

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1958



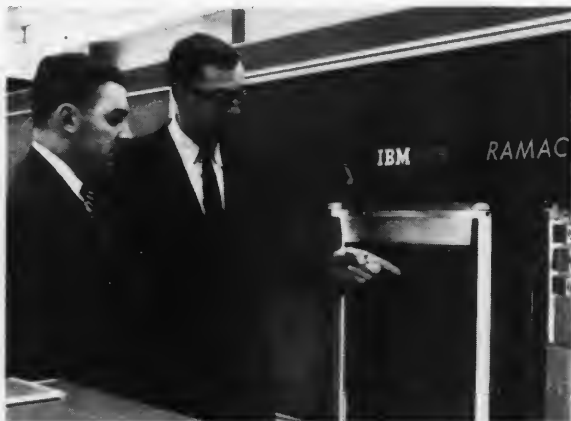
**Motor Banking Has
Come a Long Way**

(pages 3 and 38)

**HOW WORCESTER COUNTY TRUST
GETS FAST INSTALLMENT LOAN
PROCESSING AND TIGHTER ACCOUNT
CONTROL WITH IBM 305 RAMAC®**

Today, at Worcester County Trust, twenty-seven thousand installment loans are handled faster and with a greater accuracy and tighter control than ever before by the new IBM 305 RAMAC electronic data processing system. Plan for the future includes the complete electronic data processing of Demand Deposit Accounting.

Here are Worcester County Trust's answers to questions you may have on IBM electronics for installment loan accounting:



Worcester County Trust Assistant Vice President Theodore K. Keith (left) listens as an IBM representative explains how the RAMAC disk unit "remembers" millions of facts and figures and makes them instantly available.

Q. How does RAMAC simplify Worcester's handling of installment loans?

A. RAMAC gives two vital and primary exception controls and a simplified input procedure—that we could not have without it. *First*, we not only experience a greatly increased accuracy, but we also get the automatic signaling of delinquencies. *Second*, we get automatic control of marginal dealers. Now we know any dealer's reserve status because we can now simultaneously post to both the dealer's and the individual's account. And an important final point: the new borrower's pre-punched IBM coupon book assures fast, accurate and automatic posting of payment data.

Q. Just how has RAMAC improved the handling of delinquencies?

A. Now we can search all accounts on the RAMAC file in a matter of minutes—at any time! This means delinquencies can't slip by. We know about them all. Any banker knows what this means.

Q. What has been the effect on dealer loans?

A. Marginal dealers are the Number One problem. With RAMAC we now know, before granting a loan, a dealer's total direct and indirect liability *as of the very moment we are considering the loan!* This was impossible before RAMAC.

Q. Aside from the things you mentioned, has the RAMAC meant anything in the way of cash savings?

A. It most certainly has. Of the RAMAC rental costs, 75% was recovered in the savings on installment loan accounting procedure. You can't put a dollar sign on the other things I mentioned . . . and there are times when I think they are even more important.

Q. Just one more question. How about training and switching over to RAMAC—wasn't this a problem?

A. As you know we are not new to IBM systems. We had the personnel with experience. All we needed was the special training in the RAMAC programs and procedures. Three of our people went to IBM classes for a week. And, of course, your representative worked closely with us before and after installation. Our switch-over was smooth and swift . . . and the cost was surprisingly low.

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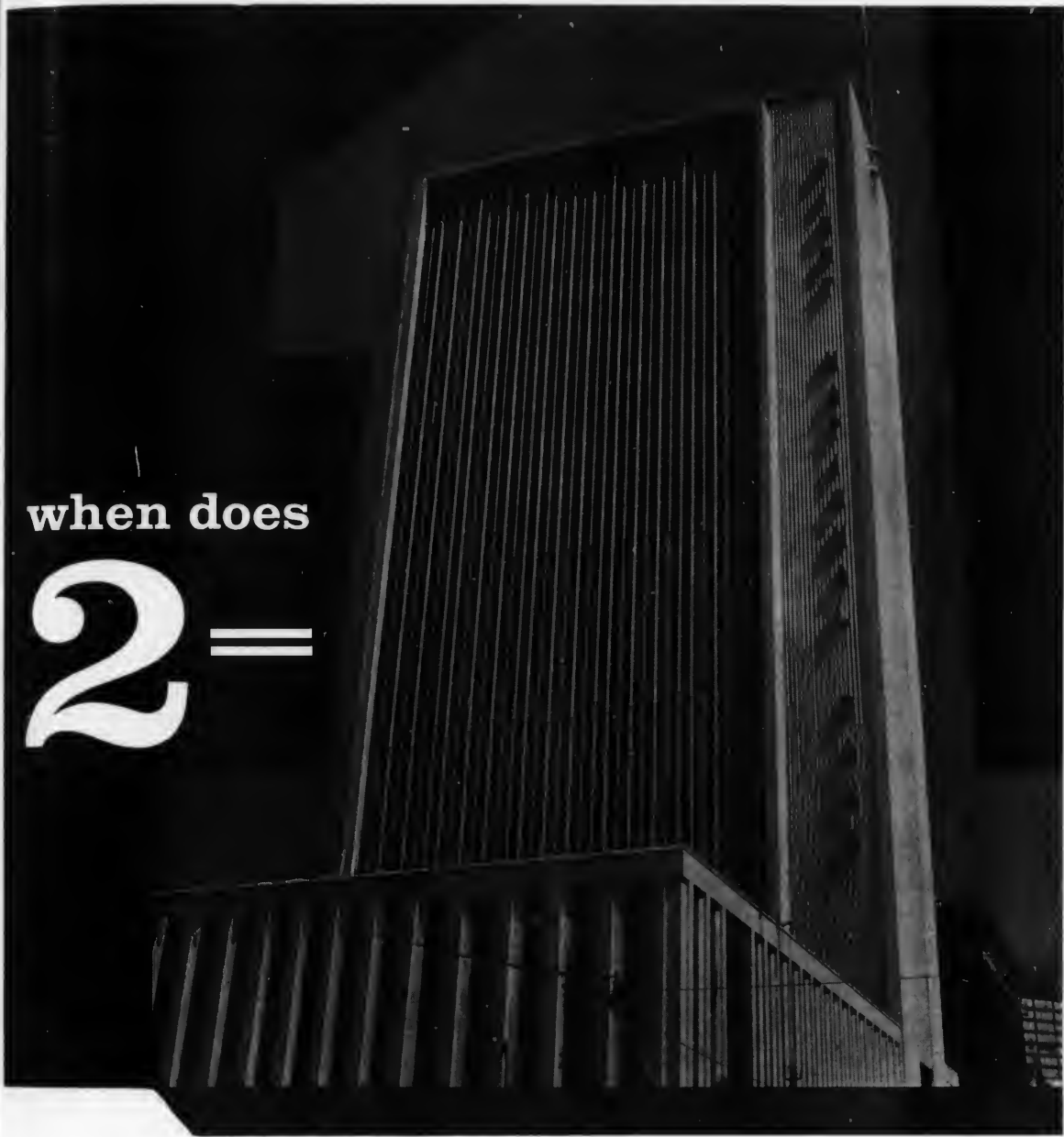
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DENVER, COLORADO

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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In This Issue

That Common Machine Language

An announcement of interest to all banks comes from the A.B.A. Bank Management Commission's Technical Committee on Mechanization of Check Handling. It reports agreement on a type font to be used in printing magnetic ink on checks. However, there is to be an extensive field test of the font and of "the accuracy, tolerances, and economy of the printing and imprinting" before the final specifications are made public. Story in "Banking News," page 88.

How Automatic Is Automation?

Forde Steele's article this month shows how a fully automated accounting system looks and works. Setting up a complete procedure, he carries a batch of "on us" checks through the work flow chart. These systems, he points out, "neither eliminate manual operations nor are they simple." However, if your volume is large enough "complete automation of checking accounts will save money for the bank." Page 45 is the location of "The Extent of Automation in Commercial Bookkeeping."

Big Banks, Smaller Banks

The August "Operations Report" (page 42) includes considerable material on automation. There are pieces on how one large bank is using a computer in a service center to process equipment trust data; conversion to alpha-numeric electronic posting in a smaller bank; account coding for banks with 1,600 or more accounts.

Your Picture on Your Check

In this month's "Ideas at Work" there's a little story that may have a big potential. At the Louisiana National Bank, Baton Rouge, it's possible to have your photograph on your personal check. The cost is small, the identification perfect, and the build-up of your ego—well, maybe that's a factor, too. Story and picture on page 65.

September

Next month's BANKING is the Annual Report and Outlook Issue, a perennial that precedes the convention of the American Bankers Association.

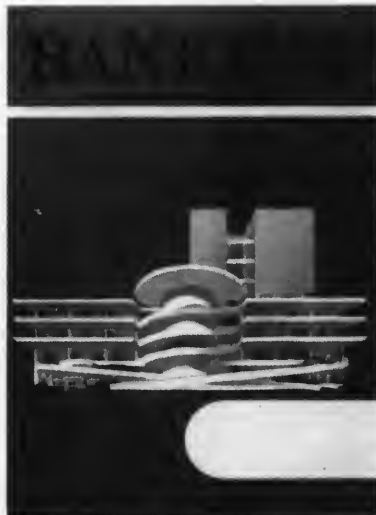


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Chicago Office (John J. McCann), 33 South Clark Street, Chicago 3, Ill.; Washington Office, 730 Fifteenth Street, N.W., Washington 5, D.C. Subscriptions: \$5.00 yearly; Canada, \$5.50; foreign, \$6.00; single copies, 50 cents. Entered as second-class matter at the Post Office, 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.

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THIS MONTH'S COVER

The striking building on our front cover is a drawing of the Texas Bank & Trust Company of Dallas, designed by the Bank Building and Equipment Corp. of America. The criss-cross ramps lead to basement and upper-level parking areas. Basement parking permits direct access to the safe deposit department. Entrance to drive-up facilities is at the street level, where there are five island-type installations. The second article in BANKING'S series on motor banking appears on page 38

BANKING'S Investment Forum

Construction's Basic Role In Current Investment Outlook

BUSINESS observers watch the trends of building permit values not only for their significance in the construction trades but also because so many other services and products are affected by the general volume of construction activity. From financing to fire underwriting, from equipment manufacturing to landscaping services—a high volume of construction activity spells increased business and investment opportunities.

This material is prepared for BANKING by Dun & Bradstreet, Inc.

The vital part that construction is playing, and will play, in helping our economy recover from the recession is underlined by the fact that dollar building permits for 217 U. S. cities during May 1958 amounted to \$648,000,000, the highest monthly total on record. This was up nearly 10%

over the previous month, and more than 15% over May 1957. Permit values for January 1 to June 1 of this year for 217 cities totaled \$2.7-billion, an increase of nearly 5% over the corresponding period of a year ago.

The dollar total of building permit values for 217 U. S. cities for June 1958 amounted to \$701,000,000, compared to \$544,000,000 for June of last year. This brought the 6-month total for this year to \$3.4-billion, compared to \$3.1-billion for the first half of 1957.

Permit value figures include public and private construction, industrial and residential plans. They are authorizations by local governments to initiate and build construction of all types, and are therefore a close, short-range guide to future construction activity.

[New nonfarm housing starts rose 3.27% in the first half of 1958 by comparison with the first six months of 1957. The June total was 115,000, whereas the June 1957 total was 99,900, according to the Bureau of Labor Statistics. The 6-month total for 1958 is 530,400, compared with 513,600 in the first half of 1957. Public units started were 36,000 and 28,300, respectively. See page 93.—Ed.]

