hypothetically to everyday banking transactions. The *Connecticut*, *New Jersey*, and *Oregon* associations have referred the Code to their counsel for study.

That organizations other than bankers associations are concerned about the Code, and that they are not in general agreement over what should be done about it, is indicated by the report. For example, the *Boston* bar association voted to support enactment of the Code in *Massachusetts*, while a joint study committee of the *New York City* and *New York State* bar associations found that the Code "introduces or accelerates new social tendencies," is "more than a mere codification of existing law," and should not be enacted until a publicly sponsored and



"Do you count—or do I count?"

financed study has been made to determine "whether it is satisfactory in its present form; or should be revised; or merely used in part as a basis for revision of and additions to existing statutes."

The report also quotes a letter from the Commerce and Industry Association of New York to its nationwide member firms, stating that

"We have been appalled by the almost complete lack of knowledge by business groups in many states of the tremendous importance and impact or even of the very existence of the Uniform Commercial Code, and astounded by the apathy regarding this monumental piece of legislation exhibited by those groups who are aware that its passage is being pressured with unseemly haste in several states this year. . . . We sincerely urge that . . . you advocate the postponement of any positive action on the Code in any state until the business community has had an opportunity to study it . . . and finally that these studies be made in the individual states by business executives and house counsel, not by outside attorneys."

Copies of the complete report may be obtained from Thomas B. Paton, secretary, Committee on State Legislation, 12 East 36th Street, New York 16, New York.

J. R. V.

## UNIFORM COMMERCIAL CODE

### Summary of 1953 Legislative Action

#### 1. Seven states where Code was formally introduced as a bill:

*California*. A.B. 1232. Died when legislature adjourned, June 10. (ACR 87 also introduced, providing for study of Code by interim judiciary committees of assembly and senate. Died when legislature adjourned, June 10.)

*Connecticut*. H.B. 71. Died when legislature adjourned, May 30. (HJR 86 also introduced, creating commission of one senator, two representatives, one law school faculty member, and one member of attorney general's staff to study and report upon the Code, without fixing date for report. Enacted May 8.)

*Illinois*. H.B. 148. Died when legislature adjourned, June 27.

*Indiana*. S.B. 134. Died when legislature adjourned, March 9.

*Massachusetts*. H.B. 1928. Replaced by H.B. 2690, creating commission of nine to report by December 30, 1953 on advisability of adopting the Code. H.B. 2690 enacted June 22.

*New Hampshire*. S.B. 14. Referred to judicial council by judiciary committee. Legislature adjourned June 19, without taking further action.

*Pennsylvania*. Act No. 1. Enacted April 6, minus §9-312(7), to take effect July 1, 1954.

#### 2. Five states where Code was not formally introduced as a bill:

*New York*. Code referred to Law Revision Commis-

sion, an official state agency, for study and report to 1955 legislature. L.'53, c. 276 appropriated \$50,000 to finance the study.

*Ohio*. S.J.R. 11. Instructs Bureau of Code Revision, an official state agency, to analyze Code and make recommendations to 1955 legislature. Passed senate. Further action postponed indefinitely by house committee on financial institutions, July 1.

*Oklahoma*. Code being studied by joint legislative committee in cooperation with Oklahoma Legislative Council, an official state agency, prior to introduction in 1955 legislature.

*Rhode Island*. H.B. 738. Provides for appointment by governor of nine-man committee to study Code and report by February 15, 1954. Appropriates \$500 for committee expenses. Committee to be composed of at least one Rhode Island member of American Law Institute, one Rhode Island Commissioner on Uniform State Laws, one senator, one representative and "representatives of Rhode Island bankers, retail merchants and automobile dealers." Enacted May 8.

*Wisconsin*. S.R. 4. Provided for committee of six members from a group nominated by state bar association, two senators, three assemblymen, three "businessmen well qualified in the field of commercial transactions," and Wisconsin commissioners on uniform state laws, to report by November 1, 1954, on desirability of enacting the Code. Passed senate. Killed in house, June 12.

# BANK LAW NEWS

## Checks—Holder in Due Course—False Pretenses

### CHECKS

**Drawee bank not liable to drawer for honoring check made payable to non-existent corporation.**

IN New York, Adams and Cassell, both in the textile business, had known each other for years. After Adams went down to Pennsylvania to go into business for himself as sole stockholder of "Richard Dye Works, Inc.," Cassell visited him there. On one of his visits he learned that Adams needed "some cash" because he had "just started" and was a "little bit exhausted." He promptly offered to help Adams out.

Thus it was that Cassell and some associates entered into a contract to loan Adams \$1,500 for the exclusive right to "remnants." At Adams' direction Cassell made out a check for \$1,500 payable to "Richard Dye Works, Inc.," and received a promissory note which, at Cassell's request, was signed and personally endorsed by Adams.

The check was deposited in a local bank which guaranteed prior endorsements and forwarded it to defendant bank for collection. The check was paid and the proceeds were used exclusively for Adams' business purposes.

Six weeks later misfortune arrived. First of all, Adams' business failed. Then Adams, Cassell, and the others found out for the first time that "Richard Dye Works, Inc.," was not a corporation at all; as a result of an oversight by Adams' lawyer, the business never had been incorporated.

However, Cassell and his partners did not hold all this against Adams. They did not sue him to recoup their loss. Instead, they sued their bank.

The Federal District Court for the Southern District of New York found for Cassell and his partners. The bank appealed. On appeal, the U. S. Court of Appeals for the Third Circuit reversed the finding.

Reviewing the entire transaction, the appellate court found that no fraud was involved, that the money had been applied "precisely as plaintiffs intended," and that they did not in any conceivable way suffer any harm because of the absence of a corporation or the fact that the bank had honored a check drawn to a nonexistent corporation.

The fact that Adams rather than the supposed corporation received the money was of "no importance" to the plaintiffs, said the court, and they thus were not entitled to recover from the bank on the technical ground that the business had never in fact been incorporated. *Kushelewitz v. Nat'l City Bank of N. Y.*, 202 F.2d 588.

### UNIFORM COMMERCIAL CODE

THE official Text and Comments of the Uniform Commercial Code, which was drafted to "make uniform the law governing commercial transactions," has been made the subject of changes affecting 35 of its sections. The proposed amendments have been published by the editorial board for the Code and are being submitted for approval to the Code's sponsors, the American Law Institute and the National Conference of Commissioners on Uniform State Laws.

For further information on the Uniform Commercial Code see page 82.

### SATURDAY CLOSING

AN opinion of Michigan's attorney general probably helps to demonstrate why the enactment of permissive Saturday closing laws has been deemed advisable in so many states:

Asked by the bank commissioner whether he, the commissioner, had the power to issue appropriate regulations permitting small loan companies to close, at their own option,

on Saturday of each week, the attorney general reasoned that since Michigan's Small Loan Act requires loan companies to permit payment of loans "at any time," they cannot be permitted by regulation to close on Saturdays. *Op. A.G. Michigan*, No. 1648, 5/4/53.

### HOLDER IN DUE COURSE

**Purchaser of Instalment Paper Should Rely on the Paper Alone, Not on Extrinsic Instruments.**

FOR the second time in recent months a court has handed down a decision pointing out the risks which a purchaser of instalment paper runs when it concerns itself too intimately with the transactions giving rise to the paper.

In a case reported here in June *BANKING*, Florida's Supreme Court held that a finance company which furnished a dealer with conditional sale contract forms designating its office as the place of payment, and on the day before the dealer sold merchandise to a customer, investigated and approved the customer's credit and agreed to purchase his note, "was so closely connected with the entire transaction" that it was not a holder in due course. *Mutual Finance Co. v. Martin*, 63 So.2d 649.

Now, Texas' Court of Civil Appeals has denied the status of holder in due course to a finance company which required, as a condition precedent to purchasing a note from an appliance dealer, that the maker of the note execute an additional instrument certifying that the transaction giving rise to the note had been satisfactorily completed.

This insistence upon the execution of the additional instrument was part of plaintiff finance company's customary way of doing business with appliance dealers. It furnished them with its own forms and notes and its so-called completion certificates; before it would pur-

(CONTINUED ON PAGE 86)

# Society for Savings

IN THE CITY OF CLEVELAND

Founded 1849

## TRUSTEES

**Warren Bicknell, Jr.**  
President, The Cleveland Construction Company

**Robert F. Black**  
President, The White Motor Company

**Charles B. Bolton**  
President, Payne-Bingham Company

**Harold T. Clark**  
Attorney

**Frank M. Cobb**  
Director,  
The Cleveland Electric Illuminating Company

**T. J. Conway**  
President, The Fisher Brothers Company

**Frederick C. Crawford**  
Chairman of the Board, Thompson Products, Inc.

**Ernest C. Dempsey**  
Attorney, Squire, Sanders & Dempsey

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**Randolph Eide**  
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The Ohio Bell Telephone Company

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**James L. Myers**  
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Director, The Columbia Transportation Company

**Drake T. Perry**  
Secretary, The Harshaw Chemical Company

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Attorney, Sayre, Vail & Steele

**John S. Wilbur**  
Vice President, The Cleveland-Cliffs Iron Company

**Arthur P. Williamson**  
President, The Dill Manufacturing Company

## STATEMENT OF CONDITION

June 30, 1953

### RESOURCES

Cash on Hand and Due from Banks . . . . .	\$ 22,760,791.51
United States Government Obligations. . . . .	72,311,147.58
(Including \$14,300,000.00 as Lawful Reserve)	
Other Investments . . . . .	33,434,206.08
First Mortgage Loans on Real Estate . . . . .	100,173,765.20
Other Loans and Discounts. . . . .	44,444,226.85
Bank Premises—127 Public Square . . . . .	1.00
Bank Parking Lot—W. 3rd & Frankfort Ave.. . . . .	1.00
Interest Accrued and Other Assets. . . . .	1,137,772.95
Total . . . . .	\$ 274,261,912.17

### LIABILITIES

Surplus . . . . .	\$ 17,000,000.00
Reserve for Contingencies . . . . .	1,253,165.55
Reserve for Taxes & Expenses . . . . .	763,444.61
Savings Deposits . . . . .	236,414,379.17
Other Deposits . . . . .	15,771,216.76
Deferred Credits and Other Liabilities . . . . .	3,059,706.08
Total . . . . .	\$ 274,261,912.17

*United States Government Obligations carried at \$4,000,000.00 are pledged to secure Public Deposits as required or permitted by law.*

NOW AT 2 CONVENIENT LOCATIONS

MAIN OFFICE 127 PUBLIC SQUARE

SOUTH EUCLID BRANCH 4461 MAYFIELD ROAD

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



(CONTINUED FROM PAGE 84)

chase a note made payable to a dealer it would require him to secure the execution of a completion certificate by the maker of the note, certifying that the material for which the note had been given had been delivered and installed, and all work fully completed.

One day defendant Ellis and his wife contracted with a dealer for the purchase of a wall heater and attic fan, and executed an installment note for \$605 payable to the

dealer. The fan was installed, but the heater was never delivered nor installed. Before the note became due, the dealer sold it to the finance company with an endorsement warranting that all the underlying transactions had been completed satisfactorily. Attached to the note was a completion certificate signed "John M. Ellis." This signature, it turned out, was a forgery.

When the finance company sued the Ellis' on the note, they denied liability for that part of the amount due represented by the heater, al-

leging its nondelivery. The finance company contended that the note was a negotiable instrument which it held as a holder in due course, free of any defenses existing between the original parties, the Ellis' and the dealer.

The court granted that the company's points were "correct statements of the law—as abstract propositions" but held that they did not fit the facts at bar. Attaching importance to the testimony of the company's manager that the note would not have been purchased if the completion certificate had not been executed, the court pointed out that the company had not been content to stand on the note itself as a negotiable instrument, but had purchased it upon "the faith and strength" of the additional instrument.

The rule is, said the court, that "where additional instruments are executed in connection with a negotiable instrument, as between the original parties, all instruments are to be treated as one. Where one is a holder in due course, the above rule does not apply, and the rights of the holder are determined by looking only to the negotiable instrument itself. But here the case is different. Appellant Finance Company, who purchased the note, and *claims* to be a holder in due course, while not an original party to the note, not only *had knowledge* of the additional instrument, but actually *caused it to be executed*. Appellant by its course of action becomes an original party to the additional instrument; and forfeits what might otherwise have been its status as a holder in due course . . . and is bound by any defenses which [the Ellis'] had as to [the dealer], as well as any defenses that arise from the forgery." Allied Bldg. Credits v. Ellis, 258 S.W.2d 165.



CONDENSED STATEMENT OF CONDITION, JUNE 30, 1953

ASSETS	
Cash on Hand and in Banks . . . . .	\$ 244,096,941.05
United States Government Securities . . . . .	417,725,207.34
State, Municipal and Other Securities, including Stock of the Federal Reserve Bank . . . . .	134,829,999.61
Loans and Discounts . . . . .	473,815,876.65
Bank Premises . . . . .	3,270,486.93
Other Real Estate . . . . .	1.00
Other Assets . . . . .	4,700,476.32
Customers' Liability on Acceptances . . . . .	3,441.54
	\$1,278,442,430.44
LIABILITIES	
Capital Stock . . . . .	\$ 17,500,000.00
Surplus . . . . .	42,500,000.00
Undivided Profits . . . . .	11,006,361.67
Reserve for Contingencies . . . . .	3,000,000.00
	Capital Funds \$ 74,006,361.67
DEPOSITS	
Commercial and Savings . . . . .	\$1,156,620,318.46
Estates and Corporate Trust . . . . .	35,941,788.98
	1,192,562,107.44
Accrued Taxes, Interest, etc. . . . .	8,540,884.56
Other Liabilities . . . . .	3,329,635.23
Acceptances Executed for Customers . . . . .	3,441.54
	\$1,278,442,430.44

United States Government Securities carried at \$106,661,296.40 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Valuation Reserves.

Ohio's Largest Bank  
welcomes individuals and corporations  
seeking new or additional banking services.

**59 CONVENIENT OFFICES**  
Northern Ohio:  
Painesville • Willoughby • Bedford • Lorain  
and  
Everywhere in Greater Cleveland  
**COMMERCIAL • SAVINGS • TRUSTS**

Largest branch banking system between New York and San Francisco  
**2% ON SAVINGS**

**754,946 SAVINGS AND CHECKING DEPOSITORS**

Member: Federal Deposit Insurance Corporation

Federal Reserve System

**FALSE PRETENSES**

On the desirability of remembering to "Know Your Endorser."

GIVEN the proper circumstances, including an assist from a careless grocery clerk, it is quite possible to negotiate a check that doesn't belong to you without violating a statute making it a crime to obtain money or property, with intent to defraud, by means of a false pretense.

Mississippi, like many other states,



has such a statute, and Mississippi's Supreme Court has overruled the conviction under that statute of one who cashed a check to which he was, in a manner of speaking, a complete stranger.

It seems that one D. E. Grubbs, policeman, received his paycheck from the Mississippi Highway Safety Patrol, endorsed it in blank, cashed it at a gas station, and saw the attendant place it in his billfold. That was the last time the check was seen in public until, a few days later, one Otis Wilson Bruce in some unexplained manner appeared with it before the Help Yourself Store in Laurel.

Apparently taking signs at their face value, Bruce entered and asked the clerk if he would cash a check. The clerk responded that that depended upon whose check it was. Bruce answered, truthfully enough, "A Highway Patrol check." Since Mr. Grubbs had already endorsed the check and since Mr. Bruce was neither asked if he were Mr. Grubbs nor requested to reindorse the check in the clerk's presence, Mr. Bruce merely handed over the check, accepted \$63.47 in return, and departed.

Subsequently Bruce was arrested and convicted of violating the aforementioned statute. On appeal, however, the Supreme Court overturned the conviction, pointing out that Bruce had cashed a genuine negotiable instrument which had already been endorsed in blank by the payee named therein. He did not represent that he was Officer Grubbs nor in any other way make any false representations to the grocery clerk. Neither did he defraud the storekeeper since negotiation of the check, endorsed in blank as it was, constituted the storekeeper a holder in due course. In fact, the storekeeper got his \$63.47 back when the check was paid, in due course, by the drawee bank.

Summarizing, the court held that in order for one to be guilty of obtaining money under false pretenses, he must actually engage in some false pretense to the detriment or injury of the person from whom he obtains the money. In this case, said the court, it was the filling station operator, not the storekeeper who suffered injury. *Bruce v. State*, 64 So.2d 332. cf. *Paton's Digest*, Crimes §1.

JOHN RENÉ VINCENS



## Tourists

are big business in Washington State—and this "Centennial Year" will bring a record number to this "busy corner of America" which combines scenic wonders and business opportunity. Join them this year—or next—for one of those "long-remembered" vacations.

## Statement of Condition

AT CLOSE OF BUSINESS JUNE 30, 1953

### RESOURCES

Cash and Due from Banks . . .	\$179,282,361.35	
United States Government Securities . . .	154,923,478.47	
Obligations of Federal Agencies . . . . .	8,644,415.64	
State and Municipal Securities . . . . .	70,464,933.17	
Other Bonds and Securities . . . . .	5,089,594.64	\$418,404,783.27
Loans and Discounts . . . . .		307,279,152.89
Federal Reserve Bank Stock . . . . .		900,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc. . . . .		8,240,260.01
Interest Earned Not Received . . . . .		1,955,463.84
Customers' Liability under L/C and Acceptances . . . . .		3,535,640.65
<b>TOTAL . . . . .</b>		<b>\$740,315,300.66</b>

### LIABILITIES

Capital Stock . . . . .	\$ 14,000,000.00	
Surplus . . . . .	16,000,000.00	
Undivided Profits . . . . .	11,994,310.93	
Reserves for Contingencies . . . . .	6,000,000.00	\$ 47,994,310.93
Reserves for Interest, Taxes, etc. . . . .		2,765,025.25
Discount Collected Not Earned . . . . .		3,858,920.66
Letters of Credit and Acceptances . . . . .		3,535,640.65
Deposits . . . . .		682,161,403.17
<b>TOTAL . . . . .</b>		<b>\$740,315,300.66</b>

55 OFFICES



Washington's Statewide Banking System  
Serves This Busy Corner of America

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# Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING's staff.

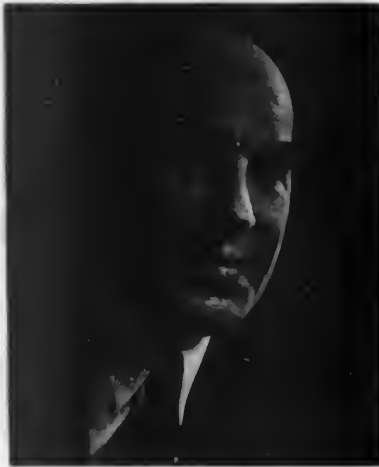
## Endowment Fund

BANKS in Virginia have contributed \$215,205 to an endowment fund which will be used to establish a Graduate School of Business Administration at the University of Virginia. The money was collected by a committee of the Virginia Bankers Association under the chairmanship of Joseph E. Healy, president of Citizens National Bank of Hampton.

In announcing the successful completion of the fund raising campaign, Mr. Healy said: "We will now have in Virginia every type of instruction from the elementary course of the A.I.B. on through to this graduate school. Our future should be reasonably secure. Our association has done its part to make it so."

## Fraud Editorial

"FRAUD in banks can and will be curtailed. The ultimate solution to the prevention and disclosure of fraud rests with the bank management. Strides toward combating this problem are greater today than at any time in the history of banking," said Robert F. Goodwin, secretary of The National Association



Thomas H. Atkinson, general manager of the Royal Bank of Canada, who has been elected president of the Canadian Bankers Association for the year 1953-54

of Bank Auditors and Comptrollers.

The most effective way to stamp out fraud was shown by Mr. Goodwin in an editorial in the association's monthly magazine — the *Auditgram*. Mr. Goodwin, who is comptroller of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, said: "Preventive measures in the form of rigid operating controls, well-planned examinations, careful screening of job applicants, and intelligent cooperation in solving employees' personal problems by a competent, understand-

ing, and sympathetic personnel director, should go a long way toward preventing opportunities for, and eliminating the causes of, the misappropriation of bank funds."

## Delaware Secretary

BRYAN S. COLBOURN, assistant treasurer, Delaware Trust Company, Wilmington, has been appointed secretary-treasurer of the Delaware Bankers Association. Mr. Colbourn succeeds Gilbert B. Moyer, who was elected vice-president of the association at its recent convention.

## Capital Ratios

THE use of capital ratios by bank supervisory authorities as yardsticks of capital adequacy was evaluated in a report distributed recently by the Missouri Bankers Association.

The report was prepared by a special subcommittee of the association's bank management committee headed by Fred J. Sudekum, auditor of the First National Bank in St. Louis.

The committee affirmed the existence of a widespread need for additional bank capital, but pointed out that many banks are now caught up in a vicious circle created by demands for increased capital, by siphoning off of earnings by high operating costs and taxation, and

The graduating class of 1953, School of Banking of the South, occupies the first four rows in this picture. This year's campus session, at Louisiana State University, ended on June 13



by the difficulties involved in selling additional capital stock because of the low return on bank stock investment.

The committee's survey of the measures of capital adequacy used by the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency revealed that these authorities were unanimous in stating that "capital ratios are not used as a determining factor."

"However," the report commented, "it appears that ratios are used to some degree, by all of these agencies."

The committee described as inadequate the FDIC formula of ratio of capital funds to total assets, measured against the national average.

"This test," the committee said, "does not attempt to evaluate the bank's assets or determine the amount of risk, or degree of risk to which the assets are subjected."



Students at the Mortgage Bankers Association's third annual Advanced Mortgage Banking Seminar, held in cooperation with Northwestern University's School of Commerce, on the latter's Chicago campus, June 29 to July 3

It described as "more desirable," the Comptroller's test based on the question: "Do risk assets exceed six times capital funds?" This test, which is employed along with a secondary formula, was described, however, as not taking into account that some loans have a greater degree of risk than others, that certain high grade bonds do not have the same degree of risk as others, and also that there is normally a certain degree of risk to Government bonds.

The committee pointed out that Federal Reserve examiners use various ratios for screening out banks for further study.

As an example, they cited a new formula evolved by the Federal Reserve Bank of New York as a screening test. Under the formula, all bank assets are classified into six main categories and an arbitrary percentage of each is applied as a measure of capital and reserves that should be on hand to cover the degree of risk involved.

"This committee recognizes the problem of inadequate capital structures," the report concludes, "and therefore recommends that the American Bankers Association continue to study the matter on a national level.

(CONTINUED NEXT PAGE)

## SOME NEW

### STATE ASSOCIATION PRESIDENTS

*Left: IDAHO—S. M. Meikle, president, Idaho Bank of Commerce, Rexburg. Lower row, left to right: NEW HAMPSHIRE SAVINGS BANKS—Maurice C. Aldrich, secretary-treasurer, Dartmouth Savings Bank, Hanover; MONTANA—B. Meyer Harris, vice-president, Yellowstone Bank, Laurel; VERMONT—Richard H. Gaylord, president, Northfield Savings Bank*



"We further suggest that the Missouri Bankers Association work to encourage the several supervisory authorities to effect a more realistic approach—one which considers the individual case over any arbitrary rule applicable to banks in general."