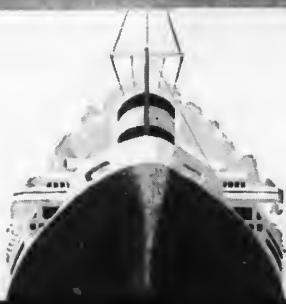
When it comes down to the individual projects for which permits are requested, the rewards and hazards involved are legendary. Fortunately it's rare for one of those "sky high" cranes to collapse during the erection of a business structure. And it's rare for a residential builder to start excavating for an expensive house to be built on speculation and tap a high volume spring!

(CONTINUED ON PAGE 6)

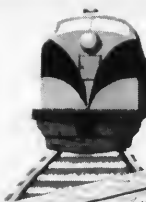
Permit Values in \$ Million

	Jan. 1- June 1 previous 1958 year	% Change from June 1 previous 1957 year		Jan. 1- June 1 previous 1958 year	% Change from June 1 previous 1957 year
New York, N. Y.	\$338.9	+ 1.0	San Jose, Calif.	24.4	- 1.1
Los Angeles, Calif.	252.5	+10.0	San Antonio, Texas ..	24.3	+ 6.8
Chicago, Ill.	92.6	-37.9	Kansas City, Mo.	24.3	+44.2
Houston, Texas	92.0	- 5.0	Minneapolis, Minn. ...	23.9	+35.3
San Diego, Calif.	71.0	+26.8	Memphis, Tenn.	23.7	+52.0
Dallas, Texas	55.9	+ 7.6	Indianapolis, Ind.	23.3	+14.1
Atlanta, Ga.	48.6	+74.4	Oklahoma City, Okla..	21.3	+60.4
Portland, Ore.	47.0	+74.7	St. Louis, Mo.	21.3	+50.5
Columbus, Ohio	44.0	+56.6	Cincinnati, Ohio	20.6	-42.3
Oakland, Calif.	41.3	+68.7	Tulsa, Okla.	20.4	+54.2
Philadelphia, Pa.	40.2	- 5.3	Newark, N. J.	20.2	+69.7
Seattle, Wash.	39.3	+39.7	Omaha, Nebr.	19.8	+10.2
New Orleans, La.	34.9	+19.4	Boston, Mass.	19.8	+50.8
Denver, Colo.	34.3	+14.1	Fort Worth, Texas ...	19.6	-16.9
San Francisco, Calif..	34.0	+ 4.3	Birmingham, Ala. ...	19.5	+17.0
Washington, D. C. ...	33.2	+25.1	Austin, Texas	19.4	+ 6.9
Milwaukee, Wis.	32.7	-27.8	Pittsburgh, Pa.	18.4	-20.0
Long Beach, Calif. ...	28.6	+10.9	St. Paul, Minn.	17.4	+16.2
Baltimore, Md.	27.9	-35.7	Sacramento, Calif. ...	15.4	+66.2
Cleveland, Ohio	27.3	+ 9.7	Akron, Ohio	14.0	-16.1
Albuquerque, N. Mex.	27.3	+95.0	Phoenix, Ariz.	13.2	+24.2
Miami, Fla.	26.4	- 5.0	Salt Lake City, Utah.	12.7	+69.4
Detroit, Mich.	25.6	-46.7	Greensboro, N. C.	12.5	+81.7
Tampa, Fla.	25.4	+24.7	Nashville, Tenn.	12.3	+37.0
El Paso, Texas	24.9	+86.8	Wilmington, Del.	12.0	+13.9

Source: Bus. Econ. Dept., Dun & Bradstreet, Inc.



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checks help make the wheels go 'round. Freight must be paid or goods do not move... and most payments in the \$16-billion* transportation business are made by check. And checks on La Monte Safety Paper provide the safest means of money transfer... the first choice for several generations of leading banks serving American industry.

*Actual Income—\$16,713,000,000
Source: U. S. Dept. of Commerce
Survey of Current Business, July, 1957

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(CONTINUED FROM PAGE 4)

But this has happened. And in the area of human frailty, a construction concern got involved, not too long ago, with a bonding company in a dispute over quality of work, resulting, it was claimed, from the fact that construction concern principals "were lacking either in experience or attentiveness." Before the dust settled, several other bonding companies refused to bond other jobs for that company.

Returning again to the general picture of building expectations, the dollar permit values for the first five months of this year, and a percentage comparison with the same months of last year for 50 important U. S. cities, are shown on page 4.

Some of the human values behind the building permit values were suggested by one banker who noted that both appearance and performance of employees improved after the branch moved into a beautiful new building.

From the classic design of the First State Bank and Trust Co. of Eastis, Fla. to the functionally triangular-shaped drive-in of the Citizens State Bank, Sturgis, Mich., from the striking exterior of the First Western Bank of Los Angeles to the Peoples National Bank, Barre, Vt., with photos of local industry displayed behind the semi-circular tellers' counter — banks have been contributing to building permit statistics, and new bank buildings have added utility and architectural beauty to their communities.

U. S. Business Investments Abroad

A SECOND postwar survey of American business investments abroad is now being undertaken by the Office of Business Economics of the U. S. Department of Commerce.

United States business firms and other U. S. residents having investments in foreign branches, subsidiaries and associated companies as of December 31, 1957, are being asked to file returns by August 31, 1958.

Information to be collected in the new survey will provide a complete measure of the size and composition of these investments. At the time of the last Commerce survey in 1950, U. S. private direct foreign investments had a book value of about \$12-billion. Since that time, it is estimated that this amount has approximately been doubled.

Data to be developed will show in detail the way this growth has been distributed among countries and industries, and will provide basic statistics for the compilation and understanding of the balance of payments between the United States and foreign countries. These statistics are essential for programming the foreign operation of the U. S. Government, and provide basic guides for the many firms that now have or are contemplating the establishment of productive facilities abroad.

This survey is mandatory, and reports must be filed by those persons and business concerns having the type of foreign business investments mentioned above and specified in more detail in the instructions available with reporting forms. In general, reports are required from each United States resi-

dent having a direct interest of at least 10%—or in conjunction with U. S. or foreign affiliates, an interest of at least 25%—of the voting securities, or other certificates of ownership, of a foreign business organization. Such foreign organization may take the form of direct proprietorships, partnerships, foreign branches, or foreign-incorporated enterprises.

It is particularly important that banks and others who act as trustees or administer estates take note of the following section of the instructions:

"2. Estates and trusts.—Direct foreign investments held by a domestic estate or trust, i.e., an estate or trust created under the laws of the United States or any subdivision thereof, shall be reported by the fiduciary and not by a beneficiary. Such property must be reported whether or not any beneficiary is subject to the laws of the United States or any subdivision thereof. Any trust actually created in the United States, even though the trust instrument provides that the trust shall be subject to the laws of a foreign country, must report."

Completed reports are to be filed by August 31, 1958, with the Office of Business Economics, U. S. Department of Commerce, Washington 25, D. C. Additional information and copies of the forms and instructions may be obtained from that Office or from Commerce Department field offices throughout the United States.

Details of the survey were published in the *Federal Register* dated Tuesday, July 1, 1958.

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GOVERNMENT BONDS

Market Hits an Air Pocket . . . Rumors of Change in Federal Policy . . . Excess Speculation in New Issues . . . Treasury Buys Back Bonds . . . Open Market Committee Gets Busier . . . Treasury Bills Stay Under 1% . . . New Financing Due . . . Outlook

MURRAY OLYPHANT

IN July, general opinion seemed quite unanimous that the recession in business was "bottoming out." Opinion was more diverse as to whether recovery was imminent or would be delayed for some time. A Presidential economist expected the economy to "mill around in the summer." True, personal income continued to rise as the result of some improvement in total employment, plus heavy payments from the social security and unemployment trust funds. Consequently, consumer expenditures held up well and there was a small rise in industrial production.

On the other hand, there was the prospect for seasonal declines in the steel, automobile and other industries, while liquidation of inventories still did not seem to have gone far enough to warrant the belief that they would soon need replacement. Some decline in business expenditures for new plant and equipment was still expected but had not yet occurred.

Favorable business factors do not yet seem to be doing more than balance the unfavorable. Hence there is really no change in the credit situation. The supply of credit is still in excess of demand.

Under the circumstances the sudden decline in the Government bond market can only be accounted for by the unfortunate development of several unexpected and probably temporary occurrences.

Market Hits an Air Pocket

Comparing prices as of June 3 with those of July 7, sharp declines had been registered throughout the whole list.

Moreover, the recently issued 2 $\frac{5}{8}$ % bonds 1965 had declined below 99 $\frac{1}{2}$ and the 3 $\frac{1}{4}$ % bonds 1985—issued at 100 $\frac{1}{2}$ —were off to 99 $\frac{1}{2}$.

This behavior of the Government market carried over into the corporate and municipal bond area and forced some syndicates to close out their commitments for new issues at a loss.

To get some idea of what happened, take a look at the results of the recent refinancing of about \$9.5-billion of Government maturities:

Heavy Speculation in New Issue

Maturity holders could exchange for either 1 $\frac{1}{4}$ % certificates 5/15/59 or 2 $\frac{5}{8}$ % bonds 2/15/65. It was ex-

Treasury Financing: 1-Year 1 $\frac{5}{8}$ % Certificate

THE Treasury announced on July 17 that it would offer a 1-year 1 $\frac{5}{8}$ % certificate in exchange for \$16,264,000,000 of certificates and bonds maturing on August 1 and September 15.

Officials said the offering took the form of a single 1-year certificate because the bond market had been "congested" and needed a "rest."

It was also announced at the same time that the Treasury would shortly obtain new cash with the offering of a security "due in a year or less," and "in the general magnitude" of \$3-billion. This would carry the Treasury over until early October. It was said that a tax anticipation bill or certificate was a possibility for the cash offering.

The Federal Reserve System owns nearly half of the August and September maturing issues.

pected that their choice might be perhaps for more of the 2 $\frac{5}{8}$ % bonds than for the 1 $\frac{1}{4}$ % certificates, but the final figures showing that over \$7,300,000 of the 2 $\frac{5}{8}$ % bonds and only about \$1,800,000 of the 1 $\frac{1}{4}$ % certificates had been taken was a shock both to the Treasury and the market.

Apparently "joy riders" hopped on the bandwagon to an utterly unexpected extent and, in many cases, without sufficient resources to margin their allotments when payment date arrived.

During the period that the two new issues sold on a "when issued" basis, a premium of nearly half a point developed for the 2 $\frac{5}{8}$ % bonds; while the longer-term 3 $\frac{1}{4}$ % bonds, which had been sold for cash at 100 $\frac{1}{2}$, rose to 101 $\frac{1}{4}$.

Unjustified Rumor of Change in Money Policy

Just about as payment date arrived, a financial article with a Washington date line strongly hinted that a shift in Federal Reserve policy was imminent. Money conditions had been a little tighter over the mid-month, so the story got credence from bondholders, many of whom were decidedly over-extended in their commitments for the new issues. It was quite obvious that not far from \$7.5-billion of the new 2 $\frac{5}{8}$ % bonds had not been taken for investment accounts and equally clear that there was going to be an immediate oversupply in the market—and there was!

Just as soon as payment for the bonds had to be made, offerings of the bonds in the market increased.