## PBA School

W. HAROLD BRENTON, president, American Bankers Association, and Carl K. Dellmuth, vice-president, Fidelity-Philadelphia Trust Co., will be guest speakers at the second annual Pennsylvania Bankers Association Summer School at The Pennsylvania State College, August 23-28, it has been announced by

Summer School Director T. Allen Glenn, Jr., president, The Peoples National Bank of Norristown.

Mr. Dellmuth, who is past secretary of the PBA, will speak at the kick-off dinner, Sunday, August 23, and Mr. Brenton will address the last formal gathering of summer school personnel at a Thursday evening banquet, August 27.

The school is conducted by the PBA in cooperation with the Department of Economics and Commerce and the School of Agriculture at The Pennsylvania State College.

## Kansas Bank Tours

MORE than half of all seniors graduating from Kansas high schools

this spring visited their local banks on tours. There were two purposes for this "Bank Tour Program" of the Kansas Bankers' Association: (1) to show high school students the many services Kansas banks now render their customers, the public, and the Government; and (2) to enable students to see for themselves the desirability, these days, of careers in banking.

Teachers were not neglected; 407 of them either were escorted on special advance tours or visited banks with the students. These faculty members seemed to learn as much as the students and were just as enthusiastic about banking. In return, many local bankers were invited to the schools to lecture on financial subjects. Some took with them special movies on banking which had been prepared especially for high school students.

To accomplish these tours of banks for more than 10,000 teachers and students, a local bank tour manager was appointed for each town in the state, who coordinated the program among all local banks.

## Central Conference

THE Central States Conference, at its 1953 session held in Madison, Wisconsin, elected as its president Carl A. Bowman, executive secretary of the Kansas Bankers Association. Mr. Bowman succeeds Carl G. Swanson of Omaha, executive secretary of the Nebraska Bankers Association.

The newly elected vice-president of the Conference is Carl E. Bahmeier, Jr., executive secretary-treasurer of the South Dakota Bankers Association, and the new secretary-treasurer is Kirk Sutherland, executive secretary of the Illinois Bankers Association.

## Illinois School

AN Illinois Institute of Banking is being established by the Illinois Bankers Association for the purpose of training and developing junior bank executives. It will be conducted at Southern Acres, Southern Illinois University, Carbondale.

Present plans call for two resident sessions of two weeks each. The courses will be open to both men and women.

Enrolment for this year's session, October 5 to 17, has been limited to 50.

# The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 30, 1953

## RESOURCES

Cash and Due from Banks.....	\$ 71,397,883.70
United States Bonds.....	96,375,590.36
State and Municipal Bonds.....	9,560,970.50
Other Bonds and Securities.....	4,776,202.31
*Loans and Discounts.....	96,067,763.01
Banking Premises Occupied.....	3,849,249.97
Income Accrued Receivable and Prepaid Expense.....	735,597.40
Other Resources.....	227,970.44
<b>TOTAL.....</b>	<b>\$282,991,227.69</b>

## LIABILITIES

Capital Stock (320,000 Shares).....	\$ 8,000,000.00
Surplus .....	10,500,000.00
Undivided Profits .....	3,099,618.52
<b>TOTAL CAPITAL FUNDS.....</b>	<b>\$ 21,599,618.52</b>
Reserve for Dividends, Interest, Taxes, etc. ....	2,778,574.70
<b>DEPOSITS:</b>	
**Commercial, Bank and Savings.....	249,788,546.05
U. S. Government.....	8,787,369.84
Other Liabilities.....	37,118.58
<b>TOTAL.....</b>	<b>\$282,991,227.69</b>

\*In addition to the Loans and Discounts as shown we had unused Loan Commitments outstanding of \$5,923,493.60.

\*\* Includes \$4,372,950.14 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law of the State of Ohio, Section 710-165, is a Preferred Claim against the Assets of the Bank.

## DIRECTORS

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Vice Chairman Executive Committee, The Chase National Bank of the City of New York  
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President, The National Marking Machine Co.  
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# BANKING NEWS

## A.B.A. President Brenton Calls for Balanced Foreign Exchange of Goods, Dollars

### Says World Trade Would Bring Greater Employment, Prosperity

"The attainment of a peaceful free world is much dependent upon a balanced international exchange of goods," said W. Harold Brenton, president of the American Bankers Association and of the State Bank of Des Moines, before the annual convention of the Washington Bankers Association in Victoria, B. C. "Proper methods of expediting world trade are vital considerations facing this Administration and the Congress," he said.

In an address on "Banking and Our Economic Future," Mr. Brenton elaborated his views on a balanced international exchange of goods and dollars.

"The desire to curtail internal tariffs was one of the arguments in favor of the Constitution; the trade wars between the jealous states had developed to the proportions of economic suicide," he said. "Undoubtedly the elimination of trade barriers between the states helped to set the stage for the economic development of our young, debtor nation.

"Now the Schuman Plan, for the six debtor countries of western Europe, has eliminated tariffs and the snarl of trade barriers for the coal and steel industries. The objective is to increase production and make more steel available at lower cost. If it achieves this high purpose, and cartel agreements are avoided, it will also stand as a model of free trade accomplishment.

### Two-way Street

"There is a growing public consciousness of the mutual advantages of a freer world trade. A durable world trade must be a two-way street. We are beginning to realize that the living standards of other peoples must gradually be improved in order to maintain our own living standards and in order to live in peace. We also know that we must rely on the underdeveloped foreign markets, for they are the outlets for the volume of goods which flow from our ever increasing technological production. Our markets must be open to foreign goods so they will have the dollars to buy our products.

"Since we have achieved such a high level of productivity and are now a creditor nation, it becomes necessary that we reappraise our position on

## PROPOSED AMENDMENT TO A.B.A. CONSTITUTION

The Executive Council, at a meeting held in White Sulphur Springs, West Virginia, on Tuesday, April 21, 1953, approved a resolution adopted by the Administrative Committee on April 19, 1953, providing that the meeting of the Nominating Committee shall be held on or before the day preceding the first session of the General Convention instead of after the first adjournment of the General Convention assembled in annual session as presently provided. The Council further approved the recommendation that the Constitution and By-laws of the Association be amended so as to give effect to this resolution.

### Present Provisions

Under the present provisions of the Constitution, the meeting of the Nominating Committee may not be held until after the adjournment of the first session of the General Convention and, in the event of a contested election, the balloting must take place after the close of the final session. This obviously would inconvenience many delegates who plan in advance to leave the convention city shortly after the close of the final session.

Under the proposed amendment, the Nominating Committee could meet prior to the first session of the General Convention, its report could be given at the first general session and, in the

world trade. The stimulating of world trade must be accomplished through numerous methods, and the present concern is when and how.

"Trade barriers should be adjusted to allow more foreign goods to move into our markets. We should not base a broad policy on isolated situations, even though such cases will need special consideration; but a broad policy must be based on what is good for most of our people.

"For years there was opposition to labor-saving machinery and techniques because of the fear of reduced employment. However, we learned that greater efficiency led to increased production, which created more employment and greater purchasing power. Likewise a stimulated world trade should bring greater world employment and prosperity."

event that a contested election for vice-president develops, the balloting would be held on the afternoon of the first session, without interfering with the orderly conduct of the business of the convention, or with the planned departure of the delegates.

As Article XI provides that the Constitution may be amended at any annual session of the General Convention, the proposed amendment will be recommended for adoption at the Annual Convention in Washington, D. C., Sept. 20-23, 1953.

Article V of the Constitution, the first sentence of the second paragraph thereof, presently reads as follows:

"It shall be the duty of the Nominating Committee to meet at the call of the Executive Manager as soon as practicable after the first adjournment of the General Convention assembled in annual session, next after the election of the members, and organize by the selection of a chairman and secretary from its membership."

This sentence, as amended, (new matter is printed in italics) would read as follows:

"It shall be the duty of the Nominating Committee to meet at the call of the Executive Manager as soon as practicable *on or before the day preceding the first meeting* of the General Convention assembled in annual session, next after the election of the members, and organize by selection of a chairman and secretary from its membership."

Because of the proposed amendment to the Constitution, certain changes in the Association's By-laws must necessarily be made. Accordingly, the Executive Council has adopted amendments to the By-laws that enable states having state bankers associations to elect, at an earlier time than presently provided, a substitute member of the Nominating Committee in the event of the absence from the Annual Convention prior to the first session of the General Convention of both the regular member of the Nominating Committee and the alternate. A further amendment to the By-laws enables states having no state bankers association to elect a member of the Nominating Committee prior to the convention rather than to hold such election at the time and place of the convention as presently provided.



A.B.A. Executive Manager Merle E. Selecman, left, discusses Association convention plans with General Convention Committee Chairman Robert C. Baker. Mr. Baker is executive vice-president, American Security and Trust Co., in Washington

## 12 Institute Councilmen Get 85 Associates to Assist in Educational Program

Eighty-five associate councilmen of the American Institute of Banking for 1953-54 have been named by Stetson B. Harman, president of the Institute and trust officer and assistant secretary, First Trust and Savings Bank of Pasadena, Calif.

Each of the 12 members of the Executive Council, the Institute's governing body, has several states under his jurisdiction. Associate councilmen are appointed by each Council member to assist in the promotion and development of Institute chapters and study groups. Thirty-three of the associate councilmen appointed for the coming year are new, and 52 are reappointments.

The 12 men serving on the Executive Council are:

Frank C. Adams, The Bank of California N. A., Seattle; Milton A. Blackburn, Bank of America, San Francisco; J. Robert Brenneman, The Metropolitan Bank of Lima, Ohio; J. Albert Cairns, Fidelity-Philadelphia Trust Co.; George Clark, The Farmers and Merchants National Bank of Los Angeles; Leroy S. Clark, The Marine Midland Trust Co., of New York, New York City; Emmett J. Erickson, Farmers & Mechanics Savings Bank, Minneapolis; E. Maurice Faubion, Second National Bank, Houston; Newton I. Gray, Suburban Park Office, National Bank of Commerce, Norfolk; Gerard E. Hayes, National Shawmut Bank of Boston; Samuel M. McGinnis, First Wisconsin National Bank, Milwaukee; and Theodore M. Reinhart, Loop National Bank, Mobile.

## Savings Bond Promotion Kit Sent to A.B.A. Members With Brenton Bid for Bank Aid

A kit of material to help sell more U. S. Savings Bonds has been prepared by the Advertising Department of the A.B.A. It includes a "How You Benefit When You Buy U. S. Savings Bonds" lobby poster and direct mail folder, two Savings Bonds emblems for use in newspaper ads, and the Department's Savings Bonds envelope.

"Bankers have long wanted a businesslike Administration in our Federal Government, one which would do everything within its power to reduce unnecessary spending, balance the budget, spread the debt, and stabilize the dollar," said A.B.A. President W. Harold Brenton in a letter to banks accompanying the kit. "Bankers should wholeheartedly support the efforts of the Administration in carrying out these objectives," he said.

"The real success of the Savings Bond program depends on the efforts of the individual bank—on the interest shown by the officers and on proper organization of the bank staff. While sales so far this year are considerably above sales for the same period last year, here are my suggestions as to what each bank should do to further increase sales.

"In order for each bank to do its full share, all employees should be well informed as to the importance of the Savings Bond program and its beneficial and far-reaching effects in the public interest. Directors and officers can do their part by urging local businessmen to install payroll savings plans."

## 91 Out of Each 100 Checks Now Carry Check Routing Symbol in Proper Location

### Gains in Use Made in 9 of 12 Federal Reserve Districts

Ninety-one out of every 100 checks handled through the Federal Reserve Banks now carry the check routing symbol in the approved location, it is announced by Valentine Willis, chairman of the Subcommittee on Collections of the Federal Reserve System.

This new record high of 91 percent for the country as a whole was established by examination of nearly 10-million checks, and represents a gain of one percentage point since the last previous survey in December 1952. Gains were made in nine of the 12 Federal Reserve Districts, with the largest gains—three percentage points each—being registered in the Richmond and San Francisco Districts. The survey showed also that properly placed routing symbols now appear on 90 percent or more of the checks written in 32 of the 48 states. Vermont and Rhode Island lead the list of states with averages of 98 percent each.

The check routing symbol was introduced jointly on June 6, 1945, by the Bank Management Commission of the American Bankers Association and the Subcommittee on Collections of the Federal Reserve System.

Here are the percentage totals and the growth shown for the past six months by Federal Reserve District:

District	Percent of Total for District as of 6/1/53	Increase Since Previous Survey (12/1/52)
1—Boston	95	—
2—New York	96	—
3—Philadelphia	94	1
4—Cleveland	92	1
5—Richmond	91	3
6—Atlanta	87	—
7—Chicago	86	1
8—St. Louis	88	1
9—Minneapolis	91	1
10—Kansas City	88	2
11—Dallas	84	1
12—San Francisco	85	3
TOTAL	91	1

## Ladies Committee Chairman, Vice-Chairman Are Named for Washington Convention

Mrs. Robert V. Fleming, wife of the chairman of the board and president of The Riggs National Bank, and Mrs. Daniel W. Bell, wife of the president of the American Security and Trust Company, are the co-chairman of the Ladies Committee for the American Bankers

Association's Convention in Washington Sept. 20-23, according to Robert C. Baker, General Convention chairman, who is executive vice-president, American Security and Trust Co.

Mrs. Fleming and Mrs. Bell head a committee of 39 women who will ex-

tend the hospitality of the Washington bankers to the women attending the A.B.A. Convention and conduct the activities of special interest to women.

Names of chairmen and vice-chairmen of other committees may be found on page 90 of May BANKING.



National officers of the American Institute of Banking lunching with incoming and outgoing national committee chairman at the Institute's Cleveland convention. Seated, left to right, Robert C. Rutherford, New York, national secretary; Alton P. Barr, Birmingham, 1951-52 president, A.I.B.; Stetson B. Harman, Pasadena, 1953-54 A.I.B. president; Leroy Lewis, New York, educational director; Osmond A. Burton, Phoenix, 1952-53 Membership and Enrolment chairman; Adele Carmean, Houston, Publicity chairman; Kathryn L. Gannon, Detroit, 1952-53 Publicity chairman; Hartwell Davis, New York, A.I.B. assistant secretary; Mary B. Larkin, Boston, Women's chairman; Lillian M. Jacques, 1952-53 Women's chairman; and Marion Turner, New York, assistant to educational director. Standing, Allen W. Danielson, Los Angeles, Debate chairman; John F. Conway, 1952-53 Debate chairman; Henry F. Schaub, Mobile, 1952-53 Public Relations chairman; Paul L. Boardman, Indianapolis, Public Relations chairman; Morgan W. Price, Jr., Orlando, Forum and Seminar chairman; Eric H. Thomas, Scranton, 1952-53 Forum and Seminar chairman; Jerry Meacham, Jr., Columbus, Public Speaking chairman; and Albert L. Grigsby, Jr., San Diego, 1952-53 Public Speaking chairman. Ralph H. Mittendorff, Washington, D. C., Membership and Enrolment chairman, is not shown

## 1953-54 A.I.B. Chairmen Named by President Harman

The chairmen of the seven national committees of the American Institute of Banking for 1953-54 have been appointed by the Institute's newly elected president, Stetson B. Harman, trust officer and assistant secretary of the First Trust and Savings Bank of Pasadena, California. They are:

*Debate:* Allen W. Danielson, Bank of America N.T. & S.A., Los Angeles; *Forum and Seminar:* Morgan W. Price, Jr., Florida Bank at Orlando, Florida; *Membership and Enrolment:* Ralph H. Mittendorff, American Security and Trust Company, Washington, D. C.; *Publicity:* Mrs. Adele Carmean, First National Bank in Houston; *Public Relations:* Paul L. Boardman, Fletcher Trust Company, Indianapolis; *Public Speaking:* Jerry Meacham, Jr., The Ohio National Bank, Columbus; *Women's:* Mary B. Larkin, Federal Reserve Bank of Boston.

# News for Instalment Credit Men

## Federal Reserve 1953 Survey of Consumer Finances Finds More Real Income; More Inclination to Buy; Higher Debt

THE Federal Reserve Board's 1953 Survey of Consumer Finances discloses that early this year more consumers were in a mood to buy, were in better financial position than the previous year, had a higher real income, and that most debt is found in the middle to moderately high income levels of \$3,000 to \$7,500. The 1953 survey, as released in the *Federal Reserve Bulletin*, contains some interesting information, and we quote from it here.

In early 1953, consumers appeared to be in more of a mood to make major durable goods purchases than they had been since 1950. Contributing to the change in attitude from the year before were the improvement in financial positions, the expectation of still further improvement in 1953, the adjustment by many to the higher post-Korean price level, and the fact that consumer purchases of durable goods had been curtailed in 1951 and 1952. The greatest increase in frequency of plans to make major purchases was found among consumers with

incomes of \$5,000 or more. These consumers generally have a strong enough current financial position or are sufficiently creditworthy to carry out their buying plans. . . .

An appreciably higher level of consumer income was reported in early 1953 than in early 1952. Nearly half of all nonfarm spending units reported making more money while about one-sixth reported making less. The annual income of the median (middlemost) consumer spending unit rose from \$3,200 in 1951 to \$3,420 in 1952. Income continued to be widely distributed among income classes in 1952 with little evidence of any shift toward greater or less concentration.

### Over-all Income Increases

Every one of the major occupational groups had an increase in median annual income last year. Increases in income were reported most frequently by professional and semiprofessional persons (e.g. lawyers, teachers, nurses) and by clerical and sales personnel. The small-

est increase in median income was registered by the managerial group. Median income of farm operators increased appreciably but mean income (arithmetic average) showed little change, reflecting the fact that total farm income did not increase last year. . . .

Survey data show that, as of early 1953, nonbusiness spending units were almost equally divided between those having some consumer short- and intermediate-term debt (53 percent) and those having no debt of this type (47 percent). Of those with debt, approximately one in every four consumers owed an amount equal to 20 percent or more of his income, while three in four owed 1 to 19 percent of income.

Debtors are found most frequently at middle to moderately high income levels (\$3,000 to \$7,500), and especially among younger married families with children. This finding gives support to the belief that the rapid growth of credit in recent years is related in part to the high rate of family formation during and



since the war. Younger families attempt to acquire in a relatively short time the large stock of consumer durable goods that enters into the accepted standard of living. At the same time, the younger groups with children tend to have smaller liquid asset holdings than older groups. To finance their outlays for automobiles and major household goods, which in recent years have totaled roughly two-thirds of total consumer purchases of these goods, the half of the population made up of younger spending units (under 45 years of age) need and are willing to use credit. Their income experience encourages them to use credit to satisfy their needs, inasmuch as younger spending units have received income increases with considerably greater frequency than older units in the postwar period, and in the 1949 downturn had fewer income declines.

#### Consumer Condition

Economic development can be better understood when not only the financial condition of consumers but also their views of their current positions and prospects are taken into account. In early 1953, consumers believed that their financial positions had improved during 1952 and they looked forward to further improvement in 1953. Also, they felt that conditions were much more favorable for major purchases in 1953 than in 1952. These attitudes were reflected in plans to increase considerably their purchases of automobiles and other consumer durable goods in 1953 as compared with 1952, and to maintain purchases of houses at a high rate. Such attitudes and plans contrasted with those of early 1952 when consumers were less optimistic about

"Just think, dear—next week it will be 18 years since we started trying to make ends meet."



August 1953

their prospects for maintenance or expansion of real incomes, and generally believed that times were not favorable for major durable goods purchases, although they reported continued strong demand for houses. Fewer consumers planned to purchase consumer durable goods in 1952 than in 1951 and, despite an increase in money and real incomes and the termination of consumer credit regulation in early May, fewer of them made such purchases. Attitudes expressed in early 1953 suggest that consumers were in more of a buying mood than they had been at the time of the survey in other recent years.

#### 38 Percent Better Off

The proportion of consumers who believed they were better off financially than they had been a year earlier was larger in early 1953 than it had been in any previous survey in the postwar period. This year found 38 percent feeling better off and 26 percent worse off.

#### Instalment Credit Gets Credit

RALPH HENDERSHOT, financial editor of the *New York World-Telegram*, thinks that the "human side of bankers began to show when they started making small loans to salaried people."

"Several of the bigger banks prior to that time had been what is known as bankers' banks," he wrote recently. "That is to say, they represented smaller country banks as correspondents. They did a commercial banking business with corporations, too, of course, and still do.

"Handling this type of business," Mr. Hendershot continued, "some of them undoubtedly felt they must affect a pose. They assumed—probably an import from Europe—that they must be dignified at all cost, and they must appear all wise. Then, too, of course they must dress the part.

"This condescending, standoffish manner was easy to misunderstand. Moreover, some of them began to take themselves very seriously after playing their role for a few years. Today, however, our bankers are normal, natural businessmen for the most part. They have discarded the phony side of their lives and are getting along with the public much better as a result."

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# News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

## Savings Bonds Bought, Held

OWNERS of matured E bonds are continuing to hold these bonds after maturity in the ratio of \$3 retained to \$1 cashed, according to the U. S. Savings Bonds Division of the Treasury Department. This ratio has varied only slightly since Series E began to mature on May 1, 1951.

Out of \$7,064,000,000 matured from that date through May 1953, about \$5.3-billion was still being held at the end of the 25 months, against \$1.7-billion cashed.

The 75-25 ratio has held almost steady despite an increase in the total matured from \$1.1-billion in 1951 to \$4.8-billion by the end of 1952 and to over \$7-billion through May 1953.

### E Bonds Outstanding

Another notable accomplishment is that there is today \$35.6-billion cash value in E bonds outstanding, over \$1-billion more than Americans held when E bonds began to mature two years ago.

"However," said Merrill L. Predmore, acting national director, Savings Bond Division, "keeping abreast of those maturities is a job that increases month by month and will not reach the peak until 1954, reflecting the growth of E bond sales during wartime 1941-44. The need to sell bonds and keep them sold calls for increased effort, particularly by bankers."

To help banks inform their customers, about the middle of August the Division will distribute a four-page leaflet for use as a counter piece and enclosure, entitled "Hold Your E Bonds After They Mature." It dramatizes the \$33.67 return on an \$18.75 investment and the \$134.68 return on \$75 in E bonds maturing since May 1, 1952, when held 10 years after maturity.

The 1953 upswing continued in May, when E and H bond sales combined were \$340,000,000, 36 percent more than E bond sales in May 1952.

Along with maturities reflecting wartime sales, cash redemptions of



July marked the 25th anniversary of the co-operative sponsorship by three leading mutual savings banks of a large painted, illuminated display at 5th Avenue and 42nd Street, New York, at the hub of one of the world's most outstanding retail and business districts. About 390,400 people pass here each day. Advertising copy is changed three times a year and frequently the banks have sponsored "public benefit" messages on this unit promoting various worthy civic causes. Each of the sponsors—Bowery Savings Bank, Emigrant Industrial Savings Bank, and Seamen's Bank for Savings—has an office in the vicinity of the display

matured E bonds continued to rise in dollar amount, even though three-quarters of the bonds were being held beyond maturity. Cashing of matured E's amounted to \$121,000,000 in May 1953, against \$69,000,000 in May 1952, including redemptions of unmatured E's and H's (the latter redeemable at par after six months from issue date). Cash-ins were \$344,000,000 for the two series. Nevertheless, that was only 1 percent more than the amount of E bonds cashed in May 1952, matured and unmatured.

In the first five months of 1953, E and H sales totaled \$1.9-billion, 30 percent more than E bond sales in the first five months of 1952. Net sales of E and H bonds above all redemptions were \$175,000,000. In 1952, the comparable months produced an excess of redemptions of E bonds over sales to the extent of \$327,000,000. The net result was,

therefore, \$502,000,000 better this year.