(CONTINUED ON PAGE 12)



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Starting Age	Chances of Not Living to Pay Off a 20-Year Mortgage	
25		1 out of 10
30		1 out of 8
35		1 out of 6
40		1 out of 4
45		1 out of 3

selves have shaped the Plans we now offer. They are professionally engineered to simplify all service features for the participating institutions. Recommendation of a Plan for you is made after careful study of your operations and your wishes.

For a home lender, Mortgage Redemption Insurance lessens home mortgage risks *at no cost* to your in-

stitution. It removes the natural fears of a family undertaking what is normally its largest financial obligation. It is persuasive proof of friendly interest in your customer's welfare.

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(CONTINUED FROM PAGE 10)

By June 24 the price of the 2½% bonds had dropped to about 99¼% and the 3¼% bonds were down to about 99½%. For several days the market actually was quite demoralized—so much so that the Treasury found it necessary to buy back some of the bonds.

Treasury Buys Bonds

Altogether the Federal Reserve bought nearly \$600,000,000 of bonds for Treasury accounts as follows:

\$456 million	2½% bonds 1965	— for retirement
\$133½ million	2¼% bonds 1965	— for Treas. inv. acct.
\$ 4½ million	3¼% bonds 1965	— for Treas. inv. acct.
\$ 3¼ million	other bond issues	— for Treas. inv. acct.

\$598½ million

These purchases together with the cash payment for about \$356,000,000 of the maturities which were not exchanged cost the Treasury not far from \$1-billion, but the general fund of the Treasury had nearly reached \$10-billion after June 15, so there were ample funds for the purpose.

These purchases brought some temporary stabilization in the market, but by July 8, as further liquidation of speculative holdings continued, the price of the 2½% bonds had dropped to about 98⅞% and of the 3¼% bonds to about 98¾%, while the entire list of other issues were quoted appropriately lower.

Thereafter the worst seemed to be over and prices started to improve.

Treasury Bills Stay Under 1%

The record for the weekly sales of Treasury Bills was as follows:

Date Offered	Average Cost
June 2	.723%
June 9	.841%
June 16	.953%
June 23	1.006%
June 30	.768%
July 6	.934%

The bills cost a little more over the mid-month but less thereafter. From time to time there was an increase in repurchase agreements with the Federal Reserve but none were outstanding by July 2. The average cost for the month was a little less than in May.

Open Market Committee Gets Busier

From June 4 to July 2 the OMC added almost \$1,200,000 to the Federal Reserve portfolio. During that period, money in circulation was up

Canadian Government Offers Record Refunding Program

THE Canadian Government has announced a voluntary exchange program offering new bonds for old in the amount of \$6,400,000,000, involving 40% of Canada's national debt. Holders of all World War II Victory Loan bonds, a 3% issue, were offered a choice of 4½%, 4¼%, 3¾% or 3% longer-term non-callable bonds, plus a cash adjustment, depending upon which issue they use for the exchange.

The Victory bonds still outstanding consist of five issues, maturing in 1959, 1960, 1962 and 1966, unless called for payment earlier at the option of the Government. The plan, as explained by Donald Fleming, Minister of Finance, and by Prime Minister John Diefenbaker, is aimed at reducing the amount of government borrowing to be done over the next five years.

about \$180,000,000, while the gold supply was down about \$244,000,000; so the OMC bought more than twice as much as needed to offset these two factors.

On average the float remained fairly constant. The "free" reserves of the banks averaged nearly \$500,000,000 for the period, or just about where they have been maintained for some months.

Outlook

It may take some time for the market to recover from the effects of such a speculative binge—perhaps not until the next financing by the Treasury is out of the way. That prospect still has its uncertainties.

What many hope is that the Treasury will get over its hush-hush attitude and make some preliminary announcement of its intentions.

But the real answer will be found in the behavior of the economy. If business just drifts along for the next several months and shows no more than moderate seasonal improvement in the final quarter of the year, then it could well be that the present flop in bond prices will prove to have been a real buying opportunity.

On the other hand, should the economy develop a substantial pickup, then perhaps we have seen the peak of bond prices. But is there any real likelihood of such a pickup?

POSTAL BILL PASSED INCREASE ON AUG. 1

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today for
complete
information

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Indianapolis 6, Indiana

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The Investment Markets

H. EUGENE DICKHUTH

A MOST unusual thing happened in the first half of this year. Stock prices went up, corporate bonds rose, and Governments gained, too. This was contrary to the usual pattern, in which rising equity values produce weak bond markets, and vice versa. This year's market movements, though, were a logical adjustment which returned the fixed income list of securities to their more or less traditional yield relationship with stocks.

FR Policy Dominant

At this writing, Federal Reserve policy continues as one of the most dominant factors in the investment markets, as it has been in the past. Changes in monetary policy always have an impact on securities' prices and yields. When the tight money policy was thrown overboard in favor of active ease, bond portfolio managers smiled as they saw their book losses diminishing.

This trend of ease came to a halt recently because of a story out of Washington with a somewhat exaggerated headline. It spoke of an impending reversal of policy rather than a halt, and it threw the market for a loop. Uncertainty has continued since then to the point where issues scheduled to come to the market had to be postponed because bidders were not sure of themselves. Such an atmosphere is often created deliberately by "open mouth" operations rather than Federal Reserve open market operations, one belying the other. This is the present state of affairs. Fortunately, it comes during the proverbial summer lull which besets the underwriting fraternity every year at this time. It may be described as a period of watchful waiting.

Despite all talk of recession and lower corporate earnings, cash dividends, paid by companies listed on the New York Stock Exchange, were the highest for any first quarter in history. The total was \$2,179,860,580, which represented an increase of more than \$43,000,000 over the first three months of 1957.

Almost 80% of 1,095 common stocks listed paid cash dividends during the first quarter. Of these, 252 paid higher amounts than in the preceding year, 536 were unchanged, and 82 paid less. A total of 44 companies which had paid first quarter distributions to stockholders in 1957 paid none in the comparable 1958 period.

The greatest declines in dividends were reported in mining, off 24.4%; textiles, down 24.1%; and railroads and railway equipment, minus 15.2%.

By industrial classifications, 19 groups paid larger first quarter dividends this year than last, including financial companies, which led the parade with 38.6%; office equipment, up 19.8%; shipbuilding and operating, up 14.6%, and retail trade, up 11.7%.

In dollar amounts, the largest first quarter dividends were paid by public utilities, with \$442,000,000, followed by the petroleum and natural gas industries, \$342,000,000 and chemicals, \$254,000,000.

Bigger & Better Expansion Plans

Despite a decline in over-all industrial expenditures for new plant and equipment, the leading utilities have bigger and better expansion plans. A study made by "The Exchange" magazine shows that 25 companies surveyed have budgeted capital expenditures for 1958 of \$1,914,800,000. This is a 20% increase over last year.

New issue business in the first half of the year held just about steady. June alone, however, was the smallest for the month since 1955.

The first six months of 1958 were one of the best for New York Stock Exchange brokers. Stock transactions totaled 297,846,276 shares. This volume was exceeded only by the 298,497,687 shares traded in the first half of 1956 and by the comparable 1955 volume of 359,688,156 shares, going back to 1940 that is, recordwise.

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TOTAL RESOURCES

-and now!

June 30, 1958

MORE THAN **ONE
BILLION
DOLLARS!**

June 30,
1957

925.7
MILLIONS

June 30,
1956

886.9
MILLIONS

June 30,
1955

820.9
MILLIONS

June 30,
1954

524.5
MILLIONS

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First Western Bank

AND TRUST COMPANY

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Member Federal Deposit Insurance Corporation

First Western Bank

AND TRUST COMPANY

STATEMENT OF CONDITION

June 30, 1958

ASSETS

CASH AND SECURITIES:

Cash and Due from Banks	\$ 88,491,622.92
United States Government Securities, direct and guaranteed	296,914,811.92*
Federal Agency Securities	28,144,708.80*
State, County, and Municipal Securities	91,003,872.64*
Other Securities	245,502.82*
TOTAL	\$ 504,800,519.10

LOANS:

Real Estate Loans (Guaranteed or insured by the United States Government or its Agencies)	\$ 167,449,409.58
Other Real Estate Loans	117,373,587.89
Loans and Discounts	188,140,172.35
TOTAL	\$ 472,963,169.82

OTHER ASSETS:

Income Earned, but not Collected \$	5,466,130.40
Bank Premises and Equipment	20,470,958.06
Other Real Estate Owned	728,439.46
Customers' Liability under Letters of Credit and Acceptances	624,579.14
Other Assets	835,645.91
TOTAL	\$ 28,125,752.97

TOTAL ASSETS \$1,005,889,441.89

LIABILITIES

DEPOSITS \$ 921,500,505.08

OTHER LIABILITIES:

Accrued Interest, Taxes and Other Expense	\$ 3,840,230.82
Income Collected, but not Earned	6,051,568.42
Letters of Credit and Acceptances	624,579.14
Other Liabilities	715,933.65
TOTAL	\$ 11,232,312.03

RESERVE FOR POSSIBLE FUTURE

LOAN LOSSES \$ 4,331,213.51

CAPITAL ACCOUNTS:

Capital Stock	\$ 27,674,275.00
Surplus	31,131,749.50
Undivided Profits	10,019,386.77

TOTAL \$ 68,825,411.27

TOTAL LIABILITIES \$1,005,889,441.89

* \$175,172,000.00 principal amount deposited as security for public and trust deposits and for faithful performance of court and private trusts.



Service comes FIRST with FIRST WESTERN

OFFICES THROUGHOUT CALIFORNIA



Heard Along Main Street

*This department is compiled by
MARGUERITE BECK of BANKING'S staff.*

For space reasons, BANKING regrets that it must arbitrarily limit, in any one issue, the number of items used covering important personnel changes in the banks of the country. Many must be held over.

About People

BENJAMIN P. TERRY, from assistant vice-president to vice-president, Connecticut Bank & Trust Co., Hartford.

RUSSELL G. WALLACE, from assistant vice-president to vice-president, Lincoln National Bank, Chicago, Ill.

FRANK A. BARNETT, National Bank of Tulsa, Okla., becomes vice-president.

FRANKLIN D. PRICE, from controller, First National Bank in Dallas, to vice-president, Texas National Bank.

POMEROY DAY, partner in law firm of Robinson, Robinson & Cole becomes executive vice-president, Connecticut Bank & Trust Co., Hartford.

ROBERT L. BROVEY, from executive vice-president to president, Sabine National Bank, Port Arthur, Texas.

ROBERT B. SILLECK becomes vice-president, First National City Bank, New York City; RODERIC B. SWENSON becomes vice-president.

ARCHIE J. SMITH, JR., from assistant treasurer, Louisville (Ky.) Trust Co. to vice-president, Guaranty Bank & Trust Co., Florence, S. C.

WILLIAM J. CHESTNUT becomes

president and chairman, Second National Bank, London, Ky.

CHESTER MAIER becomes vice-president, Miami (Fla.) National Bank.

ROBERT J. ZIMMER, from vice-president to president, First National Bank of Mason City, Iowa, succeeding DOUGLAS G. SWALE, who resigned.

JOHN REILLEY becomes senior vice-president, First Pennsylvania Banking & Trust Co., Philadelphia.

WILLIAM V. MCKINZIE, president and chief executive officer, Steel City National Bank, Chicago, also becomes chairman.