## 26,000 Los Angeles Children Visit Banks

OFFICERS of the Los Angeles School Savings Association for the 1953-4 school year are: Allan Herrick, advertising manager, Security-First National Bank, *president*; H. B. Wilson, junior vice-president, Citizens National Trust and Savings Bank, *vice-president*; and W. E. Maloney, assistant cashier, public relations department, Bank of America, *secretary-treasurer*.

Founded in 1922, the association has as its object cooperation with the schools in the teaching of thrift. Its program includes annual bank visits of which 544 were held last year, with a total of 26,000 school children participating in these supervised trips. Upon return to school, they took part in discussions on "What I Learned at the Bank." About 40,000 elementary school children carry savings accounts in the Los Angeles banks.

## Cartoon-Strip Sells Thrift

USING the cartoon-strip technique in a full page five-color newspaper advertisement, the Farmers & Mechanics Savings Bank of Minneapolis traced the life story of Peter Pennywhistle and a shiny 1874 dollar deposited with the bank at Peter's birth.

The cartoon story, entitled "Peter Pennywhistle's Dollar, or Watch Your Money Grow at Farmers & Mechanics Savings Bank of Minneapolis," pinpoints nine eventful periods in Peter's life from birth to retirement and shows the dollar's growth to \$20.61 in the period 1874 to 1953.

## Increase In Mutual Deposits

MUTUAL savings bank deposits rose \$117,000,000 in March to reach \$23,385,000,000 on May 31, says the

National Association of Mutual Savings Banks. The gain was below the \$136,000,000 for May 1952, after gains for 24 consecutive months had exceeded those of the same month the previous year.

For the first five months of 1953, total deposits increased \$775,000,000, compared with \$671,000,000 during the same period of 1952. The increase of \$1,814,000,000 during the past 12 months makes total deposits 8.4 percent higher than at the end of May 1952.

Portfolio policy during May was again featured by a gain of \$121,000,000 in mortgages. The banks placed \$35,000,000 in corporate, \$8,000,000 in municipal, and \$30,000,000 in U. S. Government securities. The mutual savings banks reduced cash holdings by \$56,000,000.

## Banks Aid New York Housing Rehabilitation

A COMMITTEE of leading savings bankers and mortgage lenders in Greater New York was appointed by Walter Hess, chairman of the savings banks group in Brooklyn, Queens, Long Island, and Staten Island to work with State Housing Commissioner Herman T. Stichman in developing a block-by-block housing rehabilitation program financed entirely by private enterprise. Mr. Hess is also vice-president of the Savings Banks Association of the State of New York and president of the Ridgewood Savings Bank. Chairman of the committee is Joseph A. Kaiser, president, Williamsburgh Savings Bank. Other members are: Gilbert C. Barrett, president, Brooklyn Savings Bank; John W. Hooper, president, Lincoln Savings Bank; and George C. Johnson, president, Dime Savings Bank of Brooklyn.

Commissioner Stichman's proposal is that with money made available by lending institutions such as the savings banks, slum areas of the city could be improved on a block-by-block basis and that violation could be removed and modernization effected which would eliminate further deterioration and provide improved living quarters at reasonable rentals. Funds for improvement would be secured by mortgages so that savings depositors funds would be protected.

August 1953



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Two savings banks in Manhattan are reported to be investigating experimental redevelopments and the Hess proposal would, if successfully developed by the committee, broaden the base by securing the cooperation of number of Brooklyn and Queens banks.

## Savings Bank Insurance Rise

THE Savings Bank Life Insurance Council of Massachusetts reports that new sales of savings bank life insurance is 17 percent above last year and that \$470,000,000 of this insurance is now in force in the State of Massachusetts, which is double the amount in force 10 years ago.

The Council announces the election of officers for the ensuing year, as follows:

Edward P. Clark, vice-president and treasurer, Arlington Five Cents Savings Bank, re-elected president; *first vice-president*, Harold E. Hollingworth, treasurer, Lowell Institution for Savings; *treasurer*, Charles E. Whitehead, assistant treasurer, The Boston Five Cents Savings Bank; *executive vice-president and secretary*, Clyde S. Casady; *assistant secretary*, Allan S. Beale

## "Legal List" at Record High

THE amount of corporate bonds on the New York State legal list increased by over \$1,300,000,000 in

the year ended July 1, 1953 to reach a total of over \$24,000,000,000, the highest on record, reports William A. Lyon, Superintendent of Banks. This total compares with the figure of \$8,900,000,000 shown by the legal list 10 years ago.

As required by the Banking Law, the legal list has been compiled and published by the Banking Department each year since 1915. The investment powers of the 130 savings banks of the state are derived for the most part from the statutory provisions which determine the content of this annual publication. Certain sections of the list are also followed by fiduciaries in the investment of trust funds under the provisions of the Personal Property Law.

# News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

## New Housing Act Provisions

CONTINUATION of most of the Government housing programs was provided for in the Housing Act of 1953, recently passed by Congress and signed by President Eisenhower.

The law permits the President to reduce down-payment requirements on FHA-insured homes to as low as 5 percent when the mortgage to be insured is \$12,000 or less and to extend maturity to 30 years. The present legal minimum ranges as high as 20 percent on higher priced homes within the \$12,000 mortgage limit.

The new act gives the Federal Housing Administration an additional \$1,500,000,000 to insure home loans; and continues Federal assistance to defense areas for housing and local facilities, such as sewers, schools, and roads.

A.B.A. representatives appeared before the Senate and House Banking and Currency committees when hearings were being held on S. 2103 and H.R. 5667 and endorsed the legislation. John A. Reilly, chairman of the Subcommittee on Mortgage Financing and Urban Housing of the A.B.A. Committee on Federal Legislation, testified at the Senate Banking and Currency Committee hearings. Wendell T. Burns, presi-

dent of the A.B.A. Savings and Mortgage Division, testified at the House Banking and Currency Committee hearings.

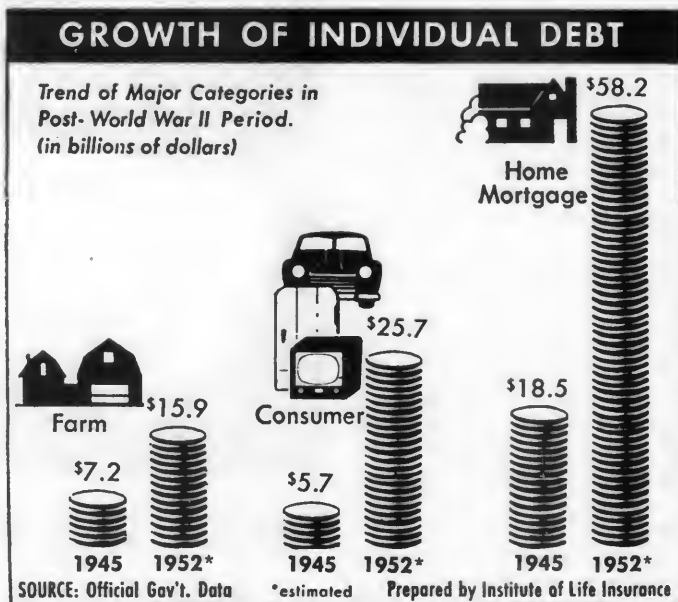
A digest of the principal provisions of the new housing legislation may be found in "Washington," starting on page 116. Another digest may be found in the A.B.A. Washington Bulletin of July 6.

[Also in "Washington" may be found details of the survey being

made by Housing and Home Finance Administrator Albert M. Cole, at the Request of President Eisenhower, with a view to recommending improvements in the Government's housing activities.]

## Construction Surges Ahead

EXPENDITURES for new construction were at the highest level in history during the first half of 1953,



according to preliminary estimates of the U. S. Labor Department's Bureau of Labor Statistics and the Building Materials Division of the U. S. Department of Commerce. Each month this year, spending for new construction has reached peak levels, and at the end of June totaled \$16-billion, almost 8 percent above the January-June 1952 total.

Private expenditures for new residential and public utility construction were the highest on record for any similar period, as were outlays for new highways.

During June, total outlays for new construction advanced 9 percent to \$3.2-billion, and were 8 percent above June 1952.

The upsurge in commercial construction during the first half of 1953, after relaxation of credit and materials controls last fall, was even greater than expected. The total outlay of \$729,000,000 on this work was 43 percent more than that for the first six months of 1952, and largely reflects gains in construction of new shopping centers. Private firms spent over \$2-billion on the construction of public utilities in the first six months of 1953, 9 percent more than in same period of 1952, the previous half-year peak.

Public expenditures for new construction under way during the first half of 1953 totaled \$5.1-billion, 7 percent more than in the corresponding 1952 period.

## New VA Fees, Certificate

REVISED schedule of fees and charges and new form of builder's certification applicable to VA guaranteed or insured loans on building units where request for appraisal was received by VA on or after July 1, have been forwarded to builders and lenders by the Veterans Administration.

This revision, which was effective July 1, was made to comply with the provisions of the Housing Act of 1950, as amended by the new Housing Act passed by the 83rd Congress.

## Congressmen Charge Housing Funds Squandered

CHARGES that millions of dollars in Federal housing funds have been poured into political and lobbying activities in the Los Angeles-San

Diego area "in brazen disregard of Federal criminal statutes" were made by a House subcommittee.

The committee called upon the Department of Justice to investigate the charges which are based on a 1948 investigation by the House Committee on Government Expenditures. The subcommittee contends that conditions prevailing then continue in 1953. It also recommended that the Housing and Home Finance Agency order the Los Angeles Housing Authority to enforce a law aimed at blocking use of Government-subsidized housing by Communists.

The report was signed by Representatives Clare E. Hoffman (R., Mich.), chairman; Katharine St. George (R., N. Y.); and Jeffrey P. Hillelson (R., Mo.). Representative William L. Dawson (D., Ill.) objected on the grounds that the subcommittee report had not first been submitted to the full Committee on Government Operations.

## Housing Starts Decline

PRELIMINARY estimates indicate that total housing starts (private and public) were at an annual rate of 1,067,000 in May, according to Bureau of Labor Statistics.

Housing starts in May totaled 107,000, a decrease of about 3,000 units from April. Preliminary estimates of starts in June totaled 103,000, a decrease of 4,000, or 3.7 percent, from May.

The Bureau states that "preliminary reports of building permits issued indicate that all sections of the country, except the New England region, shared in the April-May decline in private housebuilding."

## Construction Loan Records

RECORDS that supply complete information on a contractor's business operations are the key to bank credit for contractors, said Donald Falconer, assistant vice-president of the Bank of America, San Francisco, in a recent issue of *Western Construction*.

Points made by Mr. Falconer in his article—"Good Records Gain Good Bank Credit"—include:

"Bankers certainly regard contractors, both large and small, as businessmen who are entitled to credit accommodation, provided enough information is furnished to

# HOW TO ENLARGE YOUR COMMUNITY CREDIT

Good will has to be cultivated.

Give Cascade Bank Imprint Napkins to local community groups, and build your good will as thousands of banks are doing with great success, and at small expense.

Imprinted with your bank-name and advertising message, Cascade napkins make a practical and popular contribution to churches, lodges, institutions, schools, and civic organizations. They help create new business—help you keep old business.



### A Good, White, Useful Napkin

The First National Bank of Akron, Ohio, recently used its original order of 30,000 napkins in two months, immediately re-ordered 50,000.

### Two Sizes Available

	30,000	50,000	100,000
13" x 13½"	\$131.00	\$199.00	\$365.00
17" x 17"	\$190.00	\$299.50	\$575.00

Conveniently wrapped in packages of 250, packed 10,000 napkins per case. Minimum order—3 cases.

Imprinting in blue, red, green, or brown. Art work and plates made up from your rough sketch, letterhead, and advertising message, for which there is a slight charge on original orders only. All art work will be submitted for your approval before printing.

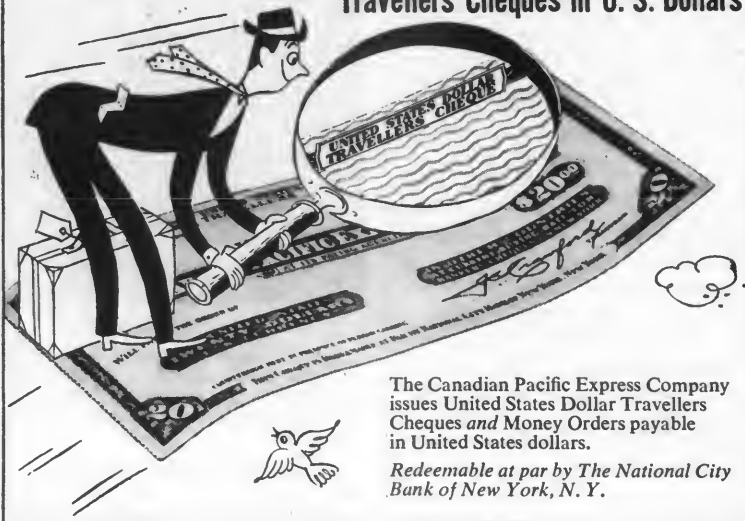
During your anniversary year, have Cascade napkins specially imprinted and wrapped as reminders of your long community service.

## Cascade Paper Company

205 Grimes Street  
North Adams Massachusetts

# Canadian Pacific Express

## Travellers Cheques in U. S. Dollars



The Canadian Pacific Express Company issues United States Dollar Travellers Cheques and Money Orders payable in United States dollars.

Redeemable at par by The National City Bank of New York, N. Y.

## ....."FREE" Business.....

Consumer Credit Business, secured without loan acquisition costs, such as Renewals, Repeats and through Recommendations, is wholly dependent upon good customer relations.

Because of this fact our great Banking and Financing Companies have found that it pays in customers good will, as well as dollars, to use Allison's Coupon Books on Time Payment Accounts. Here's why:

- The speed they provide in serving customers.
- Convenience for customers when forwarding mail payments.
- Their effectiveness in advertising to customers.

If you are seeking a means of reducing your costs of loan acquisition through the medium of "Free" Business, don't overlook learning how this proven method will help concentrate your customer's business in your bank. Write today for full information and an assortment of samples. No cost. No obligation.

**ALLISON COUPON COMPANY, INC.**  
INDIANAPOLIS 6, INDIANA

Scudder  
Stevens  
& Clark  
Fund, Inc.



ESTABLISHED  
IN 1928

Prospectus on request:

10 Post Office Square  
Boston 9, Massachusetts

One Wall Street  
New York 5, New York

117 South 17th Street  
Philadelphia 3, Pa.

8 So. Michigan Avenue  
Chicago 3, Illinois

show that the applicant is qualified to receive it. . . ."

"It is of considerable interest and assistance to the banker if the contractor will supply information concerning his bidding. . . . Periodic information on the number of bids made during that period and the number of times he was successful bidder helps in getting a reasonable idea of the contractor's operations.

"It is highly desirable that the contractor discuss the possibilities of getting credit before submitting a bid. . . ."

"The contractor will find his progress quicker and the bank more responsive if he can furnish complete data concerning the job to be financed, a cash budget for the new job, data concerning jobs in progress, and a current financial statement.

"To assist in such a presentation the data set forth in the illustrated form, 'Contractors Loan Application,' ought to be supplied, along with a copy of the contract. Such information forms a basis for discussion which results in the banker obtaining a fairly complete idea of the job to be financed."

## FHA Repair Loan Advisers

To further the policy of working closely with private industry and to explore the possibility of greater use of Federal Housing Administration insurance in improving housing conditions, Commissioner Guy T. O. Hollyday announces the formation of a group of specialists to advise him on home repair and improvement financing under the provisions of Title I, National Housing Act.

The Title I advisory group:

J. O. Elmer, vice-president, American Trust Co., San Francisco.

E. F. Longinotti, vice-president, Union Planters National Bank of Memphis. He is a member of A.B.A. Instalment Credit Commission.

Richard D. Mange, vice-president of the National Bank of Detroit.

J. Andrew Painter, vice-president of The National City Bank of New York.

G. M. Robbins, president of the First Bancredit Corporation, Saint Paul.

Richard H. Stout, executive vice-president of the Bank of Louisville.

Kenneth R. Wells, vice-president, American National Bank and Trust Co., Chicago.

## Banker Advocates Construction Loans for Self-Builders

*The development of construction mortgage loan prospects among individuals who want to build their own homes was the subject of an address by John F. Dedman, assistant secretary-treasurer of The Derby (Connecticut) Savings Bank at the recent Connecticut Savings Bank Management Conference.*

*In outlining procedures followed by the bank in working out the details of these loans, Mr. Dedman included these points:*

“CONTRARY to the opinion of many banks that a construction mortgage should not be granted unless the house is built by a contractor and qualified subcontractors, we believe, in The Derby Savings Bank, that we have a duty beyond that of promoting savings and thrift to the end that we should help the individual who wants to build his own house, and gets his roots in the ground, thereby also helping him to become a more conscientious citizen of our community.

“Ours is a small industrial community with a great many diversified industries, employing a large number of maintenance

men as millwrights, steam fitters, carpenters, electricians, most of whom are capable of performing, in the construction of a home, their everyday trade. With the help of their fellow workers and friends skilled in trades other than their own they can successfully build a home if they have a sound plan and the laying out of the job is properly organized. The amount of time the banker must spend with this type of applicant is naturally much greater, but compared to a GI or FHA loan we believe it is considerably less work and far more satisfying.

“Our first step with the owner-built applicant is to determine if he has sufficient cash to complete his home and be free of any mechanic's liens. If we are satisfied that he has possibilities we then require him to furnish us with estimates of all the various operations and material lists necessary to complete his house. We have such a list made up which we give to the applicant and he then spends time with his lumber company and plumbing and heating suppliers and when this has been taken care of he returns the list to us for our inspection. We

compare it with a rule of thumb sheet that we use to determine if in our opinion his figures are too high or too low. If they are too high we tell him so and why. However, our experience has been that their figures are usually considerably too low and many small items that go into the completion of the house are overlooked. These so-called small things add up to a minimum of 10 percent of the cost of the home and if they are not brought to his attention first he may find himself in difficulty later.

“After inspecting the lot we suggest that a plot plan be made showing the exact location of the proposed house. We point out the advantage of having a qualified engineer put up the profile of the house to take advantage of the best location available on the lot and to make a minimum of fill required for the finished grading. We often request changes in the house plans for economy of plumbing facilities and other efficiencies and also to keep the house plan on a conventional basis.”

Next month BANKING will publish some additional facts on how the Derby Savings Bank figures materials estimates.

## News for Trustmen

Items and Comment from Our Trust Division and Other Sources

### Qualified Pension Plans Soar, According to New CCH Report

PENSION trust and profit-sharing plans are being put into effect in record numbers, Commerce Clearing House, national reporting authority on tax and business law, reveals.

In preparing its new *Pension Plan Guide*, CCH found that the Bureau of Internal Revenue “qualified” new plans for 1,346 employers during the first three months of 1953, compared with 898 plans in the first quarter of 1952, an increase of almost 50 percent.

Qualified plans, CCH explains, are those which comply fully with the Bureau's complex regulations.

Employer and employee contributions to pension and profit-sharing funds are running in excess of \$2-billion a year. Studying the \$2-billion a year rate of pension fund investment, CCH predicts that “the effect of pension funds on the stock market will be strongly stabilizing and probably somewhat inflationary.”

Among the trends which CCH anticipates are increasing pressure for pension rights which a worker can take with him if he changes jobs; more concern in the future for the wives of pensioners, who in general

live longer than their husbands; and greater insistence on fully funded pension plans, instead of the less secure funding which has been negotiated by some unions.

Qualified plans in operation over the nation as of March 31, 1953, are reported by CCH as 19,707, while an additional 1,594 cases were on hand awaiting original rulings, according to the latest available figures.

A table released by Commerce Clearing House shows the increasing volume of qualified plans, as well as the percentage rate of gain over the total number of qualified plans in ef-

fect at the close of the previous years. It follows:

Year	No. Qualified	Annual Increase
1948	1,173	....
1949	1,018	8.3%
1950	1,387	10.5%
1951	2,158	14.8%
1952	2,935	17.5%
1953 (3 mos.)	1,346	*27.3%

\*Estimated on basis of first three months.

## Trust Service Booklet Series

**A** LOW-PRESSURE trust advertising

campaign using a series of narrative-style booklets to outline trust services has just been completed by The Hanover Bank, New York. The booklets were mailed to trust prospects and will accounts and have been favorably received.

*I "Settled" My Own Estate*, dealing with will review and estate analysis, was the initial booklet in the series. This was followed by *The Man Who Couldn't Say "No."* It details the experience of a man who agreed to be the executor of his friend's estate.

*I Learned from Inexperience*, the third title, outlines the trials of a

typical co-trustee in her own words, while *A Smoking Room Conversation*, the last of the series, describes the advice an experienced investor gave his friend about handling investments.

The series was preceded by a comprehensive trust services brochure, *How You Can Use Our Trust Department for Your Family's Benefit*, giving brief descriptions of various services and examples of fees. In bulletins to attorneys, Hanover has advertised the series as helpful material for clients.

## New Insurance Trusts Guide

A new 56-page booklet, *Life Insurance Trusts*, by John M. Zuber, vice-president of the American National Bank of Indianapolis, has just been published.

Chapter titles, which reveal the general content of this publication are: "What Are Life Insurance Trusts?"; "Are Life Insurance Trusts and Settlement Options Competitive?"; "Providing Liquidity"; "Providing Flexibility"; "Special Situations"; "Taxation of Trusts"; and "Conclusions."

The booklet also includes a typical life insurance trust agreement.

Mr. Zuber is a past chairman of the Trust Committee of the Indiana Bankers Association, and is a member of the board of directors of the Financial Public Relations Association.

*Life Insurance Trusts* may be purchased by trust companies in quantity lots from D. D. Staples Associates, Mutual Building, Richmond, Va.

## Mid-Continent Committees

Committees for the 22nd Mid-Continent Trust Conference of the Trust Division of the American Bankers Association, to be held in the Drake Hotel, Chicago, Nov. 5 and 6, have been announced by Robert A. Wilson, president of the Division. Mr. Wilson is senior vice-president, The Pennsylvania Co., Philadelphia.

Joseph T. Keckeisen, vice-president and secretary of The First National Bank of Chicago, is chairman of the Committee on Arrangements. Other committee members are: Asa J. Baber, Chicago Title & Trust Co., *Program*; Michael A. Georgen, cashier, City National Bank and

(CONTINUED ON PAGE 104)

CONDENSED	
<i>Statement of Condition</i>	
AT CLOSE OF BUSINESS JUNE 30, 1953	
<b>DIRECTORS</b>	<b>RESOURCES</b>
HERBERT D. IVEY Chairman of the Board	Cash and Due from Banks . . . . \$100,294,712.11
ROY A. BRITT President	United States Government Securities . . . 171,169,218.55
CARL E. BAKER	State, County and Municipal Bonds . . . 15,256,204.64
MILO W. BEKINS	Loans and Discounts . . . . . 105,381,181.63
W. J. BOYLE	Federal Reserve Bank Stock . . . . . 390,000.00
WALTER H. BUTLER	Stock in Commercial Fireproof Building Co.—Head Office Building . . . . . 348,500.00
RALPH J. CHANDLER	Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . . . . . 3,737,935.86
EUGENE P. CLARK	Other Real Estate Owned . . . . . 46,619.37
DWIGHT L. CLARKE	Customers' Liability under Letters of Credit and Acceptances . . . . . 1,053,191.30
T. B. COSGROVE	Earned Interest Receivable . . . . . 950,718.96
A. M. DUNN	Other Resources . . . . . 313,889.63
ERNEST E. DUQUE	<b>TOTAL . . . . . \$398,942,172.05</b>
ROBERT E. HUNTER	<b>LIABILITIES</b>
L. O. IVEY	Capital Stock . . . . . \$5,000,000.00
EARLE M. JORGENSEN	Surplus . . . . . 8,000,000.00
RUDOLPH A. PETERSON	Undivided Profits . . . . . 4,555,985.95
SAMUEL K. RINDGE	Reserves for Interest, Taxes, Contingencies, Etc. . . . . 2,847,021.53
WILLIAM S. ROSECRANS	Discount Collected—Unearned . . . . . 1,628,235.21
W. A. SIMPSON	Letters of Credit and Acceptances . . . . . 1,053,341.30
J. HARTLEY TAYLOR	Other Liabilities . . . . . 380,148.91
KENNETH B. WILSON	Deposits . . . . . 375,477,439.15
	<b>TOTAL . . . . . \$398,942,172.05</b>

HEAD OFFICE: FIFTH & SPRING STREETS, LOS ANGELES

33 conveniently located Branches throughout Los Angeles

**Citizens National**  
TRUST & SAVINGS  
**Bank**  
OF LOS ANGELES

MEMBER  
FEDERAL RESERVE  
SYSTEM

MEMBER  
FEDERAL DEPOSIT  
INSURANCE  
CORPORATION





NATIONAL UNIT PLAN POSTING MACHINE for Checking Accounts (simultaneous posting of statement and ledger in one operation).



NATIONAL WINDOW POSTING MACHINE for Loans, Discounts, Regular and F.H.A. Mortgages. National Adding Machine for listing work.

# “Our *National* machines cost \$16,000... and pay for themselves each year!”

THE FIRST NATIONAL BANK OF MONTOURSVILLE, MONTOURSVILLE, PENNSYLVANIA



CHARLES V. ADAMS  
President

“In the last six years, we replaced old equipment with new National bank machines. When comparing our expense records before we installed National machines, with our current expenses, we found we were saving the cost of our National equipment each year. This saving of \$16,000 is due to faster banking service, faster balancing, and minimum of overtime with no additional personnel . . . while our volume has steadily increased. We are satisfied that, for a bank our size (\$5,000,000 in resources), our National machines have been an ideal investment for us.”

*Char. V. Adams*  
PRESIDENT

How this bank solved its problems—with PROFIT—should interest bankers everywhere. The transition from rural to urban conditions increased business in every department. But expenses mounted rapidly, too! The mechanical failure of obsolete equipment, plus personnel turnover and costly overtime, made it necessary for management to find more economical methods of operation.

National's modern accounting and adding machines replaced old equipment, greatly simplifying accounting procedure. Customers received faster, better service. Control over all transactions was strengthened. Personnel was used more efficiently.

National accounting and adding machines are now used in these bank operations: Checking Account Bookkeeping (National Unit Posting Plan), Proof-

Transit, Loans and Mortgages, Trusts and General Ledger, and Christmas Savings.

*Each National machine paid for itself through savings it produced in the same year it was purchased! This means that each year the First National Bank of Montoursville receives—as PROFIT—the entire cost of its National installation!*

Your local National representative—a bank systems analyst—will gladly survey your bank's problems. Let him show you how you, too, can realize unusual savings in your bank operations, and at the same time, operate with top efficiency.



**THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio**

## Trustmen—Continued

Trust Co., *Auditing*; C. J. Hambleton, Jr., assistant secretary, Harris Trust and Savings Bank, *Entertainment*; Harold F. Koenig, assistant vice-president, American National Bank and Trust Co., *Meeting Places*; Ben Nemec, Jr., second vice-president, Continental Illinois National Bank and Trust Co., *Registration and Information*; John E. O'Loughlin, manager, Advertising Department, The Northern Trust Co., *Publicity*; and Walter E. Toon, City National Bank and Trust Co., *Hotels*.

The Advisory Committee for the Conference is: Edward E. Brown, chairman, The First National Bank of Chicago; Mark A. Brown, president, Harris Trust and Savings Bank; Philip R. Clarke, chairman, City National Bank and Trust Co.; Walter J. Cummings, chairman, Continental Illinois National Bank and Trust Co.; Holman D. Pettibone, president, Chicago Title & Trust Co.; Solomon A. Smith, president, The Northern Trust Co.; and Lawrence F. Stern, president, American National Bank and Trust Co.

The Corporate Fiduciaries Association of Chicago will be the hosts.

## Farm Management As a Trust Service IV

NOEL T. ROBINSON

MR. ROBINSON is vice-president of the *Central National Bank & Trust Co., Des Moines, Iowa*. Another instalment in this article will appear in the next issue.

FARM management as trust service does not end with the supervision of farm operations but extends into the accounting field.

After proper entries of all income and disbursements, the farm manager should show a substantial balance on hand from which he pays over or credits the account of the owner of the farm. A detailed report is very helpful to both the owner of the land and the farm manager.

The successful farm manager should keep his principal informed by furnishing him with progress reports, a complete farm survey and check-in report, which will show the number of

tillable acres, a report on the water supply as to its adequacy, the condition of the fences, and a general report on drainage. It is quite necessary to make an examination as to soil types, a complete valuation of the buildings showing the normal value, the replacement cost less depreciation and obsolescence, and the general condition of the buildings, together with their approximate age, their normal value, and the particular replacement value for insurance purposes.

The owner is also interested in the crop rotation plan and what the income possibilities are of the given farm. Recommendations should be made as to the improvement program and to the general condition of the growing crops, with estimates from time to time as to the approximate yield and maturity of the grain harvested will be helpful.

## CALENDAR

### American Bankers Association

Sept. 20-23	79th Annual Convention, Washington, D. C.	Nov. 12-14	Arizona, Arizona Biltmore, Phoenix
Oct. 28-29	Western Regional Trust Conference, San Diego, Calif.	1954	
Nov. 5-6	Mid-Continent Trust Conference, Drake Hotel, Chicago	May 6-7	Oklahoma, Skirvin Hotel, Oklahoma City
Nov. 16-18	National Agricultural Credit Conference, Chicago		
Dec. 6-8	Southern Secretaries Conference, Jung Hotel, New Orleans		
1954			
Feb. 8-10	35th Mid-Winter Trust Conference, Hotel Waldorf-Astoria, N. Y. C.		

### State Associations

Aug. 8	Nevada, Thunderbird Hotel, Las Vegas		
Aug. 30-	Maine Mutual Savings, Poland Spring		
Sept. 1	House, Poland Spring		
Sept. 10-12	Massachusetts Mutual Savings, Mt. Washington Hotel, Bretton Woods, N. H.		
Oct. 13-14	Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.		
Oct. 17-23	New York Mutual Savings, Havana Cruise aboard S.S. <i>Nieuw Amsterdam</i>		
Oct. 18-20	Kentucky, Brown Hotel, Louisville		
Oct. 18-21	Iowa, Fort Des Moines Hotel, Des Moines		
Nov. 10-11	Nebraska, Fontenelle Hotel, Omaha		
		Nov. 18-24	Association of Bank Women, Annual Convention, Shoreham Hotel, Washington, D. C.
		Oct. 11-14	Robert Morris Associates' Fall Conference, Chalfonte-Haddon Hall, Atlantic City
		Oct. 11-15	Financial Public Relations Association, Annual Convention, Sheraton-Cadillac Hotel, Detroit, Michigan
		Oct. 18-21	Consumer Bankers Association, The Cavalier, Virginia Beach, Va.
		Oct. 19-22	Annual Convention, National Association of Bank Auditors & Comptrollers, Hotel Roosevelt, New York City
		Nov. 9-13	Mortgage Bankers Association Annual Convention, Miami Beach, Florida
		Nov. 16-18	40th National Foreign Trade Convention, National Foreign Trade Council, Inc., Waldorf-Astoria, New York City
		1954	
		Oct. 18-21	National Association of Bank Auditors and Comptrollers, 30th Annual Convention, San Francisco



# THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1953

## RESOURCES

Cash and Due from Banks . . . . .	\$1,422,425,616.17
U. S. Government Obligations . . . . .	1,010,167,079.31
State and Municipal Securities . . . . .	295,853,970.36
Other Securities . . . . .	222,633,767.97
Mortgages . . . . .	38,997,751.84
Loans . . . . .	2,362,752,559.36
Accrued Interest Receivable . . . . .	12,814,248.04
Customers' Acceptance Liability . . . . .	27,205,113.83
Banking Houses . . . . .	31,886,351.17
Other Assets . . . . .	6,376,403.54
	<u>\$5,431,112,861.59</u>

## LIABILITIES

Deposits . . . . .	\$4,947,735,456.63
Foreign Funds Borrowed . . . . .	24,503,460.00
Reserves—Taxes and Expenses. . . . .	26,682,918.02
Other Liabilities . . . . .	24,163,423.81
Acceptances Outstanding . . . . .	30,967,034.40
<i>Less: In Portfolio</i> . . . . .	3,312,834.00
Capital Funds:	
Capital Stock. . . . .	\$111,000,000.00
(7,400,000 Shares—\$15 Par)	
Surplus . . . . .	219,000,000.00
Undivided Profits . . . . .	50,373,402.73
	<u>380,373,402.73</u>
	<u>\$5,431,112,861.59</u>

United States Government and other securities carried at \$415,708,366.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

## News for Country Bankers

(CONTINUED FROM PAGE 70)

### Minnesota BA Farm Broadcasts

SEVEN farm feature radio programs sponsored by the Minnesota Bankers Association were broadcast during the first two weeks in June as part of its series of farm feature and special event broadcasts, reports MBA President Guy S. Bacon.

The first two were broadcast from

the 68th convention of the Holstein-Friesian Association of America in St. Paul. They covered discussions of problems facing Holstein breeders and a review of the four-day convention, with emphasis on sale of these purebred animals.

Another program gave a summary of the three-day fifth annual meeting of the Western Regional Conference of Rural Youth of the U. S. A. at

Morris, Minnesota. This Rural Youth group is composed of former 4-H Club members and members of other youth organizations over 21 years of age. The theme of the conference was "In an Atmosphere of Freedom."

MBA sponsored a quarter-hour program each day for four days, from 4:45 to 5 P.M., during the 4-H Club Week celebration in Twin Cities, Crookston, Morris, and Waseca.

The Minnesota Bankers Association introduced its first radio program this year from "Treeville" (June BANKING, p. 77) and its second from Grand Rapids, Minnesota, to feature the openings of the fishing season.

Mr. Bacon is president of the Empire State Bank, Cottonwood.

### Farm Policies Survey

FARM POLICIES OF THE UNITED STATES 1790-1950—A Study of Their Origins and Development. By Murray R. Benedict. The Twentieth Century Fund, New York. 548 pp. \$5. The author is professor of agricultural economics at the Giannini Foundation of Agriculture Economics, University of California.

This is a long-range survey of the entire development of American farm policy from colonial times to the present.

"Stop climbing on our good furniture—where do you kids think you are? ... in the bank lobby?"



## Commerce Trust Company

Established 1865

Kansas City, Missouri

Member Federal Reserve System

Statement of Condition at Close of Business June 30, 1953

### RESOURCES

Cash and Due from Banks.....	\$151,654,814.11	
U. S. Obligations, Direct and Fully Guaranteed .....	117,689,937.20	\$269,344,751.31
State and Municipal Bonds.....	43,042,757.23	
Stock of Federal Reserve Bank.....	690,000.00	
Other Bonds and Securities.....	7,574,460.28	51,307,217.51
Loans and Discounts.....		142,892,759.64
Bank Premises .....		1,561,359.74
Customers' Liability Account Letters of Credit.....		1,472,186.96
Accrued Interest Receivable.....		29,316.40
Overdrafts .....		38,117.94
Other Resources .....		1,299.04
Total Resources .....		<u>\$466,647,008.54</u>

### LIABILITIES

Deposits:		
U. S. Government .....	\$ 5,723,850.38	
Other Deposits .....	429,012,895.13	\$434,736,745.51
Capital .....	9,000,000.00	
Surplus .....	14,000,000.00	
Undivided Profits .....	5,589,440.00	28,589,440.00
Liability Account Letters of Credit .....		1,472,186.96
Accrued Interest, Taxes and Expense .....		1,818,634.24
Other Liabilities .....		30,001.83
Total Liabilities .....		<u>\$466,647,008.54</u>

Kansas City's Oldest and Largest Bank

Member Federal Deposit Insurance Corporation



# MICHIGAN NATIONAL BANK

BATTLE CREEK      FLINT      GRAND RAPIDS      LANSING  
 MARSHALL      PORT HURON      SAGINAW

## STATEMENT OF CONDITION

June 30, 1953

### RESOURCES

Cash and Due from Banks.....	\$ 41,026,215.15	
U. S. Government Securities.....	111,425,071.15	
U. S. Guaranteed Loans.....	38,300,570.82	\$190,751,857.12
Loans—Other.....		120,688,142.46
Bank and Office Buildings.....		4,045,252.43
Federal Reserve Bank Stock.....		330,000.00
Accrued Income.....		673,633.21
Other Assets.....		689,384.46
<b>Total Resources.....</b>		<b>\$317,178,269.68</b>

### LIABILITIES

Commercial Deposits.....	\$164,486,152.91	
Savings Deposits.....	126,299,762.22	\$290,785,915.13
Other Liabilities.....		3,336,204.36
Deferred Income.....		7,168,945.73
Preferred Stock.....	\$ 1,000,000.00	
Common Stock.....	5,000,000.00	
Surplus.....	5,000,000.00	
Profits and Reserves.....	4,887,204.46	15,887,204.46
<b>Total Liabilities.....</b>		<b>\$317,178,269.68</b>

"OPEN EACH WEEKDAY INCLUDING SATURDAY UNTIL 4:30 P. M."

Member  
 Federal Reserve Bank System  
 Federal Deposit Insurance Corporation

# SERVICE IN FLORIDA

WE  
HAVE  
BEEN  
SERVING  
THE BANKING  
NEEDS  
OF  
JACKSONVILLE  
AND  
FLORIDA  
FOR 76 YEARS

FAST  
DEPENDABLE  
CLEARING FACILITIES



## The BARNETT

NATIONAL BANK

OF JACKSONVILLE  
Cable Address: NATBANK  
MEMBER FEDERAL DEPOSIT  
INSURANCE CORPORATION

### BROADWAY PLAN BONDS



SAFE  
SOUND  
5% INTEREST  
PAYABLE  
SEMIANNUALLY

16 YEARS EXPERIENCE  
OVER 300 CHURCHES  
NEVER A DEFAULT

HELP BUILD Churches NOW  
BROADWAY PLAN  
419 San Jacinto Bldg  
HOUSTON, TEXAS

## Main Street

(CONTINUED FROM PAGE 28)

The late CHARLES EZRA SPRAGUE, president of Union Dime Savings Bank, New York, from 1892 to 1912, is the first banker to be elected to the Accounting Hall of Fame at Ohio State University. COLONEL SPRAGUE was one of the first to qualify as a Certified Public Accountant and he was one of the founders in 1900 of the School of Commerce, Accounts and Finance of New York University. He taught night school there until his death—he taught in evening clothes since it was his custom to dress for dinner every night.

EDWIN F. WIRSING has been named assistant advertising and publicity director of Union Bank & Trust Co. of Los Angeles. He was recently elected president of the Junior Advertising Club of Los Angeles.

HENRY J. HELCK, assistant vice-president of The Bank for Savings, New York, has retired after 47 years with the bank. He had been in charge of the 72nd Street office since 1942.

D. E. HOSBACH, formerly executive vice-president, has been named president and a director of the National Bank of Malvern, Pennsylvania, succeeding PAUL C. KIRK who resigned to devote his full time to a business of which he is president.



Crane operator's view of Dallas from the 36-story building now under construction for Republic National Bank

HARRY STURGES, with Mellon National Bank, Pittsburgh, since 1931, has resigned to join The Cunneen Company, Philadelphia, bank designers, consultants, and contractors. MR. STURGES will act as representative in western Pennsylvania.

### Cleveland Mergers

Two mergers are planned in Cleveland, both subject to all the necessary approvals.

Committees appointed by the boards of directors of the Union Bank of Commerce and the Central National Bank of Cleveland are working toward a merger of these two banks into the UNION CENTRAL BANK OF CLEVELAND. The plans are that JOHN K. THOMPSON, president

(CONTINUED ON PAGE 110)

Butler (Pennsylvania) Savings and Trust Co. recently featured this display of items made of wood by one of its clients, Carl F. Hoffman. Thirty-two different hardwoods are included—some are local, others come from all parts of the world, and all were gathered by Mr. Hoffman in pursuit of his hobby. In the exhibit were trays, gavels, mallets, rolling pins, dresser lamps, rings, nut dishes, and baseball bats in all sizes from baby size to full size



# THE NATION'S YOUR NEIGHBORHOOD

When You Use the Fast Collection Facilities of



## FIRST NATIONAL BANK in ST. LOUIS

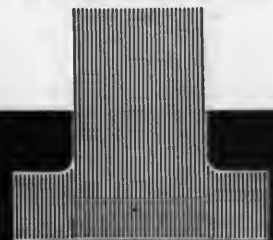
Special service features like these speed every check, draft and note collected through First National Bank in St. Louis:

- Our exceptionally large number of direct sendings saves you time and money—speeds final payment of items.
- Airmail is used to all points which cannot be reached overnight by regular mail.
- Dispatches and pick-ups are made half-hourly by our trucks at the St. Louis Main Post Office.
- Our central location and concentrated coverage of the Midwest are made even more effective by the fact that St. Louis is the nation's second largest railroad center, served by 18 trunk line railroads and five major airlines.

Why not write, 'phone or stop in to see how we can take care of your collections and other banking needs? We're sure that our bank, with its complete facilities and friendly, experienced staff, can be of substantial assistance to you.



**THE FIRST  
NATIONAL BANK  
IN ST. LOUIS**



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**FIRST IN ST. LOUIS for correspondent banking services**

Collections  
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Foreign Services  
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U. S., State and Municipal Bonds

# COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

**O**PPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

*We invite your inquiries.*

## BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capitol paid-up: \$20,000,000 — Pesos Colombian.  
Surplus: \$15,000,000 — Pesos Colombian.  
Other reserves: \$6,858,000 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (5).

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

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NOW — at these down-to-earth prices make this your opportunity to install these incomparable, genuine bronze or aluminum signs. A wide selection of other styles and sizes is also available. Send for full information — no obligation.

LARGER SIZES LOW-PRICED, TOO!

No. B-186 — BRONZE OR ALUMINUM

Size 15" x 20"..... \$ 86.00  
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Size 24" x 28"..... 187.00  
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All shipments f.o.b. factory.



Price includes formal institutional name and Federal Insurance wording, if desired. When ordering please specify horizontal or vertical tablets. Hardware for easy installation and decorative rosettes to cover screw-heads furnished with each tablet.

**BANTHRICO INDUSTRIES, INC.** 17 N. DESPLAINES ST. CHICAGO 6, ILL.

## MAIN STREET (Continued)

of the Union Bank of Commerce would be chairman of the board and chief executive officer of the new bank; that LORING L. GELBACH, president of Central National, would be elected president; and that JOHN C. MCHANNAN, chairman of Central National, would be one of the senior officers.

The NATIONAL CITY BANK OF CLEVELAND and the directors of the EQUITY SAVINGS ASSOCIATION have entered into an agreement by which National City would purchase the assets and assume the deposit liabilities of Equity. The two present offices of Equity would be continued as branch offices of the bank and all full-time officers and employees would be retained. Equity Savings Association is 55 years old and National City celebrated its 108th anniversary last May.

At the Bergenfield (New Jersey) National Bank and Trust Company, FRANK RIEHL has been elevated to board chairman and is succeeded as president by RAYMOND E. TORBERT. MR. RIEHL is the only surviving organizer and director of the bank, which was established in 1919. MR. TORBERT is an alumnus of the American Institute of Banking and of The Graduate School of Banking.

Olive Kelp has been cashier of Nashville State Bank, Nashville, Indiana, for 18 years and an employee for 40. The bank, founded in 1905, has had but 5 male employees. "We have nothing against hiring men at the bank," she says; "it's just that generally we've found women to be good bankers." The four employees of the bank right now are all women. Miss Kelp says "in all the years I've been cashier here, I've never lost a penny on a bad check or a loan"





# A Bank's Insurance Needs

**R**ICHARD A. SELSER, insurance manager of Girard Trust Corn Exchange Bank, Philadelphia, has written for *The Spectator*, insurance magazine, an account of the policies and coverages he must order to protect the operations of such a large financial institution.

Mr. Selser says that "I cannot think of any other business enterprise that demands a more intricate study of this complicated subject. The need for insurance coverage is consideration number one, and by the very nature of a bank or trust company this need cannot be over-emphasized. In recent years it has been the tendency for banks to create and train insurance specialists." An insurance department can perform more efficiently than can officers who have many other duties to perform, he points out.

"A bank's primary coverage is the bankers blanket bond," writes Mr. Selser in *The Spectator*. "These bonds have been improved to such an extent that they protect against most of the major hazards. The bonds include fidelity of employees, theft, robbery, holdup, money, securities and other valuables on the premises and in transit, physical destruction, forgery of checks and securities, safe deposit legal liability and other special risks for which arrangements must be made. Excess transportation insurance can be had on a daily basis when needed. Two bonds are suggested, a primary and an excess coverage. The amount of the bonds must be determined and helpful reference can be obtained by referring to the American Bankers Association charts."

"The insurance department," says Mr. Selser, "may be called the watchdog of the bank. The staff must think of potential unpleasant events of the future and prepare for them. It must have the coverage ready when called upon, and the bank and its principals must suffer no financial loss. Guidance must be derived from past experiences. The insurance manager for a bank becomes absorbed in his work, almost to the point of annoyance to his fellow workers, but we know our responsibilities and are willing and eager to meet them."

In another place, Banker Selser

notes that the insurance department "duties will extend into the banking, trust, corporate trust, personnel, and loan departments. They will have to insure the bank buildings and equipment, branch offices, money and securities, trust estates, securities, real estate, mortgages, personal property, commodities, and the employees. They will have transportation, safe deposit, registered mail, and claim problems."

"Do not," the author warns, "over-

look liability insurance for special occasions such as social events, athletic events, and exhibitions."

\*\*\*\*\*

*In a dictatorship everything that isn't forbidden is compulsory.*

One bad thing about growing old is having to listen to persons without experience.

*No one is as easy to fool as one's self.*



60% increase in correspondent balances last year!