ERNEST E. SENFT, becomes vice-

Belle S. Hamilton Retires

MRS. BELLE S. HAMILTON, assistant cashier, First National Bank of Leesburg, Fla., and for many years a frequent contributor to the pages of BANKING, has retired from her position with the bank.

As well as handling First National's advertising, Mrs. Hamilton worked with its officers on public relations and handled news stories for the bank. For 16 years she has written "Tell-Tale-Teller," a weekly column in the *Daily Commercial*, a Leesburg newspaper.

Before joining the bank, Mrs. Hamilton had been a court reporter, secretary to two different chambers of commerce, and a reporter for several large Florida newspapers.

president, First National Bank & Trust Co., Tulsa, Okla.

ARTHUR R. ROBINSON, from Wertheim & Co., New York City, to vice-president, Industrial National Bank of Providence.

RICHARD A. BYERLY becomes director of research, NABAC Research Institute, Chicago.

SIGURD UELAND, vice-president, counsel, and secretary, Federal Reserve Bank of Minneapolis, retires.

(CONTINUED ON PAGE 20)

Main Street—Deadwood, S. D.



There's plenty of rough, tough action seen and heard along main street in Deadwood, S. D., every August when citizens of the surrounding area pay tribute to the original settlers and rough living of 1876 Deadwood, with a rodeo, historical parade, and reenactment of the "Trial of Jack McCall," Wild Bill Hickock's killer. That horse and wagon, above, are probably headed straight to deposit some gold in the bank, whose sign takes its place among those of the dentist, liquor store, and various other establishments along 1876 Deadwood's main street



CONTINENTAL ILLINOIS NATIONAL BANK and TRUST COMPANY OF CHICAGO

Statement of Condition

June 30, 1958

RESOURCES

Cash and Due from Banks	\$ 642,873,799.52
United States Government Obligations	945,291,975.32
Other Bonds and Securities	170,919,716.81
Loans and Discounts	1,006,654,184.08
Stock in Federal Reserve Bank	6,750,000.00
Customers' Liability on Acceptances	6,514,465.41
Income Accrued but Not Collected	9,699,233.30
Banking House	7,050,000.00
Total Resources	<u>\$2,795,753,374.44</u>

LIABILITIES

Deposits	\$2,502,144,954.18
Acceptances	6,514,465.41
Dividend Payable, August 1, 1958	3,000,000.00
Reserves for Taxes, Interest, and Expenses	18,924,962.09
Reserve for Contingencies	10,000,000.00
Income Collected but Not Earned	2,173,889.12
Total Liabilities	<u>\$2,542,758,270.80</u>

CAPITAL ACCOUNTS

Capital Stock (3,000,000 shares. Par value \$33 $\frac{1}{4}$)	\$ 100,000,000.00
Surplus	125,000,000.00
Undivided Profits	27,995,103.64
Total Capital Accounts	<u>\$ 252,995,103.64</u>

Total Liabilities and Capital Accounts \$2,795,753,374.44

United States Government obligations carried at \$438,172,071.72 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

WALTER J. CUMMINGS, Chairman

<p>J. Q. ADAMS Real Estate</p> <p>CHAUNCEY B. BORLAND Managing Owner Borland Properties</p> <p>CHAMP CARRY President Pullman Incorporated</p> <p>ALFRED COWLES Cowles Properties</p> <p>EDWARD A. CUDAHY Chairman of the Board The Cudahy Packing Company</p> <p>JOHN F. CUNEO President The Cuneo Press, Inc.</p> <p>CALVIN FENTRESS, JR. Chairman of the Board Allstate Insurance Company</p>	<p>LAWRENCE P. FISHER Director General Motors Corporation</p> <p>WILLIS GALE Chairman Commonwealth Edison Company</p> <p>WILLIAM A. HEWITT President, Deere & Company</p> <p>JOHN HOLMES Chairman of Board Swift & Company</p> <p>FRANK W. JENKS President International Harvester Company</p> <p>CHARLES H. KELLSTADT President Sears, Roebuck and Co.</p>	<p>DAVID M. KENNEDY President</p> <p>JAMES R. LEAVELL Banker</p> <p>WILLIAM H. MITCHELL Partner Mitchell, Hutchins & Co.</p> <p>ROBERT H. MORSE, JR. President Fairbanks, Morse & Co.</p> <p>PHILIP W. PILLSBURY Chairman of the Board of Directors Pillsbury Mills, Inc.</p> <p>FRANK F. TAYLOR Banker</p> <p>HERMAN WALDECK Banker</p>
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an enduring good impression



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UNITED STATES BRONZE SIGN CO., Inc.
101 West 31st Street, Dept. B, New York 1, N. Y.

MAIN STREET (Continued)

NORMAN BARKER, JR., becomes vice-president, California Bank, Los Angeles; CHARLES W. DEVAN, LOUIS M. SCHAEFER, also become vice-presidents.

R. L. SMITH, JR., from assistant vice-president to vice-president, Bank of Palmetto, Fla.

GRAHAM R. TREADWAY, vice-president, The Connecticut Bank and Trust Company, Hartford, becomes chairman, The Connecticut State Development Commission.

JOHN WOLF becomes vice-president, Chemical Corn Exchange Bank, New York City.

WALTER G. HEPNER, from vice-president to senior vice-president, The Exchange National Bank of Chicago.

WILLIAM G. MCCREEDY, vice-president, Federal Reserve Bank of Philadelphia, retires after more than 43 years of service.

G. CHURCHILL FRANCIS, president, Institution for Savings, Roxbury, Mass., becomes president, Savings Banks Association of Massachusetts.

GUY C. PILTZ, vice-president, Bank of Hawaii, Honolulu, also becomes controller, a new post, according to WALTER F. DILLINGHAM, chairman of the board. MR. DILLINGHAM was erroneously listed as being controller

Your Weight in Gold



What are you worth in gold? This scale at First Bank & Trust Company of Utica, N. Y., gives the answer. Just step on it and the scale shows actual weight in pounds and equivalent value in gold. At \$35 per troy ounce, Mary Manuso, above, finds she's worth \$62,000. Location of the scale in the bank's main office gives the public a "golden" opportunity to measure weight value

in a previous issue of BANKING.

NEPHEW K. CLARK, becomes president, Liberty National Bank and Trust Co., Savannah, Ga.

ROBERT J. DREXLER becomes vice-president, Bank of Mid-America Savings and Trust Company, Oklahoma City, Okla.

(CONTINUED ON PAGE 22)

"Old Newsboys" Raise \$90,000



"Fire Chief" Mills B. Lane (in sportscar), president, Citizens & Southern National Bank, leads C&S "firemen" in annual Old Newsboy Day parade through downtown Atlanta, Ga. Some 60 C&S officers, including 25 "firemen," assisted in the Old Newsboy Day program, which raised more than \$90,000 for the Cerebral Palsy School-Clinic of Atlanta

Loyalty . . .

is the foundation for mutual success that has enabled the Pease Woodwork Company, its customers and their associates to prosper in the home building field for more than 65 years.

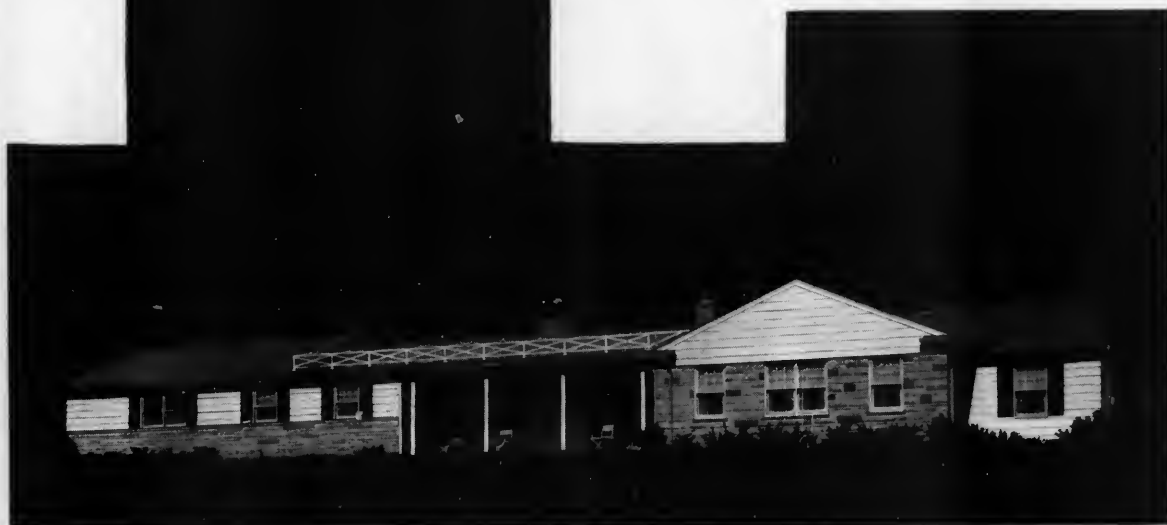
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Address Mr. William Stricker, General Sales Manager, for a free copy of the 84-page full-color "Book of Pease Homes for 1958", which contains floor plans, illustrations, specifications, materials and prices on the complete line.

PEASE HOMES *and Building Materials.*

923 FOREST AVENUE

HAMILTON, OHIO



MAIN STREET (Continued)

GABRIEL HAUGE resigns as President Eisenhower's Special Assistant for Economic Affairs. Dr. Hauge will become chairman of finance committee, Manufacturers Trust Co., New York City, this fall.

GEORGE FORSTER, from city manager, Des Moines, Ia., to executive director, Wisconsin Bankers Association, succeeding GEORGE S. UPDEGRAFF, who resigned.

W. HOLT WOODDELL, trust officer, also becomes vice-president, Citizens National Bank, Orlando, Fla.

STEPHEN P. ROBINSON, JR., vice-president, National Newark & Essex

Banking Co., Newark, N. J., resigns.

LEONARD G. MILLER, from president, Mutual Bank & Trust Co., St. Louis, to president, Mercantile National Bank of Miami Beach, Fla.

DONALD C. NORTON, from assistant vice-president to vice-president, Chase Manhattan Bank, New York.

RODNEY N. HATCHER, from assistant vice-president to vice-president, First National City Bank, New York.

WILLIAM F. CORDNER, EDWARD L. CRABBE, HERBERT HOLDEN, JR., from assistant vice-presidents to vice-presidents, First National City Bank of New York.

(CONTINUED ON PAGE 24)

Former A. B.A. President Receives U of M Award

THE first man to be honored with the University of Michigan's School of Business' new annual Business Leadership Award and Lecture is former A.B.A. President JOSEPH M. DODGE, board chairman, The Detroit Bank and Trust Company.

He was presented with an appropriate medal when he delivered the school's first annual Business Leadership Lecture at Ann Arbor on May 9. This award will be given yearly to a "businessman of accomplishment, who has shown an understanding of the responsibility of business to society and an interest in business education."