## STATEMENT OF CONDITION

AS OF JUNE 30, 1953

### Resources

Cash on hand and due from Federal Reserve and Other Banks	\$ 65,262,996.17
U.S. Government Securities	65,342,573.23
State and Municipal Bonds	2,140,438.05
Federal Reserve Bank Stock	300,000.00
Loans and Discounts	85,279,815.84
Union Bank Building and Customer Auto Parks	1,652,772.83
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	1,552,418.76
Other Resources	19,929.86
<b>TOTAL</b>	<b>\$221,550,946.74</b>

### Liabilities

Capital	\$ 4,250,000.00	
Surplus	5,750,000.00	
Undivided Profits	1,570,395.86	\$ 11,570,395.86
Reserved for Contingencies		1,313,378.11
Reserved for Interest, Taxes, Dividends, etc.		1,195,947.74
Liability under Letters of Credit and Acceptances		1,552,418.76
Discount Collected—unearned		850,980.38
Other Liabilities		133,529.78
<b>DEPOSITS: Demand</b>	<b>\$171,622,416.37</b>	
Time	23,641,168.50	
U. S. Government deposits and other public funds	9,670,711.24	204,934,296.11
<b>TOTAL</b>		<b>\$221,550,946.74</b>

United States Government obligations carried at \$16,585,988.51 in the foregoing statement are pledged to secure public funds and for other purposes required by law

## UNION BANK & TRUST CO

OF LOS ANGELES (8th & HILL) • THE BUSINESSMAN'S BANK

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Herman F. Hahn

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Rod Maclean

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Leo C. Helfenberger

Warren P. Tenney

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W. Edwin Weir

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Walter B. Hill

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Assistant Trust Officers  
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*President, Electric Bond and Share Co.*

**MANUFACTURERS TRUST COMPANY**

*Condensed Statement of Condition*  
June 30, 1953

**RESOURCES**

Cash and Due from Banks . . .	\$ 764,421,607.73
U. S. Government Securities . . .	736,910,956.99
U. S. Government Insured F. H. A. Mortgages . . . . .	82,946,524.27
State, Municipal and Public Securities	112,354,391.95
Stock of Federal Reserve Bank . . .	4,511,700.00
Other Securities . . . . .	26,906,134.10
Loans, Bills Purchased and Bankers' Acceptances . . . . .	927,546,019.84
Mortgages . . . . .	12,523,535.15
Banking Houses . . . . .	13,896,651.26
Customers' Liability for Acceptances	11,090,376.94
Accrued Interest and Other Resources	7,136,034.76
	<u>\$2,700,243,932.99</u>

**LIABILITIES**

Capital . . . . .	\$ 50,390,000.00
Surplus . . . . .	100,000,000.00
Undivided Profits . . . . .	21,784,011.40
	<u>\$ 175,174,011.40</u>
Reserves for Taxes, Unearned Discount, Interest, etc. . . . .	19,799,743.20
Dividend Payable July 15, 1953 . . . . .	1,763,650.00
Outstanding Acceptances . . . . .	11,248,848.60
Liability as Endorser on Acceptances and Foreign Bills . . . . .	15,822,821.22
Other Liabilities . . . . .	1,970,069.17
Deposits . . . . .	2,474,464,789.40
	<u>\$2,700,243,932.99</u>

*United States Government and other Securities carried at \$121,795,408.02 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.*

Head Office: 55 Broad Street, New York City  
**MORE THAN 100 OFFICES IN GREATER NEW YORK**  
Member Federal Deposit Insurance Corporation



The school, at its opening session, listens to Edward F. Lyle, leader of the Bank Accounting Section, the first year's course

## NABAC Starts a School

**S**HAKE hands with the NABAC School for Bank Auditors and Comptrollers, youngest member of banking education's big, active family.

It arrived on the University of Wisconsin campus at Madison early this summer, bringing 54 students from 27 states for a fortnight of lectures, discussions, and seminars covering their specialized branch of the banking business. The faculty was recruited largely from men active in the National Association of Bank Auditors and Comptrollers, with some assists from the university.

The complete course will cover three resident summer sessions, each of which will offer a major subject. This year the theme was bank accounting, next year's is bank auditing, while in 1955 the men who were freshmen in 1953 will concentrate on bank control. Extension work, between sessions, will consist of practical problem solutions.

The first year's class was carefully selected from experienced auditors and comptrollers—mostly men with at least 10 years' background. There's a possibility, however, that the school may decide to offer its opportunities to those who need a

more elementary training. But for the present it will concentrate on helping veterans.

**M**EET, also, Clarence H. Lichtfeldt, director of the school, comptroller of the First Wisconsin National Bank, Milwaukee, and a past president of NABAC. He's the man who crystallized the idea and did much of the organization work, including the blueprint for the curriculum. The University of Wisconsin is his alma mater.

Here are a few other men who have been and will be building this educational program: Darrell R. Cochard, the registrar, executive secretary of NABAC; Fayette H. Elwell, dean of the University's School of Commerce; Edward L. Lyle, vice-president and comptroller of the City National Bank & Trust Co., Kansas City, Missouri, leader of the Bank Accounting Section; Ira C. Chaney, auditor of the Crocker First National Bank, San Francisco, and first vice-president of the association, who will lead next year's Bank Auditing Section; Robert W. Fischer, assistant comptroller of the First National Bank of Minneapolis, scheduled to head the bank control

course in the third year; John C. Gibson, professor of accounting at the School of Commerce, the University's representative on the program; and Harry E. Mertz, secretary to the association's technical commissions. These men comprise the faculty administrative committee. The trustees are NABAC's executive board.

**T**HE idea of a school for bank auditors and comptrollers popped up three or four years ago. Behind it was the fact that this area of bank activity had broadened considerably, with a resultant shortage of auditors. And the banks, in view of the fraud record, were demanding protection.

The association's leaders considered several suggestions, but it was the eventual proposal for a school that looked like the proper solution. When the University of Wisconsin, whose extension department ministers to more than 50,000 adults in some 300 short courses a year, said it would like to have the school at Madison each summer, the invitation was promptly accepted.

Director Lichtfeldt emphasizes that this is not a school to make auditors and comptrollers; rather its



## A Message to Church Leaders

The world's most extensive experience in church financial counselling is as near as your telephone. By simply contacting the nearest Wells office you can receive confidential advice on your church's financial problems, and competent counsel on its fund-raising potential. Wells counselling services are available to all churches and church leaders, no charge or obligation.

A most important advisory service is the Study & Plan Conference. In this meeting, held at your church, a Wells official guides the responsible board or committee through a study of the church's financial situation, and helps develop group agreement on a sound plan of action. Since January 1, Wells has conducted 1,100 Study & Plan conferences; has completed successful fund-raising canvasses for an additional 210 churches.

If your church has a financial problem, phone or write Wells today. Our advice is in no way dependent upon church's ability or intention to employ professional canvass direction.



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**ORGANIZATIONS**

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WASHINGTON, D.C., 327 Wyatt Bldg., Sterling 3-7333  
NEW YORK, Empire State Bldg., Oxford 5-1855  
CLEVELAND, Terminal Tower, Main 1-0490  
OMAHA, W.O.W. Bldg., Jackson 3100  
FORT WORTH, Electric Bldg., Fannin 9374  
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SAN FRANCISCO, 41 Sutter St., Garfield 1-0277  
TORONTO, 330 Bay St., Empire 6-5878  
WINNIPEG, Somerset Bldg., 93-6493



Front row, l. to r., Registrar Darrell R. Cochard; Dean F. H. Elwell, University of Wisconsin School of Commerce; Director Clarence H. Lichtfeldt; George Ehrhardt, NABAC President; Professor John C. Gibson, School of Commerce; second row, Harry E. Mertz, NABAC technical advisor; Edward F. Lyle, Bank Accounting Section leader; Edward G. Lucht, assistant registrar

purpose is to improve the equipment of those now doing this work. Classroom discussion by the students is encouraged; indeed, their participation is an important part of the work.

The bank accounting course covers the manual of accounts, departmental proof sheets, loan accounting, securities accounting, fixed assets accounting, trust department accounting, demand deposit accounting, time deposit accounting, income and expense accounting, and machine accounting.

Bank auditing, to start next year, will teach and discuss audit of cash and due from banks, securities, loans, demand and time deposits, income and expense, collections, trust department, and miscellaneous departments.

The controls course curriculum embraces continuous controls, reports, Federal income taxation, cost accounting, fund budgeting, income and expense budgeting, organization, insurance, and pension plans.

The between-session problems, prepared by the section leader, will be comprehensive and highly practical. Before the first class went home the members got an assignment that will keep them busy for several months: Set up an accounting system for a bank. They must prepare a manual of accounts, design accounting forms; select the equipment needed; and then describe each phase of the system from an accounting standpoint.

Have your answers in by March 15, boys!

J. L. C.

A bit of barber shop before one of the evening seminars



# The First National Bank of Chicago

Statement of Condition June 30, 1953

ASSETS	
Cash and Due from Banks . . . . .	\$ 593,609,406.63
United States Government Obligations . . . . .	719,758,285.95
Other Bonds and Securities . . . . .	135,837,914.14
Loans and Discounts . . . . .	1,137,022,140.42
Real Estate (Bank Buildings and Adjacent Property) . . . . .	1,923,349.77
Federal Reserve Bank Stock . . . . .	5,550,000.00
Customers' Liability Account of Acceptances . . . . .	2,021,834.62
Interest Earned, not Collected . . . . .	6,413,378.30
Other Assets . . . . .	1,543,128.26
	\$2,603,684,438.09
LIABILITIES	
Capital Stock . . . . .	90,000,000.00
Surplus . . . . .	95,000,000.00
Other Undivided Profits . . . . .	5,099,044.14
Discount Collected, but not Earned . . . . .	2,596,007.05
Dividends Declared, but Unpaid . . . . .	1,800,000.00
Reserve for Taxes, etc. . . . .	25,075,695.93
Liability Account of Acceptances . . . . .	2,024,693.99
Time Deposits . . . . .	\$ 509,580,155.20
Demand Deposits . . . . .	1,721,437,608.33
Deposits of Public Funds . . . . .	151,038,211.46
Liabilities other than those above stated . . . . .	33,221.99
	\$2,603,684,438.09

United States Government obligations carried at \$210,384,580.24 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

### Board of Directors

<p><b>EDWARD F. BROWN</b> Chairman of the Board</p> <p><b>J. D. FARRINGTON</b> President, Chicago, Rock Island and Pacific Railroad Company</p> <p><b>JAMES B. FORGAN</b> Vice-Chairman of the Board</p> <p><b>WALTER M. HEYMANN</b> Vice-President</p> <p><b>HENRY P. ISHAM</b> President, Clearing In- dustrial District, Inc.</p> <p><b>JAMES S. KNOWLSON</b> Chairman of the Board and President, Stewart-Warner Corp.</p> <p><b>HOMER J. LIVINGSTON</b> President</p>	<p><b>HUGHSTON M. MCBAIN</b> Chairman of the Board, Marshall Field &amp; Company</p> <p><b>BENTLEY G. MCCLLOUD</b> Banker</p> <p><b>HARRY C. MURPHY</b> President, Chicago, Burlington &amp; Quincy Railroad Company</p> <p><b>LOUIS B. NEUMILLER</b> President, Caterpillar Tractor Co.</p> <p><b>JAMES F. OATES, JR.</b> Chairman, The Peoples Gas Light and Coke Co.</p> <p><b>CLARENCE B. RANDALL</b> Chairman, Inland Steel Company</p> <p><b>GILBERT H. SCRIBNER</b> Winston &amp; Company</p>	<p><b>R. DOUGLAS STUART</b> Director, Quaker Oats Company</p> <p><b>LOUIS WARE</b> President, International Minerals &amp; Chemical Corp.</p> <p><b>ALBERT H. WETTEN</b> President, A. H. Wetten &amp; Co.</p> <p><b>C. J. WHIPPLE</b> Chairman of the Board, Hibbard, Spencer, Bartlett &amp; Co.</p> <p><b>JOHN P. WILSON</b> Wilson &amp; McIlvaine</p> <p><b>ROBERT E. WILSON</b> Chairman of the Board, Standard Oil Company (Indiana)</p> <p><b>ROBERT E. WOOD</b> Chairman of the Board, Sears, Roebuck and Co.</p>
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

At your service—at the nation's trade center

**The First National Bank**  
 **of Chicago**



# Washington

(CONTINUED FROM PAGE 42)

first full year since Regulation W was dropped, compared with an increase of \$670,000,000 in instalment loans during the last year in which the terms and downpayment of consumer instalment loans were regulated. However, the increase of \$429,000,000 in May of 1953 was less than the \$577,000,000 of May 1952.

Expected last month to pass, the Administration's bill to establish a new independent Small Business Administration as a lending and servicing agency for small business was held up unexpectedly in the Senate when it was tacked on to the bill continuing phases of the Defense Production Act for two years.

The Senate refused to accept this as a part of the DPA extension which had not been reported separately out of Senate committee. The Senate agreed, however, to resume active consideration of this proposi-

tion before adjourning for the summer, and the issue may be resolved one way or another, or be close to solution, by this time.

Meanwhile the life of the Small Defense Plants Administration was extended from June 30 to July 31 to give the Senate a chance to make up its mind what if any special small business facility it wanted to approve. The Senate had proposed instead that SDPA be continued for two years.

The Administration's proposed Small Business Administration, approved by the House, would be similar to SDPA, having much the same powers and functions as the latter. It would be authorized to make loans up to \$100,000 per borrower, directly or in participation with banks. The loan fund would total \$150,000,000.

### Adjournment Rush Shuts Out Measures

Two bills which had been active at one stage or another in Senate committees looked as though they might be shut out of final commit-

tee consideration in the rush to adjourn as near as possible to the end of July.

Most active of these measures was the proposal to regulate the growth of bank holding companies and their investments in non-banking assets.

Senator Capehart scheduled a final three days of hearings to get the views of bank holding companies, and said he would try to get a committee vote on this subject before adjournment.

Nothing more has been heard from the Senate Post Office Committee since it held a hearing in May about the chances for enacting legislation to liquidate the Postal Savings System.

Earlier in the year the Senate Banking Committee also expected to schedule hearings on a bill to regulate the chartering by the Federal Home Loan Bank Board of branches of Federal savings and loan associations, but absence of time apparently precluded following through with this project.

### Changes Housing Laws

What started out as a more or less routine bill, extending various expiring provisions of housing laws, developed into a fairly important series of changes in this legislation.

One of the new provisions is the "stand-by" power for easier FHA terms.

After hearing within its councils all the pros and cons for easing housing mortgage terms, the Eisenhower Administration finally ruled against this proposition, in the housing legislation it sent down to the Capitol in June.

However, the Senate provided for such a stand-by power. The House accepted it, the Administration did not object to it, and the provision became law.

The stand-by provisions affect FHA loans on owner-occupied new housing, where the mortgage amount is \$12,000 or less. On such mort-

(CONTINUED ON PAGE 120)

[Digests of the Defense Production Act Amendments of 1953 and of the Housing Amendments of 1953 may also be found in the July 6 issue of the A.B.A. Washington Bulletin (No. 4-53)]

**"MY BANK"**  
TO A BILLION CANADIANS  
**B of M**  
**CANADA'S FIRST BANK**  
*Coast-to-Coast*

**BANK OF MONTREAL**  
New York -- 84 Wall Street    San Francisco -- 333 California Street  
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*575 Branches Across Canada • Resources Exceed \$2 Billion*

**ANNIVERSARY GIFT**

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**VOSTERS GREENHOUSES**  
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Please send literature and prices for .....plants:  
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new

**ROL-A-FACTOR**  
INTEREST CALCULATOR



The **ONLY** machine in the world  
that figures interest and dividends instantly



*With a Rol-A-Factor,  
one girl can do  
the work of twenty.  
Fully guaranteed  
for three years.*

The Rol-A-Factor starts a new era in the computing of interest and dividends by eliminating costly, old-fashioned interest books, factor tables and scratch pad computations. Interest or dividend problems requiring 15 minutes can be figured accurately in 45 seconds.

The Rol-A-Factor has been thoroughly tested by the Bureau of Internal Revenue, and has proved to be 100% accurate in all cases, saving from 70% to 90% of employees' time. The inexperienced employee can quickly and accurately compute the most difficult interest problem.

Two models of Rol-A-Factor are available: Model TF, price \$300 plus excise tax, automatically gives the final answer, and also interest factors on four different rates. Model F, price \$250 plus excise tax, gives the interest factor on thirteen different rates. Write today on your company letterhead for illustrated brochure with complete information on both models of Rol-A-Factor.

**Forster Manufacturing Company**

ROL-A-FACTOR DIVISION • 1425 SOUTH McLEAN • WICHITA, KANSAS

# *LOOK!* A new Mosler idea...

THAT CAME FROM UNDER YOUR TELLER'S COUNTERS!

Mosler conducted a 5-year "under the counter" survey in U. S. banks, and here's the result: A brand new series of interchangeable "Teller's Counter Units" designed with the complete flexibility it takes to suit your needs exactly!



*This attractive under-counter "desk" type assembly is actually made up of 8 separate Mosler "Teller's Counter Units."*



Dozens of different under-counter combinations are possible with these new Mosler "Teller's Counter Units." Look them over. See how easily a more convenient, and efficient unit can be assembled for your tellers.

- |                              |  |
|------------------------------|--|
| 1. Counter Top Unit, 2563-CT | 6. Two-Drawer Unit, 3-2-D                |
| 2. Cash Drawer Unit, 7-21-CD | 7. Two-Drawer, One Cupboard Unit, 4-2-DC |
| 3. Pocket Unit, 8-21-0       | 8. One-Drawer, One Cupboard Unit, 5-1-DC |
| 4. Four-Drawer Unit, 1-4-D   | 9. One Cupboard Unit, 6-1-C              |
| 5. Three-Drawer Unit, 2-3-D  | 10. Foot Rest Unit, 21-FR                |

Three units not illustrated, here, include Cash Drawer Insert Unit, Back Panel Unit, and separate Drawer Unit. New Mosler "Swing-Way" Seat (also not shown) makes an ideal and highly efficient seat to use in conjunction with "Teller's Counter Units" installation.



## Now you can "step-up" teller efficiency!

This new Mosler idea can mean a surprising gain in speed and accuracy for your tellers.

No longer will they have to "get along" with under-counter cabinets that just "come close" to their actual working needs. You can suit those needs *exactly* with an assembly of new Mosler "Teller's Counter Units." There are 13 different units to work with—everything from top units and cash drawers to cupboard units, back panels and foot rests. Units are not only interchangeable, but also designed for easiest possible assembly.

If you're looking for ways to improve present efficiency, or planning new teller installations, why not mail the coupon for details about Mosler "Teller's Counter Units." They'll help you get better under-counter cabinet arrangements in short order!



"Desk" type assembly with Mosler "Teller's Counter Units."



Depressed counter top assembly for teller's machine.

IF IT'S MOSLER . . . IT'S SAFE!

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World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

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• The MOSLER SAFE Company, Dept. B-8  
 • 32nd Street and Fifth Avenue, New York 1, N. Y.  
 • Please send me complete drawings and details of your new Mosler  
 • "Teller's Counter Units."

• NAME \_\_\_\_\_

• BANK \_\_\_\_\_

• ADDRESS \_\_\_\_\_

• CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

(CONTINUED FROM PAGE 116)

gages the President may order that the maximum maturity be not longer than 30 years, and that the downpayment be not less than 5 percent. The President, of course, need not liberalize both downpayments and maturities or either to this full extent. He is barred only from establishing a maturity longer than 30 years or a downpayment less than 5 percent.

However, the President may within these bounds ease these loans if he finds that such an action is in the public interest, taking account the general effect of this move upon conditions in the building industry and upon the national economy.

It is not anticipated that the

President would use such power—inasmuch as in the first place the Administration considered that easier FHA terms were inconsistent with its anti-inflationary policy—under present conditions. This power would be useful later if there developed definite signs of a serious slump in construction or in the national economy, or both.

The building industry particularly wanted at least stand-by easier terms so the possibility of "tight money" could not threaten drastic curtailment in construction.

### Extends Defense Housing

Two provisions of the defense housing program were extended for one year by Congress. One was the new FHA Title IX, which in general

permits insurance of programmed defense housing at cost.

Title IX is considered about as liberal as the now extinct Title VI under which war and postwar housing construction flourished. Title IX, however, has not yet quite "caught fire" in the same manner as the late Title VI.

It is recalled that after Title VI had operated in the early postwar years, and assisted in an increasing volume of construction, the Housing and Home Finance Agency and FHA became skeptical of the idea of continuing this form of easy financing. However, Congress kept extending the life of Title VI, particularly for multifamily construction, from year to year, before it finally came to an end.

In this case the Administration proposed that Title IX be dropped, in the sense that no more defense housing would be eligible for such insurance unless it had been programmed by housing officials before June 30. Congress disregarded this suggestion, as it did suggestions in past years to end Title VI, and continued Title IX for another year.

Another phase of the defense housing program continued for another year was the authority of the Federal Government to furnish financial assistance in providing community facilities and services in defense housing areas.



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**UNIQUE POINT-OF-SALES VISUAL PROGRAM**

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 Operates just like a large screen television in the lobby of your bank. It shows the latest news events at the world end at the same time sells your various banking services in a continuous sequence of 16 different pictures, changing at 6 second intervals.

Every week you receive via Air Mail 12 current news slides. 4 bank service kodachromes are shipped once a month. You select kodachromes from our large

library of Bank Service Slides such as Auto Loans, Checking Accounts, Home Loans, etc. These slides are interspaced with news slides.

Start today with this unique visual program. Many banks have been using it for more than four years.

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 Slides shipped \$4.00 weekly . . . . . Per Wk.  
**MODEL 75C** oil steel cabinet projector in maple hammertone finish with large 20" T.V. type screen. Complete — No extras. \$295.00

Immediate Deliveries — Write

*Picture Recording Company*  
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### New FHA Features

Congress added \$1.5-billion to the general FHA insurance fund, increasing this to a total of \$3.4-billion. At the same time some new features were added to FHA.

For one thing, the FHA Commissioner is allowed to transfer moneys among the various FHA insurance funds, but may not transfer to or from the insurance funds for Title I and II.

For another thing, steps were taken to strengthen the Mutual Mortgage Insurance Fund of Title II. This was done by a set of formulae increasing the premiums to be transferred from the separate group accounts to the general reinsurance account.

At the suggestion of the Administration, Congress provided for the eventual return to the Treasury of the sums, with interest, initially invested by the Government in FHA insurance programs. The amount to

(CONTINUED ON PAGE 123)

Mutual Funds

*Investors* **MUTUAL, INC.**  
 An open-end management type mutual fund diversifying its investments among common stocks, preferred stocks and bonds.

*Investors* **SELECTIVE FUND, INC.**  
 An open-end management type mutual fund diversifying its investments among bonds, preferred stocks, and other senior securities.

*Investors* **STOCK FUND, INC.**  
 An open-end management type mutual fund diversifying its investments among common stocks and other equity securities.

Face Amount Certificate Company

*Investors* **SYNDICATE OF AMERICA, INC.**  
 A face amount certificate company issuing installment certificates of 6, 10, 15 and 20 year maturities and single payment face amount certificates.

This is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Securities Act. Information about the issuer, the securities and the circumstances of the offering is contained in the prospectus which must be given to the buyer.