STATE ASSOCIATION PRESIDENTS



Top, left to right: IDAHO, Frank K. Dammarell, vice-president, First Security Bank of Idaho, N. A., Moscow; CALIFORNIA, Ransom M. Cook, senior vice-president and director, American Trust Co., San Francisco; NEW JERSEY, Brice A. Eldridge, president, Hackensack Trust Company, succeeding the late Harry Knepper, chairman, First Camden National; bottom, left to right: WASHINGTON, Minos F. Hastings, president, First National Bank of Ferndale; UTAH, Russell B. Hanson, executive vice-president, First National Bank of Logan; MAINE, Harry Houston, Guilford Trust Association



MOSLER MISS DRIVE-IN TELLER CONTEST

We are looking for America's most personable Drive-In Teller. You can win recognition for your bank and magnificent prizes for one of your tellers by urging them to enter this unusual contest sponsored by The Mosler Safe Company. Here are the details:

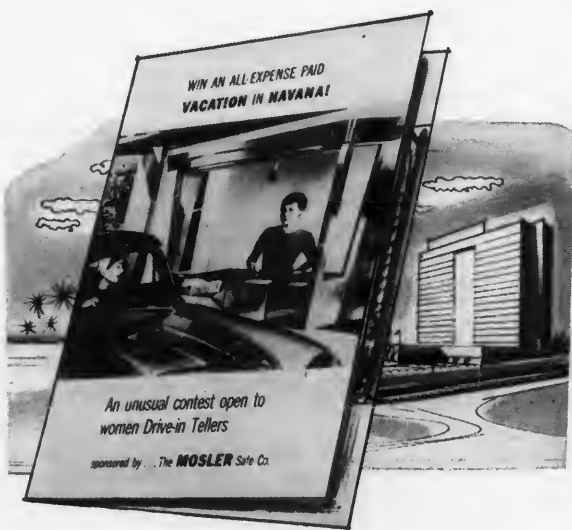
Who may enter—Any woman who works full or part time as a Drive-In Teller in your bank or any branch.

How to enter—Contestants simply submit an official entry blank with a snapshot and photo.

How winners are picked—Three finalists will be selected by a panel of judges.

Prizes—Each of the three finalists will win an all-expense trip to the A.B.A. Convention and a wardrobe by Adele Simpson. Final winner gets an all-expense week's vacation for two in Havana at the famous Habana Hilton Hotel.

Write today for enough entry blanks and brochures for all of your women Drive-In Tellers.



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

Condensed Statement of Condition, June 30, 1958

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 518,168,527.97	
U. S. Government Obligations	880,512,700.04	
Loans and Bills Purchased	1,583,717,086.02	
Public Securities	\$ 78,298,057.01	
Stock of Federal Reserve Bank	9,600,000.00	
Other Securities	28,079,290.73	
Credits Granted on Acceptances	73,658,184.16	
Accrued Interest, Accounts Receivable, etc.	20,639,635.93	
Real Estate Bonds and Mortgages	16,255,725.90	
Items in Transit with Foreign Branches	1,285,083.39	227,815,977.12
Bank Premises		15,527,272.68
Total Resources		\$3,225,741,563.83

LIABILITIES

Capital (6,000,000 shares-\$20 par)	\$120,000,000.00	
Surplus Fund	200,000,000.00	
Undivided Profits	99,344,008.54	
Total Capital Funds		\$ 419,344,008.54
Deposits		2,685,890,155.73
Foreign Funds Borrowed		207,300.00
Acceptances	\$ 85,825,635.50	
Less: Own Acceptances Held for Investment	9,663,010.69	
	\$ 76,162,624.81	
Dividend Payable July 15, 1958	4,800,000.00	
Reserve for Expenses and Taxes	28,399,680.04	
Other Liabilities	10,937,794.71	120,300,099.56
Total Liabilities		\$3,225,741,563.83

Securities carried at \$430,848,080.28 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

Member Federal Deposit Insurance Corporation

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WILLIAM C. BOLENIUS <i>Vice President, Finance, American Telephone and Telegraph Company</i>	DALE E. SHARP <i>President</i>
J. LUTHER CLEVELAND <i>Chairman of the Board</i>	CHARLES M. SPOFFORD <i>of Davis Polk Wardwell Sunderland & Ksendl</i>
CHARLES P. COOPER <i>President Emeritus, The Presbyterian Hospital in the City of New York</i>	EUGENE W. STETSON <i>Chairman, Executive Committee, Illinois Central Railroad Company</i>
JOHN T. DORRANCE, JR. <i>Assistant to the President, Campbell Soup Company</i>	ROBERT T. STEVENS <i>President, J. P. Stevens & Co., Inc.</i>
CHARLES E. DUNLAP <i>President, The Berwind-White Coal Mining Company</i>	JAMES M. SYMES <i>President, The Pennsylvania Railroad Company</i>
WALTER S. FRANKLIN <i>Director, The Pennsylvania Railroad Company</i>	KENNETH C. TOWE <i>Trustee, The Duke Endowment</i>
W. ALTON JONES <i>Chairman of the Board, Cities Service Company</i>	CLYDE E. WEED <i>Chairman of the Board, The Anaconda Company</i>
CHARLES S. MUNSON <i>Chairman of the Board, Air Reduction Company, Inc.</i>	CHARLES E. WILSON
THOMAS L. PERKINS <i>of Perkins, Daniels, McCormack & Collins</i>	ROBERT W. WOODRUFF <i>Chairman, Finance Committee, The Coca-Cola Company</i>
	GEORGE S. YOUNG <i>President, The Columbia Gas System, Inc.</i>

DIRECTOR EMERITUS

W. PALEN CONWAY

MAIN STREET (Continued)

LEWIS H. CLARK, from assistant treasurer to vice-president, Cambridge (Mass.) Trust Company.

CHESTER L. PRICE, advertising and publicity manager, City National Bank and Trust Company of Chicago, retires after 34 years.

IRWIN WEBB, becomes vice-president, First National Bank of Atlanta.

JOSEPH C. MOSER, vice-president, celebrates 50 years with Marshall & Ilsley Bank, Milwaukee.

CATHERINE JANE GUYON becomes executive vice-president, Busey First National Bank, Urbana, Ill.

(CONTINUED ON PAGE 26)

STATE ASSOCIATION PRESIDENTS



Top: NORTH CAROLINA, J. Fleming Wily, Jr., senior vice-president Wachovia Bank & Trust Co., Durham, N. C.; bottom: OKLAHOMA, Jack T. Conn, president, Oklahoma State Bank, Ada



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COMPLETE
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This comprehensive reconciliation service—for correspondents' money orders issued in volume—does the whole job.

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☆ DOMESTIC OFFICES ☆

Tokyo, Yokohama, Nagoya, Osaka, Kobe and Other Main Cities in Japan

☆ AFFILIATE ☆

THE BANK OF TOKYO OF CALIFORNIA
San Francisco, Los Angeles, Gardena

☆ SUBSIDIARY ☆

THE BANK OF TOKYO TRUST COMPANY
New York

THE
BANK OF TOKYO.
LTD.

HEAD OFFICE: NIHOMBASHI, TOKYO, JAPAN

☆ NEW YORK AGENCY ☆

100 Broadway, New York 5, N.Y., U.S.A.

MAIN STREET (Continued)

Laura L. Powell, 80-year-old pioneer business woman, from vice-president and director to president, Hood System Industrial Bank, Reidsville, N. C.

About Banks

CITIZENS SAVINGS BANK AND TRUST COMPANY, Hamilton, O., becomes THE CITIZENS BANK.

WELLS FARGO opens Hayward branch, with Old West parade, other festivities.

LAKE VIEW TRUST AND SAVINGS BANK, Chicago, opens new building.

GIMBEL BROTHERS BANK AND TRUST COMPANY, Philadelphia, becomes branch of THE PHILADELPHIA NATIONAL BANK.

The BRYN MAWR TRUST COMPANY opens Haverford Shopping Center branch.

SPITZER-RORICK TRUST & SAVINGS BANK, Toledo, Ohio, opens new branch with 24-hour lobby containing forms, desk, etc., and chute leading into vault by which customers may deposit, make payments, etc., around the clock.

SEATTLE (Wash.) FIRST NATIONAL BANK purchases assets of NORTH WESTERN BANK, Spokane. Target date for merger, pending approvals: August.

MIDDLESEX COUNTY NATIONAL BANK, Everett, Mass., starts work

"Man of the South"

A. DEE SIMPSON, vice-chairman, National Bank of Commerce, Houston, Texas, "Man of the South" for 1957 and one of the 200 members of the "South's Hall of Fame for the Living," has been additionally honored with a special edition of *Dixie Business* devoted to his accomplishments and praises. Testimonials from many prominent citizens are included, and the story of his Horatio Alger type life is told in warm, glowing terms.

Dr. Simpson, who holds the honorary degree of doctor of laws from Southwestern University, has been with the bank since 1918. His business and financial interests and reputation are national, however. He has been president and chairman of the Houston Chamber of Commerce, president of the Houston Clearing House Association and the Houston Foreign Trade Association, president of R-K-O Pictures Corp., a director of R-K-O and Trans-World Airlines, and is president of the Buffalo, Rochester and Pittsburgh Railway. He has been a director of the National Foreign Trade Council in New York since 1934.

on new Burlington branch. Target date: immediately after Labor Day.

INTERNATIONAL TRUST COMPANY OF DENVER, Colo., merges into THE FIRST NATIONAL BANK of DENVER. Target date: August 11. FIRST NATIONAL opens new bank building July 26.

ABINGTON BANK AND TRUST COMPANY, Philadelphia, merges into FIDELITY-PHILADELPHIA TRUST COMPANY.

First Escalator in Wyoming



The first escalator in Wyoming started in with a busy day when First National Bank of Casper, Wyo., had 15,000 visitors when it held open house at its new bank building in late June. Among customer souvenirs were 5,100 escalator engineer's badges distributed to children in honor of the doubly special event

100th Birthday Party

GEORGE HULL JUDD, who was a rancher and cowboy back when the West was wild and woolly, and who has been a director of Alliance (Ohio) First National Bank for 56 years, was feted at a 100th birthday party tendered him by 100 financial leaders and other guests—including some of the leading bankers in the country.

W. L. Sebrell, president of Alliance First National, introduced special guests and read greetings from notables, including President Eisenhower, Vice-president Nixon, U. S. Senators Frank J. Lausche and John W. Bricker, and Congressman Frank T. Bow.

EDWIN D. McDONALD, trust officer from assistant vice-president to vice-president, First National Bank, Fort Lauderdale, Fla., succeeding HAROLD F. PELHAM, who retires.

ARCHIBALD MAYNARD, from cashier and vice-president to president, First National Bank, Minoa, N. Y., succeeding the late FRANK P. FIELD.

E. H. METCALF, corporator and director, becomes vice-president, Savings Bank of Rockville, Conn.

EVERETT J. LIVESSEY, chairman of the A.B.A. Committee on Savings Management and Operations, from vice-president and secretary to president, Dime Savings Bank of Brooklyn, N. Y., succeeding GEORGE C. JOHNSON, who becomes chairman of the board of trustees, a new post.

BUREN S. MCNEILL, from vice-president to president, First National Bank, Kings Mountain, N. C. R. S. LENNON, from cashier to vice-president.

FRANCIS BOWEN, from vice-president to senior vice-president, Government Development Bank for Puerto Rico; ROBERTO MONTALVO, from vice-president to executive vice-president; PEDRO SOUSS, controller, also becomes vice-president; ARTURO GALLARDO becomes vice-president.

JOHN N. ADAMS, from vice-president and trust officer, First National Bank of Portland, Ore., to executive vice-president and director, Arawak Trust Company, Ltd., Nassau, Bahamas.