Copies of the prospectus relating to the shares of capital stock or certificates of the above companies may be obtained from the national distributor and investment manager:

*Investors Diversified Services, Inc.*  
 220 Roanoke Building Minneapolis 2, Minnesota

Please send me the prospectus relating to the company I have checked:

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# HARRIS Trust



# and Savings BANK

Organized as N. W. Harris & Co. 1882—Incorporated 1907

115 W. MONROE STREET, CHICAGO 90

## STATEMENT OF CONDITION

June 30, 1953

### RESOURCES

Cash on Hand and Due from Banks . . .	\$186,203,016.83
U. S. Government Securities . . . . .	150,163,401.18
State and Municipal Securities . . . . .	50,815,847.83
Other Bonds and Securities . . . . .	2,535,593.67
Loans and Discounts . . . . .	275,412,863.87
Federal Reserve Bank Stock . . . . .	840,000.00
Customers' Liability on Acceptances and Letters of Credit . . . . .	968,084.59
Accrued Interest and Other Resources . . . .	2,388,954.12
Bank Premises . . . . .	2,375,000.00
<b>TOTAL . . . . .</b>	<b>\$671,702,762.09</b>

### LIABILITIES

Demand Deposits . . . . .	\$542,363,116.71
Time Deposits . . . . .	80,263,279.37
<b>Total Deposits . . . . .</b>	<b>\$622,626,396.08</b>
Dividend Payable July 1, 1953 . . . . .	360,000.00
Acceptances and Letters of Credit . . . . .	968,084.59
Reserves for Taxes, Interest, etc. . . . .	5,264,913.29
General Contingency Reserve . . . . .	8,030,558.41
Capital . . . . .	\$ 12,000,000.00
Surplus . . . . .	16,000,000.00
Undivided Profits . . . . .	6,452,809.72
<b>Total Capital Funds . . . . .</b>	<b>34,452,809.72</b>
<b>TOTAL . . . . .</b>	<b>\$671,702,762.09</b>

United States Government Obligations and Other Securities carried at \$67,596,192 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

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# For Posting Savings Passbooks and Ledgers here is the Proved way



to Better  
Customer Service

to Increased  
Teller Efficiency

to Reduced  
Operating Costs

## the **Burroughs Sensimatic** window posting machine

### Burroughs Sensimatic Features That *Simplify, Speed and Save*

- Operates on either unit or dual posting plans with equal ease.
- Visible alignment and complete posting visibility for faster, more accurate posting.
- Light, uniform key depression and simplified motor bars make it easy to learn, easy to operate.
- High-speed automatic balancing for increased speed and accuracy.
- Sensing panel or "mechanical brain" directs every carriage movement, every mathematical function automatically . . . changes from one posting job to another at turn of the job selector knob.
- Magic key instantly converts the Sensimatic to a convenient adding-subtracting machine.
- Auditors' and tellers' locks for greater protection.

The Burroughs Sensimatic window posting machine is an investment that will return its moderate cost in a short time. The Burroughs representative near you will be glad to show you the machine in action. You'll find his telephone number in the yellow pages of your telephone directory.

More facts about the Sensimatic and its application to window posting on the unit or dual plan are presented in this new folder, "New Efficiency in Window Posting for Savings Accounts." Ask your Burroughs representative for a copy, or write Burroughs Corporation, Detroit 32, Michigan.



WHEREVER THERE'S BUSINESS THERE'S

# Burroughs



be so returned to the Treasury is estimated to be about \$57,000,000.

Another change in the FHA setup was that debentures issued in case of defaults on rental projects insured under Sec. 207 of FHA shall have a term of 10 years, instead of 20 years, as before.

### Extend Expiring Powers

Congress extended various other expiring legal authorities in connection with Government housing aids.

Thus, the Federal National Mortgage Association is given another year, or until July 1, 1954, to make advance commitments to purchase military, defense, and disaster housing. Furthermore, FNMA authority to purchase Sec. 213 of FHA, or cooperative housing mortgages, is extended to September 1, 1953.

Congress expressly legalized FNMA's "one for one" plan of contracting to purchase mortgages in the same amount as it sells mortgages out of its portfolio. However, Congress placed a limit of \$500,000,000 on the amount of such transactions. With respect to these "one for one" contracts FNMA may waive the 50 percent limit otherwise applicable to the sales of such mortgages to the Government agency.

Another change made in the FNMA setup was to permit the association to use any unused part of the \$900,000,000 authorized last year to FNMA to purchase defense, military, or disaster housing, for over the counter purchases. This unused sum is estimated at \$400,000,000, and may be used to buy eligible VA and FHA mortgages when FNMA again resumes over the counter purchasing.

### HAVE YOU SEEN . . . . .

(1) A detailed analysis of the changes made in FHA, FNMA, and other housing laws by the recent housing legislation. Write to the Administrator, Housing and Home Finance Agency, Washington 25, D. C., for the *Summary of Housing Amendments of 1953*.

(2) An analysis of how HHFA Administrator is going about reviewing the Federal Government's housing programs and agencies. Write to the Administrator, Washington 25, D. C., for his address before the New York State Association of Real Estate Boards at Bolton Landing, N. Y.

(3) Treasury Secretary Humphrey's analysis of figures on Treasury receipts and expenditures for fiscal 1953. Write to the Information Service, Treasury Department, Washington 25, D. C.

Root And Branch



ROBINSON IN THE INDIANAPOLIS NEWS

Congress also extended Title IX, or the military housing title of FHA, for another year, and also permitted the raising of interest rates on these loans and on cooperative housing mortgages on rental housing to 4½ percent, with a maximum rate 5 percent on cooperative housing loans for individual houses.

### Extend VA Direct Loans

Congress also continued the VA direct loan program for another year, or until June 30, 1954, but with the interest rate on these loans to be 4½ percent, the same as on the guaranteed loans. VA will have \$25,000,000 per quarter to disburse in direct loans, plus such sums as are collected on the outstanding direct loans, which now aggregate around \$300,000,000.

VA has had little success selling the 4 percent directs, its total sales

when last reported having been less than \$11,000,000.

### Cole Starts Housing Review

Albert M. Cole, Housing and Home Finance Administrator, began last month to make an extensive review of governmental housing aids and programs, and of the agencies which administer these programs. Mr. Cole was given a directive by President Eisenhower at the time of his appointment to make such a study, but was unable to get it organized and under way until last month.

This study is to be the basis of possible recommendations later this year to the President for changes in both long-range housing programs, and in the constitution of the administering agencies. The President, after reviewing these recommendations, will send forth recommendations of his own to Congress.

Mr. Cole explained that the housing study is to be carried forward through three groups.

First of these will be program development groups. They will represent business, labor, welfare, Government, minority, veterans, and other principal interests in the housing field, including lenders. The American Bankers Association, National Association of Mutual Savings Bankers, and insurance company representatives met with Mr. Cole on July 15. They were to meet with the HHFA Administrator

in discussion groups over a period of two months.

Second of these groups will be technically trained outside experts who will carry on detailed studies for the purpose of formulating definite ideas for these discussion groups. Members of the staffs of the housing agencies will assist.

Third, an Advisory Review Committee was being set up to review the proposals brought forward at the program development meetings.

Mr. Cole also brought in staff members of all the congressional committees responsible either for

housing legislation or for appropriating money for housing agencies and programs.

### Longer-Term Credit Union Loans Shelved

A proposal that Federal credit unions could be permitted to make five-year loans was tabled by a subcommittee of the Senate Banking and Currency Committee, of which Senator Prescott Bush (R., Conn.) is chairman. At present these federally chartered organizations are not permitted to lend for a longer term than three years.

In a statement filed with the committee, the A.B.A. pointed out how the terms under which Federal credit unions could operate had been steadily expanded since the statute authorizing these associations was first enacted in 1934. See p. 84, July BANKING for A.B.A. views.

FDIC has made several changes in personnel. Royal L. Coburn of St. Louis, a practicing lawyer with experience in bank and bank liquidations, becomes general counsel August 1, succeeding Norris C. Bakke of Colorado.

Edward H. DeHority, formerly supervising examiner for the FDIC sixth district, St. Louis, becomes assistant chief of the Division of Examination in FDIC headquarters, in charge of problem bank cases. Charles M. Dunn, formerly assistant supervising examiner at St. Louis, succeeds Mr. DeHority.

Linton J. Davis, 11th district supervising examiner, Dallas, retired and is succeeded by his former assistant, Lloyd Thomas.

President Eisenhower appointed Robert B. McLeaish, feed manufacturer of McAllen, Texas, administrator of the Farmers Home Administration, succeeding Dillard B. Lasseter.

A. Jack Goodwin, vice-president and cashier, of the Anniston, Alabama, National Bank, has been made a member of the Securities & Exchange Commission for a term expiring June 5, 1954.

When a successful person lets his success go to his head, it often ends in defeat.

*The fellow who follows the horses generally finds the horses he follows follow the other horses.*

When you spend an evening at home, you never have to pay a quarter to get your hat back.

*Love makes the world go round but it doesn't have the same effect on a \$40-a-week salary.*

Americans today seem to worry less about stable money than about filling-station money.

*Many a business fails because of a swelled overhead.*

# THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

★  
STATEMENT OF CONDITION AT CLOSE OF BUSINESS

JUNE 30, 1953

★  
**RESOURCES**

CASH AND DUE FROM BANKS .....	\$ 75,453,759.58
UNITED STATES GOVERNMENT SECURITIES.....	45,294,302.70
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS .....	6,582,837.92
OTHER BONDS, NOTES AND DEBENTURES.....	1,061,245.27
STOCK FEDERAL RESERVE BANK.....	360,000.00
LOANS AND DISCOUNTS.....	103,897,126.81
INCOME EARNED—UNCOLLECTED.....	308,673.75
BANKING HOUSE AND GARAGE PROPERTY.....	3,962,000.00
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	173,282.54
OTHER RESOURCES .....	60,250.64
<b>TOTAL .....</b>	<b>\$237,153,481.25</b>

★  
**LIABILITIES**

<b>CAPITAL ACCOUNTS:</b>	
COMMON STOCK .....	\$6,000,000.00
SURPLUS .....	6,000,000.00
UNDIVIDED PROFITS .....	654,288.47
<b>RESERVE FOR CONTINGENCIES .....</b>	<b>1,849,844.77</b>
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	1,040,914.38
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,221,164.38
LETTERS OF CREDIT ISSUED .....	173,282.54
INCOME COLLECTED—UNEARNED .....	1,043,935.28
<b>DEPOSITS:</b>	
INDIVIDUAL .....	\$159,014,659.54
BANK .....	43,975,542.28
U. S. GOVERNMENT .....	6,049,673.83
OTHER PUBLIC FUNDS .....	10,108,155.74
<b>TOTAL .....</b>	<b>\$237,153,481.25</b>

U. S. Government and other securities carried at \$28,682,993.92 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# FIRST IN *Feminine Appeal!*

—Another Reason Why Mortgages on **NATIONAL HOMES** are Sound, Long-Term Investments

Women are the paramount factor in home ownership. That's why every National home contains dozens of features to please the housewife . . . to make her comfortable and satisfied in her new National home. This emphasis on feminine appeal adds greatly to the stability of National home mortgages, a major source for long-range investments of proven soundness. Your inquiry is invited.

**Nation's Largest Producers of Quality Homes**



## Ladies Love National Homes' Features Like These:

Distinctive new color schemes with harmonizing roof tones. • Kitchens have latest Crosley steel sink, base and wall cabinets; Formica-top work surfaces. • New home-laundry area; Bendix automatic washer and dryer optional. • Extra large closets with decorator-designed folding doors. • Bathroom has extra-large medicine cabinet with sliding mirror-doors, full-width vanity shelf, built-in lighting. • Inside and outside-access storage. • Shoulder-high bedroom windows giving increased space for furniture placement. • Washable, crackproof walls; may be painted or papered. • Rooms that "flow together" in spacious open-planned effect.



REAR TERRACE VIEW OF THE MONTEREY



**Guaranteed and Commended by Two Great Magazines for WOMEN!**

*National Homes' prefabricated panels and structural parts as they leave the assembly plant carry the Good Housekeeping guarantee seal and the Parents' Magazine seal of commendation as advertised therein.*



# An Executive Training Roundtable

(CONTINUED FROM PAGE 39)

on the needs of the executives, the trainees, and the bank.

Cox: The principal difficulties are: (1) Selling top management. I'd say this takes first listing; it isn't as easy as it sounds. Present the program clearly and in writing. Give management a chance to study it.

(2) Obtaining every officer's and supervisor's cooperation and interest in making the program work. This will be less difficult once you have top management's okay.

(3) Finding the right man to administer the program. He must be a leader, and mustn't have so many other duties that he'll have to give second place to his training responsibilities.

(4) Deciding when the program should be started, its extent, and the potential benefits. Timing is most important. Don't attempt merely to copy another bank's plan. Decide what will best accomplish your own ends. Training is expensive, so proceed cautiously. Benefits will accrue only when the program is planned to accomplish specific results.

MARTIN: Setting up a training program is no joke. The project must have unlimited active support from the very top. Time, inconvenience, and money are all part of the price a bank must pay for a successful training plan. It must be installed and developed slowly, patiently, tactfully. It can be sabotaged without a trace.

It should be open to all who qualify and the criteria should be clearly understood and explained. The salary scale should be attractive and fair. There must be outlets for graduates of the course. The officers must work with the program and with the trainees.

The people who do the training must give time and effort; perhaps they should receive special compensation. They should be made to feel a sense of pride that the men they trained turned out well.

Perhaps the major difficulty is that the programs are

often regarded as "shots in the arm," a mere recruitment gimmick. Executive development should be maintained as a permanent, active program all the way up the line. This costs time and money. The first few years show nothing but cost figures on the operating statement. But in the long run the balance sheet looks bigger and stronger. "To build a better bank you must build better men."

LINCOLN: One problem is selection. From the present staff or from outstanding college students? In my opinion, the choice is in favor of proven staff members.

How should the training schedule be arranged? Shall the trainees be separated from other duties so that they may be free to take various departmental assignments? Or shall they be allowed to remain as producers in their own departments until it's evident they've outgrown their jobs, and then promoted, each time with an eye on the gaps that should be filled in for broad executive training?

The first method has greatest appeal to trainees who are considering banking as a career. It promises them speed and prestige during the training period. But it has some rather serious costs and is apt to upset the morale of hard-working staffers who haven't been chosen.

A system of rapid rotation through the departments is expensive because salaries are paid not for production but for future return. There'll be some direct loss, depending on mistakes in selection and the number of drop-outs. This type of program calls for the most careful selection, quick weeding out of mistakes, and assignments of sufficient duration to give the bank some return as the trainee is shifted from job to job.

The less spectacular method of picking people who have come up by their own efforts is slower; it takes time to spot them, whereas in dealing with a brand new group selected from college graduates the assumption seems to be that all are potential executives.

LEWIS: Well, gentlemen, your discussion has indeed been stimulating. You have clearly indicated, it seems to me, that there is a real need for the executive development of both young men and middle management, and that although a limited number of bank officers might be discovered in other banks and other business, a larger number must be found and trained within our own institutions. Thank you very much!





# Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

## Condensed Statement of Condition June 30, 1953

(Figures of Overseas Branches are as of June 26, 1953)

### RESOURCES

Cash in Vault and in Banks . . . . .	\$1,253,605,867.94
United States Government Securities and Securities Guaranteed by the Government . . . . .	1,489,632,205.67
Federal Agency Securities . . . . .	165,415,484.56
State, County, and Municipal Securities . . . . .	560,713,921.85
Other Securities . . . . .	120,439,541.90
Loans Guaranteed or Insured by the United States Government or its Agencies . . . . .	1,090,288,814.45
Other Loans and Discounts . . . . .	3,077,503,130.25
Bank Premises, Fixtures, etc. . . . .	62,483,637.68
Customers' Liability on Letters of Credit, etc. . . . .	161,891,970.56
Accrued Interest and Other Resources . . . . .	35,598,785.68
<b>TOTAL RESOURCES . . . . .</b>	<b>\$8,017,573,360.54</b>

### LIABILITIES

Capital . . . . .	\$150,000,000.00
Surplus . . . . .	200,000,000.00
Undivided Profits and Reserves . . . . .	82,478,871.83
<b>TOTAL CAPITAL FUNDS . . . . .</b>	<b>\$ 432,478,871.83</b>
Reserve for Possible Loan Losses . . . . .	58,015,365.14
<b>DEPOSITS</b> { Demand . . . . .	\$3,639,816,385.22
{ Savings and Time . . . . .	3,635,633,808.74
	7,275,450,193.96
Liability for Letters of Credit, etc. . . . .	165,763,837.90
Reserve for Interest, Taxes, etc. . . . .	85,865,091.71
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$8,017,573,360.54</b>

Main Offices in the two Reserve Cities of California

**SAN FRANCISCO • LOS ANGELES**

Branches throughout California

Overseas branches: London, Manila, Tokyo,  
Yokohama, Kobe, Osaka, Bangkok, Guam

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

## Bank of America

(International)

Home Office—New York, N. Y.

A wholly-owned subsidiary

### Condensed Statement of Condition June 30, 1953

#### RESOURCES

Cash in Vault and in Banks . . . . .	\$15,346,329.65
United States Government Obligations . . . . .	7,460,725.99
Loans and Discounts . . . . .	36,226,970.87
Customers' Liability on Letters of Credit, etc. . . . .	43,979,828.81
Accrued Interest and Other Resources . . . . .	431,949.37
<b>TOTAL RESOURCES . . . . .</b>	<b>\$103,443,804.69</b>

#### LIABILITIES

Capital . . . . .	\$10,000,000.00
Surplus . . . . .	3,000,000.00
Undivided Profits . . . . .	505,246.44
<b>TOTAL CAPITAL FUNDS . . . . .</b>	<b>\$13,505,246.44</b>
Reserve for Possible Loan Losses . . . . .	300,000.00
Deposits . . . . .	44,949,310.82
Liability for Letters of Credit, etc. . . . .	44,252,643.49
Reserve for Interest, Taxes, etc. . . . .	438,603.94
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$103,443,804.69</b>

**COMBINED RESOURCES OVER  
\$8,100,000,000**

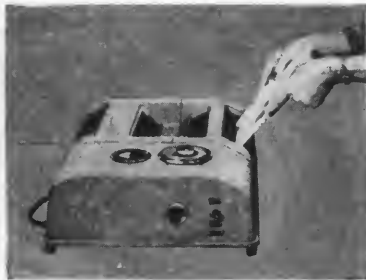
# Remington Rand Methods News



## Custom-made appearance at a mass-production price

Here's the economical answer for establishing a new branch or modernizing a smaller bank... handsome, top quality prefab counter units for any counter length and arrangement, with or without grill.

Details are based on our wide experience in building bank counters.



## New method produces fastest photocopies

You can give better service and save a lot of clerical time in copying customer and internal records with this new method. Sharp, clear, positive photocopies of cancelled checks, trust statements, depositor statements, income tax forms, correspondence, etc. may be produced in a matter of seconds.

The Transcopy Duplex method requires no washing or drying, no chemical trays or darkroom. It simply plugs into any standard electrical outlet; handles paper up to 14" wide, any length. Anyone from the office boy up can learn to operate it in a few minutes. For complete details, circle **P344** on the coupon at the right.

Comfortable knee space and effort-saving long-life drawers are provided for each teller station, with trays as needed. Provision can be made for window machines. Counters can be lengthened or rearranged later as your requirements change. For more information, write for folder **X1393**.



## Machine bookkeeping now at a new low cost

Now banks can afford to mechanize small-volume bookkeeping jobs, cut costs on big-volume work, too. Mortgage loan records produced simply and accurately. Trust accounting costs materially reduced. Loan and discount accounting, accounts payable, payroll, general ledgers and many other jobs are also handled efficiently with the new Remington Rand LOW-COST bookkeeping machine. All transactions are fully identified to speed inspections by auditors and examiners. And it's simple to operate. Any competent typist can quickly begin to turn out volume work with touch-method speed. Write for folder **AB664**.

## How one bank operates a profitable Retail Charge Account Plan

When a northern California bank went into the new credit card system of handling discounted receivables for local stores, they made a thorough study and adopted the most efficient retail bookkeeping methods available. They decided on cycle billing to spread the work through the month, eliminating month-end confusion and overtime.

And they chose the Cycle-Matic method for clerical efficiency and convenience in handling cycle billing records. As a result, clerks can quickly locate any account for credit authorization or stuffing of charge tickets forwarded from member stores.

They house these irreplaceable customer records in a Remington Rand



Cycle-Matic Safe-Desk (shown above) which gives them 24-hour point-of-use insulated protection. It can be instantly closed in case of a daytime flash fire.

Cycle billing statements and ledgers may be posted at high speed on the new Remington Rand LOW-COST bookkeeping machine. Statements and charge tickets may then be microfilmed before mailing on a Remington Rand Dual Film-a-record, the all-purpose microfilming machine.

Remington Rand offers you not only the experience and equipment, but also special services to help you establish a Retail Charge Account Plan. Call your local representative for complete information.

## Remington Rand

Management Controls Reference Library  
Room 1018, 315 Fourth Ave., New York 10

Please circle the literature you desire:

**X1393**      **P344**      **AB664**

Name \_\_\_\_\_

Title \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Profit-Building **IDEAS** for Business

# Methods and Ideas

(CONTINUED FROM PAGE 50)

favor of the bank. In the long run, it is better to be known as a conservative bank than a liberal one.

(4) Because loan officers are subject to the same human errors and pressures as other individuals, it is desirable to require group rather than individual approval of large commitments.

(5) Speculative loans in general should be avoided. Bank credit ought to be made available only for constructive economic use, and every effort should be made to avoid undue risks. Remember that bank loans create money, and it is undesirable to create unsound money by financing speculative transactions.

(6) Undue concentrations of loans should be avoided. This means limiting the amount of loans to any one industry; loans of one type, such as term loans; or loans secured by one kind of collateral, as a given stock or kind of goods.

(7) Loans to new and untried businesses should be strictly limited. Risk is closely related to the amount of capital of the borrower and his operating history, and it is not the function of banks to absorb those risks which rightfully belong to the equity owner.

(8) There should be no hesitancy in requiring security for loans where it appears desirable.

(9) Every business loan should have a repayment program. This enables the bank's loan account to provide some liquidity to meet depositor's requirements under adverse conditions. It also keeps the loan account turning over and brings funds in so that new loans can be made. In addition, it helps to prevent slow and unsatisfactory loans from developing.

## Loan Administration

In applying the policy Mr. Drake said it was necessary to study loans and commitments in relationship to deposits, capital, seasonal factors, and others. The credit department must be free to gather and analyze whatever information is necessary to support a loan application; the department must not be allowed to lose its independence.

All loan officers should be thoroughly acquainted with the bank's lending policy. They should be or-

ganized into local groups or committees which meet regularly to discuss any credit application.

The review and control function is important, too. Its purpose is to review outstanding loans periodically to see that their quality is being maintained, that necessary corrective action is taken, and that repayment programs are operating.

"We should examine our loan policies critically to see if they need modification. We should also make sure that we really have policies rather than just words to which we give lip service. We should not let loans in any category get out of hand as to either quality or quantity—and this is the time to raise our quality standards."

## ADVERTISING IDEAS

INDUSTRIAL SAVINGS BANK of Miami is concentrating its entire advertising program on one theme, "Save for Success." The campaign is built around a young couple, Ruth and Ted—employees of the bank—whose adventures in thrift are carried along in newspaper and billboard ads, in lobby displays, brochures, a radio program, and a tie-in with a "This Is the Story" TV film. Result? In the first month of the campaign deposits increased by more than twice the gain for the same month of 1952. The advertising appropriation was not increased.

A "Ruth and Ted" newspaper ad

*This is the Story*  
of how Ruth and Ted get ahead.

See "This is the Story" on WFTS, 5:00-5:30 P.M. every Sunday.

Ruth and Ted are buying a home of their own.

Industrial SAVINGS BANK

Let us tell you about our "Save for Success" plan. Then write your Own Story of Good Fortune to the pages of your savings bank book.

**Industrial SAVINGS BANK**

46 W. Flagler St. opposite Court House  
MIAMI, FLORIDA 33130

Member Federal Deposit Insurance Corporation

**Attention**

State-Planters offers you an extra service. A CHECKING ACCOUNT TO ANY OF OUR STATE PLANTERS BRANCHES IS A CHECKING ACCOUNT AT ALL STATE PLANTERS BRANCHES AND A FEW IN NEARBY STATES.

To

**A Special Service**

State-Planters offers you an extra service. A CHECKING ACCOUNT TO ANY OF OUR STATE PLANTERS BRANCHES IS A CHECKING ACCOUNT AT ALL STATE PLANTERS BRANCHES AND A FEW IN NEARBY STATES.

THE STATE-PLANTERS BANK & TRUST COMPANY

One of the State-Planters' ads

STATE-PLANTERS BANK & TRUST COMPANY of Richmond, Virginia, ran a series featuring a "special service"—the fact that a checking account at any of its offices "is a checking account at all." Illustrations were examples of special services: a mother cat carrying kittens over a puddle, a boy carrying a girl's books, a barber shop, etc.

In a newspaper ad congratulating the local high school's 1953 graduating class, G. G. Ware, chairman of THE FIRST NATIONAL BANK OF LEESBURG, Florida, told the young people that 22 of the bank's officers and employees were also graduates of Leesburg High. Six of the 15 directors are, too. The ad listed all the names, and said: "The majority of these persons, when they came to our bank, were equipped only with the training—similar to yours—they received in Leesburg High School. They have all made themselves tremendously valuable to our bank."

It's a little late for commencement stories, but you can file this, too. THE FORT WORTH NATIONAL BANK suggested, in a June display ad, "For Graduation . . . Why Not a Gift of Thrift?" Copy was illustrated with drawings of two young people in caps and gowns, a passbook and a calendar bank.

## IN BRIEF

CITY NATIONAL BANK & TRUST COMPANY of Kansas City, Missouri, has installed a Dow-Jones news ticker in its lobby.

Money deposited in a scale outside THE TRENTON (New Jersey) SAVING FUND SOCIETY is contributed to a local charity. Proceeds for a recent six-months period, totaling \$107.50, were contributed to the Red Cross.

TEXAS NATIONAL BANK OF HOUSTON has published a survey of the metals industry in the Texas Gulf Coast area.

THE NATIONAL CITY BANK OF CLEVELAND has completed a one-story building for storage of records

and microfilms. It's located in Chesterland, Ohio, 20 miles from the center of Cleveland.

EAST RIVER SAVINGS BANK of New York has introduced some innovations in its advertising and promotion. Car and bus cards now proclaim that the bank offers "5 Thrift Rendezvous" (instead of "5 Convenient Offices"). And the glue on the bank's saving-by-mail envelopes is flavored with peppermint. The change of address notice has been changed, too. It's now a yellow slip illustrated with a cheery cartoon

with this copy slogan: "Moved lately? Where, oh where are you now?" There's room, of course, for the name, account number and new address.

MERCHANTS NATIONAL BANK of Chicago has issued a four-page folder, "Ten-Year Club" as a means of letting the public know that approximately a third of its staff has served the bank for at least a decade. Pictures and titles of 33 employees were included in the widely distributed booklet.

NATIONAL SAVINGS BANK of New Haven, Connecticut, has established a "Packaged Thrift" department which is offering a savings-life insurance service.

The COAHOMA BANK AND TRUST COMPANY of Clarksdale, Mississippi, offered \$50 for the best condensation of Friedrich A. Hayek's *The Road to Serfdom* by a local high school student.

The American Surety Company has sent to all banks a green card of suggestions to "help bankers make their institutions less attractive to bandits." It's a revision of a similar aid issued in 1946.

This is the cover of a four-color booklet published by The Northern Trust Company of Chicago to aid American travelers in foreign lands. Second Vice-President Harry J. Karch, manager of the foreign department, describes it as "an anthology of answers to our customers' most frequent questions." Inside the back cover is a currency conversion table

## Another WATSON Specialty!

established 1887



Money and Currency Buses of all types—custom built to fit your own requirements. If desired, they have the WATSON special caster control device for superb rolling versatility.

For Further Information  
Write Dept. H-1



WATSON MANUFACTURING CO., Inc.  
Jamestown, New York

If You Are Considering Remodeling:  
for a Complete Line of Custom Built  
Bank Counter Equipment—

**See WATSON First!**

WATSON ALSO BUILDS A COMPLETE LINE OF STANDARD  
FILING CABINETS AND ROL-DEX ROLLING RECORD UNITS.



# 24-HOUR TRANSIT SERVICE—

Our 24-hour Transit service and air mail dispatch often make funds available days earlier. Many correspondents save valuable time by air mailing *all* western items to American Trust Company. This 24-hour Transit operation assures you swift service. Our many offices and west-wide relationships offer exceptional facilities for collection.

*Air mail your West Coast items to*  
**AMERICAN TRUST COMPANY**  
*San Francisco*

AMERICAN  
 TRUST  
 COMPANY

BANKING  
*Since 1854*

## Statement of Condition

June 30, 1953

### RESOURCES

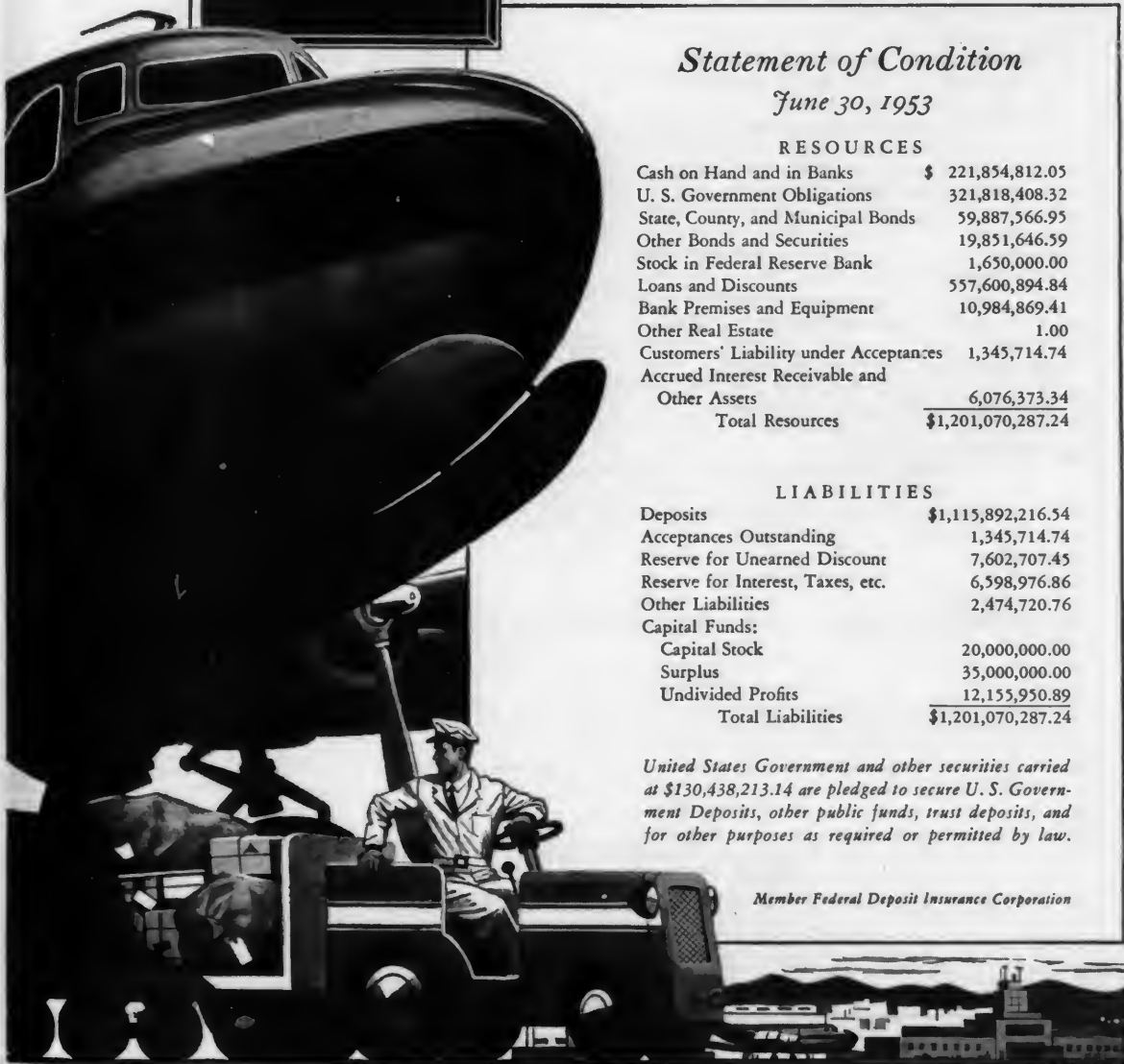
Cash on Hand and in Banks	\$ 221,854,812.05
U. S. Government Obligations	321,818,408.32
State, County, and Municipal Bonds	59,887,566.95
Other Bonds and Securities	19,851,646.59
Stock in Federal Reserve Bank	1,650,000.00
Loans and Discounts	557,600,894.84
Bank Premises and Equipment	10,984,869.41
Other Real Estate	1.00
Customers' Liability under Acceptances	1,345,714.74
Accrued Interest Receivable and Other Assets	6,076,373.34
<b>Total Resources</b>	<b>\$1,201,070,287.24</b>

### LIABILITIES

Deposits	\$1,115,892,216.54
Acceptances Outstanding	1,345,714.74
Reserve for Unearned Discount	7,602,707.45
Reserve for Interest, Taxes, etc.	6,598,976.86
Other Liabilities	2,474,720.76
Capital Funds:	
Capital Stock	20,000,000.00
Surplus	35,000,000.00
Undivided Profits	12,155,950.89
<b>Total Liabilities</b>	<b>\$1,201,070,287.24</b>

*United States Government and other securities carried at \$130,438,213.14 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*



# THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York

67 Branches in Greater New York

57 Branches Overseas



Statement of Condition as of June 30, 1953

## ASSETS

Cash, Gold and Due from Banks.....	\$1,496,745,018
United States Government Obligations.....	1,335,996,807
Obligations of Other Federal Agencies.....	31,981,981
State and Municipal Securities.....	460,401,598
Other Securities.....	90,321,310
Loans and Discounts.....	2,276,555,200
Real Estate Loans and Securities.....	368,251
Customers' Liability for Acceptances.....	17,270,391
Stock in Federal Reserve Bank.....	9,600,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	31,290,191
Other Assets.....	5,137,654
<b>Total.....</b>	<b>\$5,762,668,401</b>

## LIABILITIES

Deposits.....	\$5,267,520,007
Liability on Acceptances and Bills. \$34,579,041	
Less: Own Acceptances in Portfolio.....	14,219,075
Due to Foreign Central Banks.....	17,160,400
(In Foreign Currencies)	
Items in Transit with Branches.....	552,400
Reserves for:	
Unearned Discount and Other Unearned Income.....	22,519,287
Interest, Taxes, Other Accrued Expenses, etc.	41,333,064
Dividend.....	3,450,000
Capital.....	\$150,000,000
(7,500,000 Shares—\$20 Par)	
Surplus.....	170,000,000
Undivided Profits.....	69,773,277
<b>Total.....</b>	<b>\$5,762,668,401</b>

Figures of Overseas Branches are as of June 25.

\$394,259,691 of United States Government Obligations and \$19,351,200 of other assets are deposited to secure \$267,602,946 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

Affiliate of The National City Bank of New York for separate administration of trust functions

## CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$31,638,507

## DIRECTORS

HOWARD C. SHEPERD Chairman of the Board
JAMES S. ROCKEFELLER President
STANLEY C. ALLYN President, The National Cash Register Company
SOSTHENES BEHN Chairman, International Telephone and Telegraph Corporation
CURTIS E. CALDER Chairman of the Executive Committee, Electric Bond and Share Company
CLEVELAND E. DODGE Vice-President, Phelps Dodge Corporation
RALPH GWIN FOLLIS Chairman of the Board, Standard Oil Company of California
ROY H. GLOVER Vice-President and General Counsel, Anaconda Copper Mining Company
JOSEPH P. GRACE, JR. President, W. R. Grace & Co.
HARRY C. HAGERTY Financial Vice-President, Metropolitan Life Insurance Company
AMORY HOUGHTON Chairman of the Board, Corning Glass Works
NATHAN C. LENFESTEY Executive Vice-President and Cashier
KEITH S. McHUGH President, New York Telephone Company
ROGER MILLIKEN President, Deering, Milliken & Co. Incorporated
RICHARD S. PERKINS President, City Bank Farmers Trust Company
FREDERICK B. RENTSCHLER Chairman, United Aircraft Corporation
REGINALD B. TAYLOR Williamsville, New York
ROBERT WINTHROP Robert Winthrop & Co.
BOYKIN C. WRIGHT Shearman & Sterling & Wright

## Mrs. W. R. Burgess

MRS. W. RANDOLPH BURGESS, 65, wife of the Deputy to the Secretary of the Treasury, died July 12 in Washington.

Mrs. Burgess, the former May Ayres, was a prominent educator and authority on nursing. She was the sister of the late General Leonard P. Ayres, Cleveland economist.

She received her Ph.D. from Columbia in 1920. Her marriage to Mr. Burgess was on May 17, 1917.

She served with the Department of Education of the Russell Sage Foundation from 1913-14; the U. S. Food Administration, Washington, 1919-20; Statistics Branch of the General Staff of the War Department, 1917-18; director of the Joint Statistics Bureau of the Commission on Dispensary Development, New York City, 1923-26; and director of the Commission on Grading of Nursing Schools, New York City, 1926-34. She was the author of several books on nursing.

Survivors, in addition to Mr. Burgess, include two sons, and two sisters.

THE Graduate School of Banking made the following statement:

"All the alumni and student body of The Graduate School of Banking will be distressed with the news of the passing of Mrs. W. Randolph Burgess. She was a great friend of the institution and visited the School each year since its founding in 1935.

"She and her husband several years ago established the Ayres Leadership Award Foundation and endowed it with a sum of money sufficient to maintain the award in perpetuity. The Foundation was set up in memory of her brother General Leonard P. Ayres who lectured at the School each year until his passing in 1946. At that time the officials of the School asked Mr. Burgess to continue the lecture series, which he has done since General Ayres passed away.

"Mrs. Burgess was a source of inspiration to the members of the executive staff of the School and the faculty by virtue of her interest in education. Before her marriage she was an outstanding leader in the field of collegiate education.

"Our sympathy goes out to her husband, her two sons, and their wives."

## the farmers and merchants national bank of los angeles

### CONDENSED statement of condition

At the Close of Business, June 30, 1953

ASSETS	
Cash on Hand and with the Federal Reserve Bank .....	\$ 65,870,145.75
Due From Other Banks .....	9,711,701.27
United States Government Securities .....	178,418,104.02
Other Bonds, Debentures and Securities .....	836,388.67
Stock in Federal Reserve Bank .....	450,000.00
Loans and Discounts .....	52,569,415.99
Bank Premises, Furniture and Fixtures .....	4.00
Customers' Liability on Letters of Credit and Acceptances .....	1,162,363.37
Accrued Interest Receivable on Loans and Securities .....	764,622.03
<b>TOTAL .....</b>	<b>\$309,782,745.10</b>

LIABILITIES	
Deposits .....	\$288,282,532.68
Letters of Credit and Acceptances .....	1,319,105.11
Interest Collected but Unearned .....	101,059.38
Reserved for Dividends, Interest, Taxes and Insurance .....	1,030,047.93
Capital Paid In .....	6,000,000.00
Surplus .....	9,000,000.00
Undivided Profits .....	4,050,000.00
<b>TOTAL .....</b>	<b>\$309,782,745.10</b>

A bank which has maintained its original identity throughout its history of over eighty years, and its growth never augmented by mergers or consolidation with other banking institutions.

FARMERS  
MERCHANTS  
National Bank

4TH AT MAIN ST.,  
LOS ANGELES 54

*There's Quality in Banking, Too!*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## Australia is Growing

New investment by both Australian and overseas industry is evidence of confidence in the country's future.

Australia's population of 8½ million is increasing at the rate of 200,000 yearly—natural increase and carefully planned immigration. Progressive business is constantly discovering new opportunities for capital investment.

A.N.Z. Bank knows Australia and New Zealand, and the Bank's broad experience covers virtually every type of project. For factual information address us direct or through your banker.

### AUSTRALIA and NEW ZEALAND BANK LIMITED

in which  
Bank of Australasia  
Established 1835



are merged  
The Union Bank of Australia Ltd.  
Established 1837

Principal Office for Australia and New Zealand  
394 COLLINS STREET, MELBOURNE, AUSTRALIA

Principal Office for New Zealand  
LAMBTON QUAY, WELLINGTON, NEW ZEALAND

Head Office: 71 CORNHILL, LONDON E.C. 3.

Over 720 Branches and Agencies throughout Australia and New Zealand,  
in Fiji and in London. Agents in all parts of the World.

# College Market

(CONTINUED FROM PAGE 45)

largely a "family affair," and that, short of being in the family or marrying the president's daughter, the opportunities for advancement are extremely limited. The feeling of fear of "waiting until someone dies" is a potent factor against working for a bank. Even this, however, is less a deterrent than the concern that employment progress depends too much on the stock control of one man, or a very small group of men.

Balancing these general misconceptions concerning smaller banks is the idea that larger banks offer too much danger of being stuck, and forgotten, in a routine job with little opportunity for advancement. However, larger banks appear to be overcoming this opinion through the straightforward approach they are using in seeking to attract new employees. Almost without exception, college graduates seem to lean to an employment opportunity where they can participate in a genuine training program which offers them an opportunity to get a broad, general background of the operations and policies of their employer.

## Salary Not First Concern

It is commonplace to hear complaints that college graduates are motivated primarily by avarice for money and a passion for lifelong job security. As far as this interviewer is concerned, this is unfair, and not borne out by his experience. As has been clearly established in many careful surveys, the prospective employees were not interested in salary as a first concern. Likewise, the so-called "fringe" benefits were not of primary concern. No student raised the question of pension benefits. The monetary aspects of employment were secondary to the possible opportunity for personal development and advancement in the bank. The desire to learn on the job was equally important. The students all appeared serious, alert, and thoroughly aware of the responsibilities which lay ahead of them. They were equally cognizant of the requirement that they would be expected to prove their worth to their employer.

Insofar as starting salary is concerned, it can be said that banks

must expect to pay the college graduate the going rate being offered by industrial corporations. This year the starting average would appear somewhere in the neighborhood of \$350 per month, though there are variations in the scale, upwards and downwards, adjusted for scholastic records, and type of work being offered. Nor does it accomplish anything to assert that the figures are too inflated; starting salaries are what they are, and a difference of \$50 a month in starting pay can, and will, generally determine the graduate's decision. If we are realistic we shall admit this was always so when there were not enough people to fill the jobs which had to be filled. As a corollary, perhaps we cannot expect to get young men with executive potential unless we are willing to take the steps necessary to attract the most likely people into our business.

## Telling the Story

If we expect to recruit men of high calibre and serious purpose, we must also undertake a continuing program of interviewing, telling the story of the advantages of employment in smaller businesses, where departments are not so complex or huge and where the chance of being lost in the shuffle is at a minimum. Telling this story will benefit us directly, and will have an indirect benefit for all enterprises similarly situated. This is important to remember, because students and placement officials alike declare that faculty members generally stress the advantages of working for large corporations, or large businesses, and urge students to locate with them if possible. Those of us in the smaller banks must be alert to urge the genuine advantages of employment such as we offer, as contrasted with working in the larger banks. We have real opportunities, too, but we must get out and sell this idea to the college graduates, and get the word out on the campus that we can compete with the most highly organized businesses.

Perhaps the smaller banks can utilize the college placement program on a cooperative or regional basis, whereby groups with similar problems of personnel procurement could pool their efforts to promote a continuing program of college interviewing at a limited number of schools. In any event, individual banks conscious of the shortage of

personnel with executive potential should find it profitable to direct their energies to development of this field. Banking can be no better than the type of people it is able to attract as employees, and all the best devised plans for training and orienting young people will be without any purpose whatsoever, unless banks first devise a program for obtaining the type of personnel needed to make banking strong.

## U. S. Business Performance Abroad

A SERIES of case studies to show how American private enterprise can help less developed countries improve their economic and social conditions, while earning profits for the stockholders, is being undertaken by the National Planning Association.

The first study covers the operations of Sears, Roebuck in Mexico. Six others are being planned, and will probably cover American manufacturing, mining and agricultural businesses that have overseas enterprises. The series, it is expected, will demonstrate the valuable contributions of American industry, with its "managed capital," experience, ingenuity, and technical excellence, in conducting foreign operations without Government aid.

H. Christian Sonne, chairman of NPA's board of trustees, says the association is "only investigating certain industrial and commercial operations abroad which have thoroughly adjusted themselves to their host countries and have become not only an economic and social asset to the host country, but presumably have been profitable private operations."

"A long-range objective," he explains is to show, first, that it can be done, and then to present evidence which may ultimately prove to be a guide for all industry operating in foreign countries. We hope also to demonstrate that American industry is not as unpopular, in many cases, as propaganda would have it."



# NATIONAL BANK OF DETROIT

## COMPLETE BANKING AND TRUST SERVICE

### STATEMENT OF CONDITION, JUNE 30, 1953

#### RESOURCES

Cash on Hand and Due from Other Banks . . . . .		\$ 463,212,794.65
United States Government Securities . . . . .		705,517,929.15
Other Securities . . . . .		137,620,970.86
Loans:		
Loans and Discounts . . . . .	\$ 368,805,010.04	
Real Estate Mortgages . . . . .	73,651,998.71	442,457,008.75
Accrued Income and Other Resources . . . . .		6,681,902.45
Branch Buildings and Leasehold Improvements . . . . .		4,511,415.62
Customers' Liability on Acceptances and Letters of Credit . . . . .		2,488,750.38
		<u>\$1,762,490,771.86</u>

#### LIABILITIES

Deposits:		
Commercial, Bank and Savings . . . . .	\$1,509,533,569.14	
United States Government . . . . .	125,608,771.91	
Other Public Funds . . . . .	36,918,156.02	\$1,672,060,497.07
Accrued Expenses and Other Liabilities . . . . .		10,350,566.16
Dividend Payable August 1, 1953 . . . . .		783,000.00
Acceptances and Letters of Credit . . . . .		2,488,750.38
Capital Funds:		
Common Stock (\$10.00 Par Value) . . . . .	\$ 15,660,000.00	
Surplus . . . . .	45,000,000.00	
Undivided Profits . . . . .	16,147,958.25	76,807,958.25
		<u>\$1,762,490,771.86</u>

*United States Government Securities carried at \$180,335,625.55 in the foregoing statement are pledged to secure public deposits, including deposits of \$6,915,766.22 of the Treasurer—State of Michigan, and for other purposes required by law.*

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# Government Bonds

(CONTINUED FROM PAGE 54)

nine months, and with the likelihood that the new deposits would stay put longer than usual as the Treasury was getting the money ahead of time and not on a hand-to-mouth basis, the commercial banks could be expected to be, and were, very heavy subscribers. The demand was great enough to permit the Treasury to close the subscription books at the end of one day.