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COMPREHENSIVE
BANKING and
FOREIGN EXCHANGE
FACILITIES



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Head Office: Marunouchi, Tokyo Branches: 155 throughout Japan
New York Branch: 120 Broadway, New York 5, New York
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AGENT OR BROKER FOR

BANKERS BLANKET BONDS

YOU'LL RECEIVE

... prompt

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THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

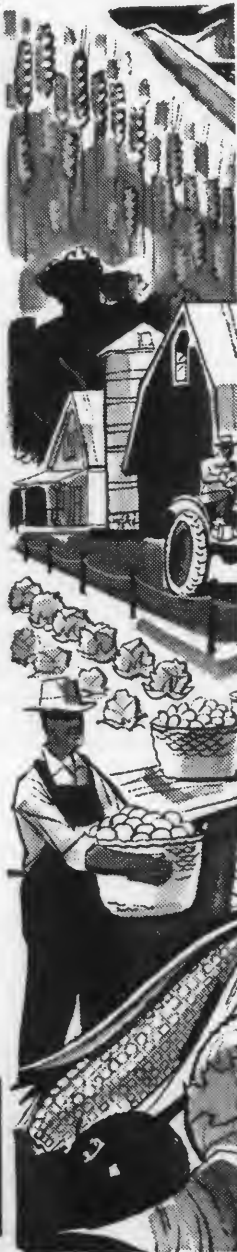
All forms of personal and business insurance including

Life • Accident • Group • Fire • Marine • Automobile
• Casualty • Bonds



Agriculture

Seventy thousand Washington farmers make an important contribution to the state's diversified economy. Washington's farm production is valued at \$600 million annually. Agriculture is just one of the many industries that make this a Busy Corner of America.



Washington's Statewide Bank

STATEMENT OF CONDITION
AT CLOSE OF BUSINESS JUNE 30, 1958

RESOURCES

Cash and Due from Banks . . .	\$192,536,838.66	
U. S. Government Securities . . .	209,138,085.91	
Obligations of Federal Agencies . . .	17,057,245.97	
State and Municipal Securities . . .	70,328,242.51	
Other Bonds and Securities . . .	1,150,004.00	\$490,210,417.05
Loans and Discounts . . .		421,919,245.65
Federal Reserve Bank Stock . . .		1,500,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc.		11,245,856.52
Interest Earned Not Received		3,940,121.42
Customers' Liability under Letters of Credit and Acceptances		3,760,152.97
TOTAL		\$932,575,795.61

LIABILITIES

Capital Stock	\$ 20,000,000.00	
Surplus	30,000,000.00	
Undivided Profits	19,707,395.58	\$ 69,707,395.58
Reserve for Interest, Taxes, etc.		6,409,978.91
Discount Collected Not Earned		5,087,862.42
Letters of Credit and Acceptances		3,760,152.97
Deposits		847,610,405.73
TOTAL		\$932,575,795.61

81 Statewide Offices

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD
Chairman

DON H. WAGEMAN
Chairman, Executive Committee

FRANK E. JEROME, President

J. H. BALLINGER
WELLWOOD E. BEALL
HENRY BRODERICK
F. H. BROWNELL, Jr.
CHARLES F. CLISE
EARL D. DORAN
JOEL E. FERRIS
O. D. FISHER
L. C. HENRY
CHARLES H. INGRAM
ERIC A. JOHNSTON

RICHARD E. LANG
RUSSELL MILLER
B. A. PERHAM
W. G. REED
VOLNEY RICHMOND, Jr.
WILBUR W. SCRUBY
ALFRED SHEMANSKI
ELBRIDGE H. STUART
J. A. SWALWELL
GEORGE VAN WATERS
KATHERYN WILSON



SEATTLE - FIRST NATIONAL BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Prominent N. J. Banker Dies

HARRY KNEPPER, 58, board chairman, Camden (N. J.) National Bank and Trust Company, and newly-elected president of the New Jersey Bankers Association, died in Presbyterian Hospital, Philadelphia, in late June. He had entered the hospital a few weeks previous because of a heart attack.

Mr. Knepper had been with First Camden since 1944, after having worked for banks in Lexington, Ky., Erie, Pa., and Cleveland. He was elected president of the New Jersey Bankers at their 55th annual convention at Atlantic City in May.

Surviving are his widow, Sarah, and two sons, George B. and Robert C.

SECURITY BANK & TRUST Co., Owatonna, Minn., opens newly-restored bank building.

FIRST NATIONAL BANK of SPRINGFIELD, Ill., opens new \$400,000 addition and expanded facilities.

FARMERS NATIONAL BANK of TORRINGTON becomes FIRST NATIONAL BANK, Torrington, Wyo.

MINERS NATIONAL BANK of POTTSVILLE, PA., and UNION NATIONAL BANK of MINERSVILLE sign merger papers.

FIRST NATIONAL BANK of BALTIMORE purchases all assets of Second National Bank of Towson, which becomes First National's Towson office on July 1.

(CONTINUED ON PAGE 30)

Keep Them Guessing!

IF you're making extensive repairs or changing locations, do be sure to explain it all to your depositors with signs that say "Business as Usual," or that bear some other clear, explicit legend.

One CHASE MANHATTAN depositor was completely bewildered by some misleading repairs being made on that bank's Dyckman Street branch, and wrote the bank this letter:

"Dear Sir,

I went to my bank at Dyckman Street and found it all in pieces. Where are you now transacting business? I'm #39566.

Sincerely,"

For
banks
planning
to serve
drive-up
and
walk-up
customers...



Deluxe Drive-Up Window.

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FOR "BANKING ON THE GO!"

For bankers interested in providing drive-up and walk-up banking services, Diebold offers almost unlimited installation ideas as well as entirely new concepts in the function of equipment. For example:

For Drive-Up Banking:

- Flush, bay and saw-tooth designs.
- How to use turntables in crowded areas.
- Hi-Fi communication.
- Weather-tight deal drawer can be extended to greater distances for curbside drivers . . . retracted from any position.

For Walk-Up Banking:

- King-size writing shelf with shadow-proof lighting, opened and closed from inside.
- Equipped with pens and forms like a lobby desk.
- Hi-Fi communication.
- Inside of deal drawer visible to customer and teller at all times.

The unmatched experience gained by Diebold in making thousands of successful installations has been assembled in *Motor Banking*, the most authoritative treatise published on the subject. Send for your copy today. Diebold, Incorporated, Canton 2, Ohio.



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Please send a copy of your book, *MOTOR BANKING*, and full details about your:

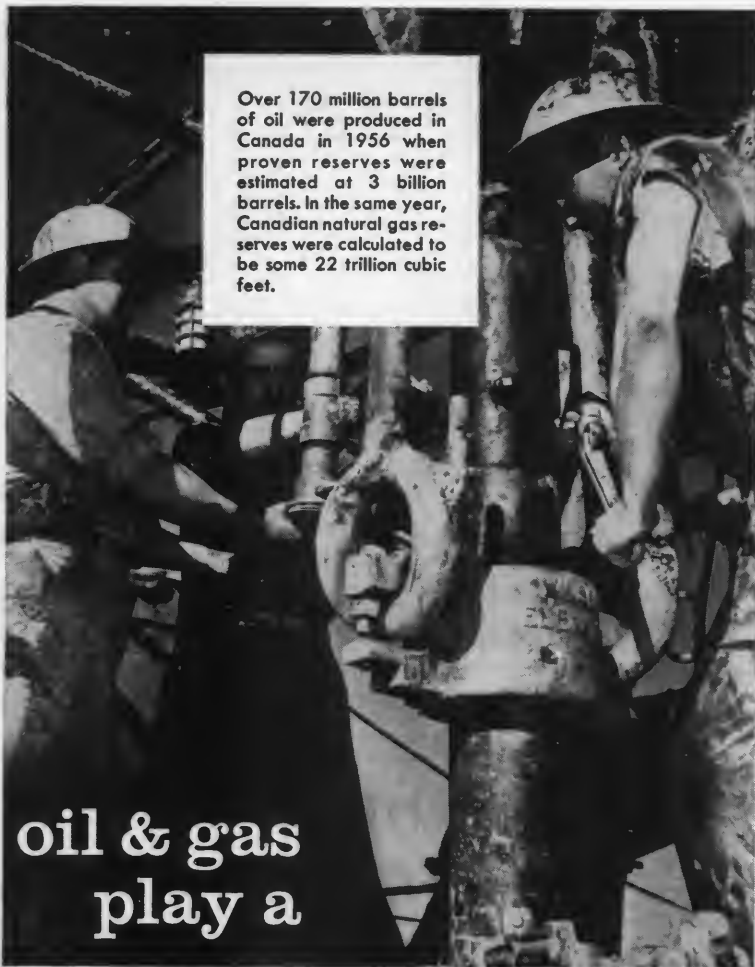
- Drive-Up Windows Walk-Up Windows

Bank _____

Name _____ Title _____

Street _____

City _____ Zone _____ State _____



Over 170 million barrels of oil were produced in Canada in 1956 when proven reserves were estimated at 3 billion barrels. In the same year, Canadian natural gas reserves were calculated to be some 22 trillion cubic feet.

oil & gas
play a

LEADING ROLE

in Canada

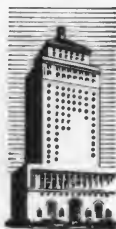
Another important element in Canada's economy—and strength—is her banking system, whose largest member (and fourth largest in North America) is The Royal Bank of Canada. If you have among your clients firms or individuals who wish to explore business and financial opportunities in this fast growing country, you are invited to call on the "Royal" for practical assistance and helpful counsel. A special Oil & Gas Department, a well-organized Business Development Department, and a widespread network of "on-the-spot" branches enable us to supply up-to-date information on specific areas and activities—complete banking facilities—and many services outside the realm of routine banking.

THE ROYAL BANK OF CANADA

Head Office: Montreal

New York Agency—68 William St., New York 5, N. Y.
Over 900 branches in Canada, the West Indies, Central and South America.
Offices in New York, London and Paris. Correspondents the world over.

Total Assets Exceed 3¼ Billion Dollars



MAIN STREET (Continued)

COMMERCIAL STATE BANK & TRUST Co., and BANK OF NORTH AMERICA, both New York City, plan merger. New name: COMMERCIAL BANK OF NORTH AMERICA.

CENTRAL TRUST Co., Harrisburg, Pa., and Capital Bank & Trust Co. merge, become Central Trust Capital Bank.

TRUST COMPANY OF GEORGIA, Atlanta, opens new West End office, Stewart Avenue at Glen Street.

SAVINGS BANK OF NEW BRITAIN, Conn., opens its Wethersfield office, Wells Road and Silas Deane Highway.

HOOSIER STATE BANK of HAMMOND, Ind., opens new North Side Branch.