It is fully expected that the commercial banks will be able to move out of the tax anticipation certificates as corporations build up their tax reserve accounts over the next several months.

On a "when issued" basis the new certificates held a market range of 99 31/32-100 1/32 with most transactions being completed close to 100.

## Forthcoming Refinancing

Forthcoming refinancing includes \$2,882,000,000 2 percent certificates maturing on August 15 and nearly \$8,000,000,000 of 2 percent bonds on September 15. The certificates will unquestionably be rolled over more than probably for a new certificate in the one-year maturity range.

The 2 percent bonds are a different problem. It was not so long ago that holding this issue was recommended as having considerable "rights value." The thought was that the size of the issue plus the known desire of the Treasury to extend debt maturities would assure an offering which might command a good premium. That possibility looks dim at the moment unless the business volume figures go into reverse, something which all current forecasts do not anticipate. The market possibilities for any new issue or issues would seem to be confined to the very short-category. Of the total outstanding, \$6,700,000,000 are owned by the commercial banks and "all others," the latter chiefly corporations. Possibly some sort of a split offering will be tried, but as a "rights value" the issue has certainly lost any appeal.

## Market Gets a Stimulant

After being moderately firm during most of June, as a result of the easier money conditions stemming from the obvious interest of the Open Market Committee, the market for Government securities was considerably pepped up by the reduction in the reserve requirements of the member banks. The sharp price mark-ups were characteristic of what happens if sentiment becomes somewhat optimistic. Once again the vacuum on the sell side was evident from the price increases necessary to fill orders either for new buyers or to protect short positions.

By June 29 the increases in price and decreases in yield were, as the following examples will show:

	Maturity	Offering Price 6/29/53	June 2 to June 29 Change in Price	June 2 to June 29 Change in Yield
91 day bills.....		1.90	.....	-0.46%
2 3/8% certificates. 6/1/54		100 1/2	+ 5/32	-0.17%
1 1/2% notes..... 3/15/55		98 1/4	+ 1/2	-0.18%
2% bonds... 6/15/54		99 1/2	+ 1 1/2	-0.22%
2 1/4% bonds.... 9/15/59		96 3/4	+ 1 1/4	-0.18%
2 1/2% bonds..... 12/15/58		98 3/4	+ 1 1/2	-0.30%
2 3/4% bonds.... 12/15/62		94 1/4	+ 2 1/2	-0.30%
2 1/2% bonds..... 6/15/67		94 1/4	+ 2 1/2	-0.21%
2 3/2% bonds.... 9/15/72		92 1/2	+ 2 1/2	-0.18%
3 3/4% bonds.... 6/15/83		99 3/4	+ 3/8	-0.05%

On June 2 the last six of these issues could have been bought to yield over 3 percent. On June 29 only the last two were in that class. Thereafter to July 9 there was no material change. Some of the longest issues went up a little more. The new 3 1/4 percent bonds 1983/78 managed to get back to par, but at that point seemed to run into offerings, probably from original subscribers who were waiting to get out without loss. Some modest premium might develop once that supply has been cleaned up.

Nevertheless it would be dangerous to conclude that a bull market is in prospect. Bank reserves will be provided for what the Treasury needs to sell and for loans which industry legitimately requires. But for a bull market a surplus of buying power is needed and none is likely to be available. What can reasonably be hoped for is that no very drastic price changes will occur.



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*Executive Vice President,*  
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*Twentieth Century-Fox Film Corporation*

### ASSETS

	June 30, 1953	June 30, 1952
<b>CASH AND SECURITIES</b>		
Cash and Due from Banks . . . . .	\$139,326,177.58	\$141,630,556.00
United States Government Securities . . . . .	220,606,297.15	206,337,133.09
State and Municipal Securities . . . . .	49,421,513.59	42,427,385.55
Other Bonds and Securities . . . . .	8,768,698.64	8,688,887.52
<b>TOTAL</b> . . . . .	<b>\$418,122,686.96</b>	<b>\$399,083,962.16</b>

### LOANS

Commercial Loans . . . . .	\$145,764,578.23	\$141,470,897.16
Real Estate Loans . . . . .	95,156,282.27	85,761,943.24
Automobile Installment Loans . . . . .	69,338,867.55	47,590,097.11
Personal and Improvement Loans . . . . .	30,099,086.78	23,972,173.65
	\$340,358,814.83	\$298,795,111.16
Less: Reserve for Possible Loan Losses . . . . .	4,653,784.35	3,611,124.94
<b>TOTAL</b> . . . . .	<b>\$335,705,030.48</b>	<b>\$295,183,986.22</b>

### OTHER ASSETS

Accrued Income Receivable . . . . .	\$ 2,310,386.97	\$ 2,524,106.42
Stock in Federal Reserve Bank . . . . .	1,101,000.00	1,071,000.00
Bank Premises and Equipment . . . . .	6,988,364.31	6,523,508.92
Other Real Estate Owned . . . . .	39,419.97	19,338.01
Customers' Liability under Letters of Credit and Acceptances . . . . .	8,492,803.14	10,957,979.00
Other Assets . . . . .	1,164,224.73	1,372,266.68
<b>TOTAL</b> . . . . .	<b>\$ 20,096,199.12</b>	<b>\$ 22,468,199.03</b>
<b>TOTAL ASSETS</b> . . . . .	<b>\$773,923,916.56</b>	<b>\$716,736,147.41</b>

### LIABILITIES

#### DEPOSITS

Demand Deposits . . . . .	\$340,735,905.78	\$335,670,932.69
Time Deposits . . . . .	265,023,742.17	233,943,656.84
United States Government Deposits . . . . .	28,621,104.34	10,295,913.69
Other Public Deposits . . . . .	74,741,439.80	74,689,933.31
<b>TOTAL</b> . . . . .	<b>\$709,122,192.09</b>	<b>\$654,600,436.47</b>

#### OTHER LIABILITIES

Dividends Payable . . . . .	\$ 1,000,000.00	\$ 900,000.00
Income Collected in Advance . . . . .	6,716,335.14	4,182,241.56
Letters of Credit and Acceptances . . . . .	8,492,803.14	10,957,979.00
Accrued Interest, Taxes, Other Expense . . . . .	3,624,514.66	3,138,839.83
<b>TOTAL</b> . . . . .	<b>\$ 19,833,652.94</b>	<b>\$ 19,179,060.39</b>

#### CAPITAL ACCOUNTS

Capital Stock . . . . .	\$ 20,000,000.00	\$ 20,000,000.00
Surplus . . . . .	16,700,000.00	15,700,000.00
Undivided Profits . . . . .	6,184,414.81	5,133,952.99
Unallocated Reserves . . . . .	2,083,656.72	2,122,697.56
<b>TOTAL</b> . . . . .	<b>\$ 44,968,071.53</b>	<b>\$ 42,956,650.55</b>
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$773,923,916.56</b>	<b>\$716,736,147.41</b>

On June 30, 1953, securities carried at \$135,678,968.49 were pledged to secure trust deposits, United States Government and other public deposits, as required by law. On June 30, 1952, securities so pledged amounted to \$123,872,756.06.

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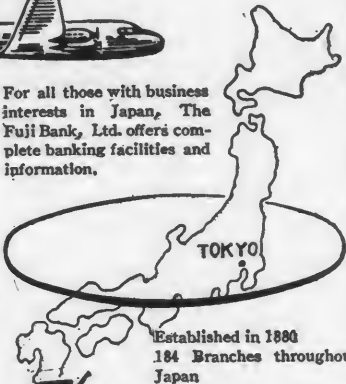
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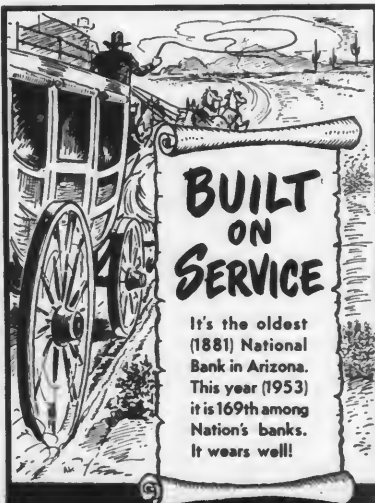
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**FOREIGN COMMERCE.** By *Harold J. Heck*. McGraw-Hill, New York. 501 pp. \$6.50. A college text integrating practical and theoretical aspects of international economics. The author is on the faculty of the College of Business Administration, Tulane University.

**AID, TRADE AND THE TARIFF.** By *Howard S. Piquet*. Thomas Y. Crowell, New York. 350 pp. \$5. The purpose of this study is to estimate "the probable effects on imports and domestic production of a temporary suspension of tariffs and quotas by the United States." Mr. Piquet, who is senior specialist, Legislative Reference Service, Library of Congress, finds that a temporary suspension would not succeed in solving the dollar gap problem. On the basis of 1951 trade data "imports might increase between \$1.2- and \$2.6-billion, against a dollar deficiency abroad of \$4.6-billion." He also says that probably more than 40 percent of the dutiable commodities now entering the country "would not be noticeably affected by tariff suspension." However, even if temporary suspension of tariff barriers would not close the dollar gap, "it might go far in that direction, and it would have an exhilarating psychological effect upon the other countries of the free world." The problem is to weigh total national interests against group interests, and decide which imports would be in the national interest.

**CHARTERED BANKING IN CANADA.** By *A. B. Jamieson*. Ryerson Press, Toronto. 372 pp. \$5. This book is intended as a replacement of *Canadian Banking* by the late E. L. Stewart Patterson. Part I covers the foundations and development of the system. Part II describes and analyzes general banking practices in the Dominion. Mr. Jamieson has had 43 years of experience in Canadian banking, the last 21 of which were with The Royal Bank of Canada.

**150 QUESTIONS FOR A PROSPECTIVE MANUFACTURER.** By *William M. Hoad*. Small Defense Plants Administration, Washington, D. C. 36 pp. 20 cents.

**HUMAN RELATIONS IN SMALL INDUSTRY.** By *John Perry*. Small Defense Plants Administration, Washington, D. C. 68 pp. 25 cents.

The Hoad pamphlet, using the question method, is designed to minimize the risk of overlooking important areas in planning a new venture. It suggests lines of investigation, but doesn't offer answers.

The purpose of the Perry booklet is to give operating managers a summary, illustrated with examples of "useful principles of human relations, together with some guides for applying them in each day's work."

**HOW TO RAISE CASH AND INFLUENCE BANKERS.** By *Arthur H. Richland*. Business Reports, Inc., Roslyn, New York. 126 pp. \$12.50. This book's aim is "to explain the banker's viewpoint to the businessman, to break down the kinds of money available to him into categories and to discuss them in plain words so that the ordinary man who has sales to get and payrolls to meet can read as he runs." Fifteen sources of operating funds are analyzed.

**A COMPANY GUIDE TO EFFECTIVE STOCKHOLDER RELATIONS.** American Management Association, New York. 58 pp. \$2. Written by security analysts, corporate executives and regulatory agency representatives, this manual is offered as a guide to developing a balanced stockholder relations program. There are sections on the security analyst's role and the impact of Federal law (the Securities Act of 1933 and the Securities Exchange Act of 1934) on the program.

**MONEY, MEN AND MACHINES.** By *Waddill Catchings* and *Charles F. Roos*. Duel, Sloan and Pearce, New York; Little Brown, Boston. 116 pp. \$2.50. An explanation of what money is and what it does, with emphasis on the need for wise money management.

**EUROPE AND THE UNITED STATES IN THE WORLD ECONOMY.** By *Robert Marjolin*. Duke University Press, Durham, N. C. 105 pp. \$2. Lectures given at Duke in the autumn of 1951.

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Copies of literature may be obtained by addressing requests to the company named, or to BUSINESS AIDS EDITOR, BANKING, 105 West Adams Street, Chicago, Illinois.

## Architectural Metals

A NEW brochure describing Kawneer architectural metals illustrates adaptations to bank and store fronts, doors, awnings, window cases, and many other modern uses. Drop a card to *The Kawneer Company, Niles, Michigan*, for a copy.

## Check Handling

WAYS to reduce check handling operations and costs are described in a new booklet, *The Proof Machine*, published by International Business Machines Corporation. The booklet contains a brief discussion of commercial banking operations, followed by detailed explanations of proof machine application to many phases of these operations. Proof department applications make up the largest section of the booklet, covering 16 types of work that can be simplified by mechanization. Illustrations, in addition to many forms and

charts, include a work-flow diagram for proof and distribution of checks with a simple floor plan showing ideal proof machine location. Available from *I.B.M., Department of Information, 590 Madison Avenue, New York 22, New York*.



## Dictating Equipment

*How to Communicate with People* is an entertaining, illustrated booklet, outlining the advantages and uses of The Gray Audograph by means of humorous discussions of less modern communication methods. The review lists seven dictating methods leading up to the advantages of the electronic dictating machine—ranging from “stone-age stenography” through “tom-tom telegraphy” to “plain oldfangled dictation.” You can get your copy by writing to the *Audograph Company of New York, Inc., 521 Fifth Avenue, New York, 17, New York*.

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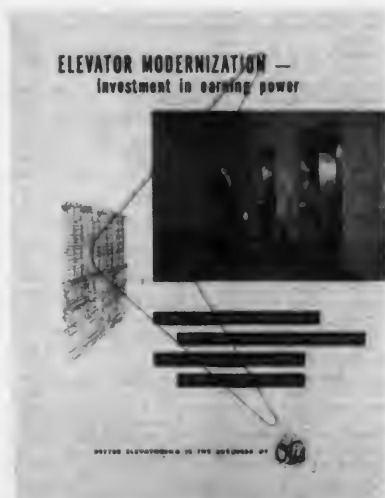
marks as an over-all background design. Write Todd for literature and samples.

## Glossary

A GLOSSARY OF TERMS used in methods, time study and wage incentives has been published by the *Management Research and Development Division of the Society for the Advancement of Management, 411 Fifth Avenue, New York 16*. This project seeks to establish a clearer understanding of the definition of words and terms used in this particular area of business management. Write the society for your copy.

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	Imports	Exports
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1952:	US. \$400,670,000	US. \$463,227,000

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61 BRANCHES

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# The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 32)

tude of future business adjustments.—JAMES M. DAWSON, *economist, The National City Bank of Cleveland, Ohio.*

## Limitations of Government Controls

I AM in general agreement with Mr. Burns that the business cycle will not disappear and that the Government is not able, under a private enterprise system, to assure full employment and a stable price level.

This country has a huge productive capacity at a time when the most pressing needs have been met. Any let-down, however, may be less severe than in other comparable periods. In other words, the peaks and valleys may be less pronounced but the swings of the business cycle will not be eliminated. For instance, the over-all Federal Reserve index of industrial production declined by 34 points, or 17 percent, in 1948-49, and the index of nondurable goods declined by more than 10 percent in 1951-52. Furthermore, the index of sensitive commodity prices declined by 28 percent in 1948-49 and by 24 percent in 1951-52. "Rolling" adjustments have taken place during the post-war period in most lines of nondurable goods, but no important correction has as yet been effected in the major sections of the durable goods industry. Since by their nature purchases of durable goods can be postponed, and as a large proportion of their sales are financed by the extension of credit, demand is subject to wide swings. Any let-down in the durable goods industry, therefore, has repercussions on the entire economy.

The role of Government in providing for stability is limited. Under a free society, the economy is dynamic. It is the consumer by his preferences who determines the type and amount of goods to be produced, which provide the basis for jobs to the workers. Our system operates on the basis of spontaneous and unconscious cooperation brought about by the exchange of goods and services, which is automatically regulated by prices and profits. The amount of goods and services to be offered, as well as compensation, therefore, is essentially determined by competitive conditions at the market place.

Our economy should continue to rest upon private initiative and free enterprise, the pillars upon which the American system was built and without which it cannot endure. This system, with all of its defects, is the best that has as yet been devised, and over the years has provided a high level of employment, except in the 1930s when the pump-priming program was adopted. That project drove job-creating capital into hiding, and the number of unemployed at the end of the decade aggregated around 10,000,000 persons, or nearly as many as when the pump-priming program began. Pump priming, like so many other programs of similar nature, depends upon credit as a panacea for our economic ills. But it would be merely a palliative instead of a cure.

Of course, the Government could provide work. Under feudalism and the old slave system everyone was

provided with steady work and security in old age. But the price paid was the loss of individual freedom. This same condition would prevail under any system of guaranteed work and security. In order to fulfill its promise, however, the Government would of necessity control prices, wages, production, location of industries, consumption and distribution of income, and the like. In fact, the economic affairs of the nation would be under the control and guidance of the party in power.

The advocates of full employment pay lip service to free enterprise and give assurances that private property would not be endangered by their proposal. But the necessary steps that must be taken to fulfill this program would mean a sharp extension of Government control covering practically all phases of our economy. Under this proposal, there would be a dual system whereby in effect private enterprise would produce the goods and the Federal Government would guarantee the markets through public expenditures. In other words, a system would be set up that combined the features of socialism and free enterprise. But such a mongrel system could not function, as the two components are mutually antagonistic. The net result would be that, as Government activities are extended, business enterprise would be forced to retreat until finally there would emerge a state-controlled society.

One of the principal obstacles to the Government's attempt to regulate the business cycle is that there will always be strong political pressure for the Government to put its "foot on the accelerator" to provide stimulation for business activity, but there would be strong opposition to applying the brakes or to making the necessary adjustments.—NICHOLAS E. PETERSON, *vice-president, The First National Bank of Boston, Massachusetts.*

## No Time for Complacency

PERSONALLY I am very much inclined to agree with Mr. Burns. I do not believe that it would be safe for us to become complacent and to think that we have yet discovered some magic by which the business cycle can be completely exorcised.—EARLE L. RAUBER, *vice-president and director of research, Federal Reserve Bank of Atlanta, Georgia.*

## Monetary Policy an Effective Tool

THIS is, of course, the \$64-billion question and, since we now find ourselves perched on the peak of the granddaddy of all booms, it seems to me it is a very appropriate time to air individuals' views—and to attempt to present a consensus of answers.

If one is to take the question 100 percent literally, the answer must be a resounding "No!" One is hardly cynical in agreeing that nothing is assured in the kind of world in which, as the scribe put it, "we live, move, and have our being." Mass attitudes obviously have so important a bearing on either sustaining or undermining the mass production at which we have become so adept in these United States that Arthur Burns appears to be correct in asserting there are inadequate grounds for believing that "business cycles will soon disappear" or that sharp contractions will never again take place.

One feels, however, that, particularly in the banking realm, we have accrued so much useful experience with respect to contracyclical policy that, despite its accepted limitations, monetary policy, if "given its head," can proceed with more confidence—and a certain measure of effectiveness—toward offsetting instability when it threatens. The year 1949's short but snappy recession provides a useful illustration, and the arrested price inflation of the past 12 months can hardly be dissociated from what seems to be generally regarded as an intelligent and strictly-applied blanket of credit restriction.

Other important factors lend themselves to apparently realistic optimism. There is the growing awareness on the part of the banking fraternity of the need for conformity to flexible monetary policy—which implies loan restriction on the upside and ease on the downside. In this connection, it is heartening to observe a more graceful and willing attuning of individual bank policy to national monetary policy.

Cooperation in the voluntary credit control program of 1951-52 then offered an excellent illustration; and general conformity to the relatively "tight" credit policy of recent months offers another. If, to this, we add the more phlegmatic or sophisticated attitude on the part of the American people and their refusal (since late 1950) to be stampeded by either war or peace "crises," we can be more confident that a tradition of composure is being developed which would aid substantially in restricting the swinging arc of either future booms or depressions. To be sure, what has been dubbed the "built-in inflationary bias" and the idolatry of "full employment" remain, but we tend to forget that these in themselves may be useful influences dictating prompt and precise action against the more-to-be-feared menace of the deflationary spiral.—CHARLES W. WILLIAMS, *vice-president, Federal Reserve Bank of Richmond, Virginia.*

#### Tools? Yes, But Only Time Will Tell

I AM keenly aware that neither my opinion nor a hundred others will make Mr. Burns' statement one whit less true or untrue. Only the passage of a considerable amount of time will answer the question.

Really there are two questions: (1) Do we have the tools to avoid a serious business decline; and (2) are we willing and intelligent enough to use them? My answers in brief would be: (1) yes, and (2) probably.

I think first of all that the economy is stronger today than previously in periods of prosperity. The financial structure is vastly improved through limits on speculation, guarantee of Government supports to various possible weak spots, and more flexible operation of the Federal Reserve System. The rather substantial redistribution of income in the past generation makes for greater stability in the event of a downturn. This is the result partly of deliberate measures to distribute a greater proportion of income on the basis of need, partly of greater bargaining power for labor, and partly the operation of progressive taxation in a period of war and war preparation. There is also stability in the greater amount of long range planning by business. And finally, an important and vulnerable section of the economy is bolstered by the

commitment to maintain basic farm prices either at present or somewhat lower support levels.

Despite Mr. Burns' comments, quite true, about our limited experience with contracyclical policy, etc., there is certainly far greater knowledge and understanding of the economy today than a generation ago. The tools available through fiscal and monetary policy are not different, but they are better understood. There is also general agreement that these tools should be used, and if necessary supplemented by large scale public works, incentives to private investment, and other measures to combat depression.

Our knowledge is far from perfect, but I think it is adequate to moderate business cycles if we use it as well as we know how. This runs up against some practical difficulties of democracy. If times are bad we can expect that all of the tools will be used to make them better, but it is much more difficult politically to exert influence in the other direction to slow down a boom. In the long run we cannot prevent depression unless we check excesses during prosperity. That is likely to be unpopular, just as the present policy of tighter credit is unpopular; but here again there is better understanding than there would have been a few years ago. Barring the possibility of another war, which would be disastrous, I am hopeful that we will sufficiently restrain excesses. "Virtually full employment and a virtually stable price level" are ideals which probably cannot be sustained indefinitely, but violent swings can and should be controlled.

In summary, I cannot disagree strongly with the statements from Mr. Burns, yet I am somewhat more hopeful. In his new assignment it is natural that he should see the practical difficulties and appropriate that he should be modest. Economists who do not share his responsibility can be more optimistic about the role of economic science in moderating business cycles.—MINER H. BAKER, *assistant vice-president, economist, Seattle-First National Bank, Washington.*

#### Difference Between Easing and Preventing

STUDENTS of the business cycle have not yet succeeded in formulating a theory explaining the reasons for alternating periods of prosperity and depression. Further research in this field should be carried on by private and governmental agencies because, while the basic problem may not be solved, much is being learned about the factors influencing business trends.

Even though we lack sufficient knowledge to devise programs to eliminate the business cycle, certain measures have been adopted which will ameliorate some of the effects of business depression. But to concede that these measures might lessen the shock of declining industrial activity is not the same thing as saying that they will prevent a depression.

Finally, it should be emphasized that contracyclical measures, as well as ameliorative measures, should be considered not only from an economic point of view but from a more general point of view. Some of the measures suggested may have undesirable political and governmental results. We must guard, for example, against measures giving economic security at the expense of political freedom.—GEORGE W. COLEMAN, *economist, Mercantile Trust Company, St. Louis.*

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