(CONTINUED ON PAGE 104)

Nine Guys Named Mike



Charles H. Conklin, left, director, Hackensack (N. J.) Trust Co., and president, Northern Insurance Co., New York City, looks on, as Charles A. Agemian, director, Hackensack Trust, and vice-president and comptroller, Chase Manhattan Bank, New York City, cuts meat under the supervision of Michael Esposito, member of Hackensack Trust's executive committee and proprietor of Esposito's Market in Hackensack. "Nine guys named Mike," all directors and officers of The Hackensack Trust Co., donned white store coats, caps, red carnations, and "Mike" buttons and descended en masse on Esposito's Market one Saturday morning, and, with the help of a pre-arranged group of 75 of Mr. Esposito's customers and friends, proceeded to take over the store, in appreciative recognition of the time and efforts he has devoted to the bank's executive committee

STATEMENT



OF CONDITION

At the Close of Business June 23, 1958,
Date of Official Report of Condition Set
By the Comptroller of the Currency

Directors and Advisory Directors

- | | |
|--|--|
| CLAUDE G. ADAMS*
Vice President,
Brazil International Airways | C. A. MANGOLD, JR.*
Investments |
| NATHAN ADAMS*
Honorary Chairman
of the Board | BLAODEN MANNING
Chairman, Executive Committee
of the Board |
| JOE AGEE*
Senior Vice President | A. D. MARTIN
President, Central Engineering
and Supply Co. |
| GEORGE N. ALDREDGE*
Chairman, Loan Committee | HARRY S. MOSS
Independent Oil Operator |
| H. W. BASS
Chairman of the Board,
Henry Bass Drilling Co. | WILLIAM F. NEALE
President,
William F. Neale & Co. |
| HENRY C. COKE, JR.
Coke & Co., Attorneys | J. B. O'HARA
Chairman of the Board,
Dr Pepper Co. |
| ROSSER J. COKE
Coke & Co., Attorneys | HYMAN PEARLSTONE
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Higginbotham-Pearlstone
Hardware Co. |
| CARR P. COLLINS
Chairman of the Board,
Fidelity Union Life Insurance Co. | G. U. PICKERING*
President,
Vitic Battery Co., Inc. |
| J. B. DONOVAN*
President,
Donovan Manufacturing Co. | H. NEVILLE PIERCE*
President, Southern Fertilizer
& Chemical Co. |
| EARL FAINE*
Investments | N. P. POWELL
Oil and Investments,
Tyler, Texas |
| HANS C. GLITSCH
President,
Frits W. Glitsch & Sons, Inc. | W. L. PREHN*
Consultant, Brazilian Telephone Co.,
Rio de Janeiro, Brazil |
| R. A. GOODSON
Vice President
and General Manager,
Southwestern Bell Telephone Co.,
Texas Area | HUGO W. SCHOELLKOPF*
Chairman of the Board,
The Schoellkopf Co. |
| W. A. GREEN, JR.*
Investments | J. FRED SCHOELLKOPF, JR.
Investments |
| S. J. HAY
President, Great National
Life Insurance Co. | E. E. SHELTON
President, Dallas Federal
Savings & Loan Association |
| JOHN T. HIGGINBOTHAM
Chairman of the Board,
Higginbotham-Battery Co. | R. H. STEWART, JR.
Investments |
| JOSEPH L. HIGGINBOTHAM*
Vice President,
Higginbotham-Seriffett Co. | J. C. TENISON*
Investments |
| ROY W. HILL*
President,
Rodie City Distributing Co. | ROGER L. TENNANT*
Investments |
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Manager, Southwest Division,
United Benefit Life Insurance
Company and Mutual Benefit
Health and Accident Association | ARCH S. UNDERWOOD*
President, Union Compress &
Warehouse Co., Lubbock,
Texas |
| T. E. JACKSON
Southwestern Manager,
Pittsburgh Plate Glass Co. | JACK C. VAUGHN*
Oil Producer and Co-Owner,
Spartan Drilling Co. |
| JOHN J. KETTLE
Senior Vice President | TRAVIS T. WALLACE*
President, Great American
Reserve Insurance Co. |
| LOUIE KIMPLE*
President, Dixie Wax Paper Co. | ROBERT F. WEICHEL*
Vice President and Treasurer,
Great National Life
Insurance Co. |
| ERNEST L. KURTH*
President, Southland Paper Mills,
LoRin, Texas | JAMES RALPH WOOD
President,
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| WALTER W. LECHNER*
Oil Production | BEN H. WOOTEN
President |
| EUGENE McILVANEY
Senior Vice President | TODDIE LEE WYNNE
President,
American Liberty Oil Co. |
| ROBERT E. McKEE, JR.
Vice President, Robert E. McKee
General Contractor, Inc. | |

* Advisory Directors

ASSETS

Cash on Hand and Due from Banks	\$232,237,308.37	
United States		
Government Obligations	\$152,730,386.81	
Public Housing		
Authority Obligations		
(Fully Guaranteed)	4,518,673.56	
State, County, and		
Municipal Bonds	19,894,992.56	177,144,052.93
Other Bonds		9,341,292.50
Stock in Federal Reserve Bank		1,533,000.00
Loans and Discounts		378,652,967.21
Federal Funds Sold		10,000,000.00
Income Accrued		3,217,131.74
Letters of Credit and Acceptances		4,534,387.26
Banking House and Equipment		9,425,376.20
Other Assets		289,280.84
		<hr/>
		\$826,374,797.05

LIABILITIES

Capital Stock	\$ 23,100,000.00	
Surplus Fund	28,000,000.00	
Undivided Profits	6,141,801.12	\$ 57,241,801.12
Reserved for Contingencies		8,017,227.92
Reserved for Taxes, Etc.		5,874,107.78
Dividends Declared — Unpaid		808,500.00
Deferred Income		2,245,502.80
Letters of Credit and Acceptances		4,534,387.26
<hr/>		
DEPOSITS:		
Individual	\$528,616,546.94	
Banks	191,661,895.60	
U. S. Government	27,374,827.63	747,653,270.17
		<hr/>
		\$826,374,797.05

The major difference between banks of today
is the way people are treated.

Ben Wooten
PRESIDENT



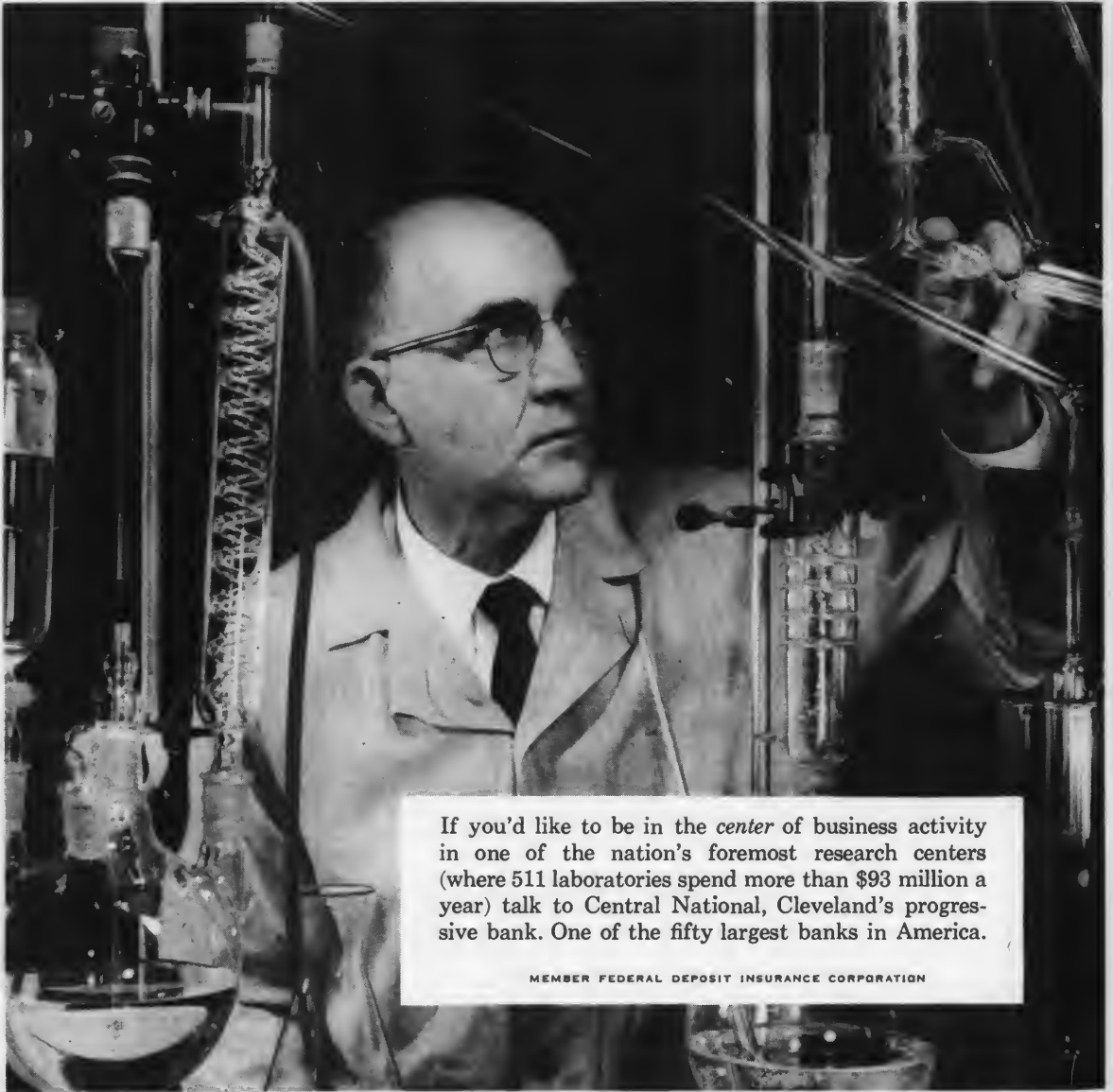
NATIONAL BANK in Dallas



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

83rd year of growth
through service to people

CENTRAL NATIONAL BANK



If you'd like to be in the *center* of business activity in one of the nation's foremost research centers (where 511 laboratories spend more than \$93 million a year) talk to Central National, Cleveland's progressive bank. One of the fifty largest banks in America.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Photographed in a Cleveland chemical research laboratory

OF

CLEVELAND

The Best Location in the Nation

CLEVELAND 1, OHIO

The OUTLOOK and CONDITION OF BUSINESS

WHILE hope is not one of the leading economic indicators, and could be a misleading one, the trend of business hopes is upward despite a foreign situation that is anything but reassuring.

Business shows many signs of having touched bottom but no signs of bouncing. Those who feel that the course of business in 1958 will be V-shaped are few and unconvincing.

This is all to the good, because a sharp upturn could mean only one thing—a resurgence of inflationary thinking—and there has been too much of that right along. There is an important distinction, or should be, between a rise born of inflation and one born of confidence.

The prevailing expectation that recovery will be gradual arises from several circumstances bearing on the outlook at this mid-summer point. All during the first half of the year business seemed to be suffering from a schizophrenic attitude toward inflation. Not only was its personality split on the subject, but also its purse, and still is.

After several years of spending money to beat the inflation band, business suddenly turned very thrifty toward the end of last year and cut back appropriations for plant, equipment, inventory, advertising, and everything else. Consumers also became thrifty, especially toward durables, and savings of all kinds increased greatly. This is not the way people behave who fear higher prices.

On the other hand, prices, particularly of stocks, moved up and, while there are various explanations of this phenomenon, one important reason was the belief that our wonderful creeping inflation would start again.

Even the political outlook, promising an upset in November, has unquestionable inflationary overtones, because popular sentiment seems to be veering away from conservatives toward those who preach that inflation is good to the last drop.

The Hair of the Dog

Instead of being cyclical or political, this recession was peculiarly one where we deliberately dug the hole

and jumped in. We did it by spending too much too fast. The forces now considered most likely to succeed in pulling us out are (1) more spending by the Federal and local governments, (2) more spending by consumers, (3) more spending for homes and other construction, (4) more spending for inventory, and (5) more spending, period.

Government spending is headed steeply upward and tax collections are headed down, so there is an unprecedented peacetime Federal deficit in our immediate future. This is an inflationary force of great power, even without considering the host of other things pushing us in the same direction. Military spending, especially, is rising. State and local expenditures are still on the upgrade but at a slower rate of increase than earlier this year.

Money is now plentiful and the banks are ready for any conceivable amount of business expansion. Earlier this year many banks were borrowing, but most of them now have ample funds for loans. Bank deposits will grow apace in the next few months, stimulated by business improvement and the Treasury's financing needs. An increase of 5% or 6% in deposits over last year is possible by December 31.

Interest rates on commercial loans have been tending slightly lower because of a decreased demand and a higher rate of savings accumulation, but both of these factors have shown a tendency to change directions. The rate of interest on bank loans during the rest of this year will depend largely on how business develops.

Federal Reserve policy at this time seems to be to play by ear. Open market operations and a reduction of reserves are still methods by which banks can be provided with more funds and rates can be eased. Money is not likely to be tightened by any deliberate monetary policy in the face of the Treasury's big borrowing program.

Consumer spending for nondurables, mainly food, has been one of the chief sustaining forces during the first half of the year and may increase in the months ahead, after the changeover to the 1959 automobile

(CONTINUED ON PAGE 144)

Washington

Some Expert Views on Inflation

THOMAS W. MILES

IN view of inflation threats, a number of respondents to the Senate Finance Committee questionnaire and witnesses at recent hearings of the Joint Economic Committee want the goal of reasonable stability in the consumer price level formally incorporated, along with full employment, as the aim of Federal economic policy.

Once made official, they see it committing the machinery of the vast Federal establishment to finding an answer to the dangerous sawing of inflation and deflation. It is a sign of the times that the idea is being pushed again—and by such eminent men.

Fate of Bush Bill

During its First Session last year when this 85th Congress was really worried about inflation, a former banker, Senator Prescott Bush of Connecticut, submitted a bill (S. 2824) to make stable prices a companion objective to full employment.

The Bush bill languished in the Senate Banking and Currency Committee as Congressional concern over inflation was diverted by the more immediate pressures of the recession. Nothing was done, and now it is almost too late for this session. But this idea can be expected to crop up again in the next Congress.

Burns' View

Of all those who advocated this idea in the last three of the six chapters of replies published by the Senate Finance Committee, Dr. Arthur F. Burns, president of the National Bureau of Economic Research, spoke with perhaps the greatest background of immediate experience as

the recent chairman of the Council of Economic Advisers. He said:

"What we need more than anything else at this juncture of our great experiment in the management of prosperity is a national declaration of purpose with regard to the level of prices that could have a moral force such as the Unemployment Act already exercises with regard to our levels of production and employment."

Dr. Burns explained that this can be simply accomplished "by including reasonable stability of the consumer price level among the objectives of the Employment Act."

Although he believed the maintenance of stable prices is implicit in the act, Dr. Burns maintained it would be a highly constructive step if Congress stated explicitly what the act appears to state implicitly. He said:

"A declaration by the Congress that it is the continuing policy of the Federal Government to promote reasonable stability of the consumer price level as well as maximum employment, production, and purchasing power, could go a considerable distance in dissipating the widespread belief that we are living in an age of inflation and that our Government, despite official assertions and even actions to the contrary, is likely to pursue an inflationary course over the long run."

"Reference Point"

Dr. Burns pointed out that broadening of the act would tend to make it "a constant reference point for public and private actions that bear on the level of prices." Further:

"Policies that promote stability of

the price level would, therefore, tend to gain in prestige and to exercise increasing power over the thoughts and actions of both Government officials and private citizens."

Dr. Burns explained that he attached so much importance to the proposed declaration because it "may be expected to have an influence that is incomparably greater than exhortation by high officials, for it would put private groups as well as public officials on notice that the Government is determined to find a way to reasonable stability of the price level."

A.B.A.'s Adams; Yale's Wallich

Dr. E. Sherman Adams, deputy manager, American Bankers Association, found an "inflationary bias" in the statement of economic objectives of the Employment Act which "could be easily corrected by an amendment making it clear that one of the primary objectives of public economic policy in the United States is to avoid inflation." He held that such an amendment would have "a salutary effect over the years."

Prof. Henry C. Wallich of Yale suggested that "price stability as an objective of policy might be written into the Full Employment Act." This was one of four points he outlined "to improve our anticyclical policy."

Funston and Talbott

After endorsing the idea, G. Keith Funston, president of the New York Stock Exchange, commented: "We should not accept a gradually inflationary trend as desirable or necessary to achieve and maintain full employment."

Philip M. Talbott, then president of the Chamber of Commerce of the United States, urged amending the act "to espouse explicitly reasonable stability of the general price level as a policy goal." The new president of the Chamber is William A. McDonnell, chairman of the board of the First National Bank, St. Louis. He was chairman of the Chamber's finance committee when this recommendation was made.

The question whether the objective of stable prices is implicit in the Full Employment Act was discussed earlier at some length at the opening panel conference of the series held by the Joint Economic Committee on "The Relationship of Prices to Economic Stability and Growth."

Fishman on Price Stability

Prof. Leo Fishman of West Virginia University argued against amending the act to include price stability. He pointed out that policy-making officials would sometimes be faced with the necessity of choosing between price stability and the other objectives of the act. He said:

"If price stability is always granted priority, this will greatly limit the flexibility of action which it is desirable and presently possible for policy-making officials to exercise. It may seriously reduce our chances of realizing or approximating the optimum growth rate."

Prof. Fishman also doubted that price stability constitutes a "feasible goal of public policy." It was his opinion that officials already have "ample basis for adopting measures to restrain undesirable price rises."

Nourse, Aschheim, Bach State Opinions

Dr. Edwin G. Nourse, chairman of the Council of Economic Advisers under President Truman, believed that the act as presently drawn includes the goal of price stability with equal, though no greater, emphasis than the goals of maximum employment and maximum production.

Prof. Joseph Aschheim of The Johns Hopkins University expressed the fear that the Employment Act objectives of maximum employment, production, and purchasing power which could be inflationary are open, as now written, to the interpretation that it is the obligation of the Federal Government to pursue them re-

gardless of what happens to the price level.

Dean George L. Bach of the Graduate School of Industrial Administration, Carnegie Institute of Technology, thought it was significant that there was so much discussion and disagreement about whether the price level objective was included.

In the replies to Senator Harry F. Byrd of Virginia, chairman of the Senate Finance Committee, the possibility of including consumer credit along with other monetary controls was cited a number of times.

Controls on Private Credit

Dr. Adams of the A.B.A. suggested that additional controls over private credit may be needed to supplement the Federal Reserve's existing powers. But, he warned, it should be clear that economic stability cannot be achieved by credit control alone. Dr. Adams made the point that he spoke for himself and not officially for the A.B.A.

Dean Maurice W. Lee of the University of North Carolina School of Business Administration pointed out that if the monetary authorities were given power to vary downpayments, interest rates, and length of payment periods on consumer and real estate credit, this would be "only a moderate intrusion upon the private economy and would still be in part a quasi-indirect form of control."

Prof. Wallich also thought "regulation of consumer credit and hous-

A very modest view of the resources of the 49th state. Popular derision at its purchase in 1867 for \$7,200,000 caused it to be nicknamed "Seward's Folly," a gibe at Secretary of State Seward who negotiated the purchase. The land on which the U. N. buildings stand in New York City cost \$8,500,000 in 1946



ing credit may become desirable if boom conditions such as experienced in 1955 should recur."

Dr. Burns cautioned that a "safety door for small business" should be left open during periods of credit restraint because the "economic opportunities for smaller businesses are restricted more severely" than large ones. Although he suggested enlarging the operations of the Small Business Administration to that end as a stopgap measure only, he found it objectionable for two reasons.

He doubted "whether the public interest will be well served by having the Government get deeper into the banking business" and he was concerned that the SBA might grow and interfere with the Federal Reserve. Dr. Burns' idea of a more constructive solution would be "to draw on the powers and facilities of the Federal Reserve System itself."

Two Means Now Available Under Present Law

This could be done under existing law in at least two ways, Dr. Burns said. In the first the Federal Reserve banks "could favor at the discount window those banks which were attending with special solicitude to the requirements of their smaller customers." And in the second the Federal Reserve banks could "breathe life into Section 13b of the Federal Reserve Act, which has been allowed to become virtually dormant in recent years." This section gives Federal Reserve banks power to extend credit directly to a sound business that is unable to meet its needs through regular commercial channels.

Questioning whether the economic power of the Fed may not have been eroded in some degree by the narrowing of the economic base on which its policies impinge, Dr. Burns said:

"Our financial system has become far more complex than it was at the time the Federal Reserve Act was framed or during the 1920s. Commercial banks, which once dominated the entire financial system, have shrunk in importance."

"We have today not one banking system but several, each subject to different regulations, different taxes, and different modes of supervision."

Another idea for greater flexibility in meeting economic changes was propounded by two economists. It

involves the use of tax rates as an instrument of fiscal policy.

Dean Lee recommended "new legislation by means of which Congress might set basic tax rates but allow the executive branch to move the effective rates up or down within a moderate range." He maintained this could add to the flexibility of fiscal policy and produce a greater awareness of stabilization responsibilities among fiscal authorities.

Prof. Wallich also called for "flexibility in withholding taxes, at the discretion of the President, for limited periods, say up to six months."

Anderson Studying Stand-bys

Secretary of the Treasury Robert Anderson is also reported to be considering recommending the regulation of downpayments and installment terms on autos and appliances as at least a stand-by tool against the possibilities of inflation.

Many of the letters to Senator Byrd had something to say about the influence of rising wages as an inflationary factor in the economy.

Prof. Paul A. Samuelson of the Massachusetts Institute of Technology commented that inasmuch as labor and management "accept it as axiomatic that money wages will rise each year," the wage-push no longer requires a collective bargaining battle or a grim recourse to strike. Then he added,

"Labor's wage-push is, so to speak, a push against an open door."

To George Terborgh, research director for the Machinery and Allied Products Institute, the problem of wage-induced inflation was regarded as the most important for the next

20 years, in part, he said, "because the remedy seems so far away." The "necessary climate of public opinion" for an attack on the problem does not yet exist.

Mr. Terborgh called unions "huge, monolithic labor monopolies endowed with special privileges and immunities by the State." Because of them he said the basic problem is "a lopsided balance of power in modern collective bargaining."

In Dr. Adams' opinion there is "clearly need for carefully thought-out modifications in the rules under which this game (labor-management relations) is played." Although he was hesitant about infringing on the freedoms of either side, he thought the problem could not be ignored "when the combined actions of these two groups seriously threaten the stability of the American economy at this critical juncture in history."

Effect of Wages

Noting that an attack on credit and fiscal policies is not enough, Dr. Adams said:

"Notably, whether we like it or not, there remains the wage-price spiral. Financial measures may temper this spiral, slow it down at times, but they cannot, as a practical matter, keep it under control. Wage negotiations reset the valves that control a substantial part of the money flow through our economy. When these valves are opened too rapidly, their effects cannot be offset by tightening the financial valves without causing a business recession and unemployment."

Dr. Burns wanted the finances as well as the elections of union officers

subjected to standards defined by law. He commented:

"Such legislation would of itself have no effect on what happens at the bargaining table; but it should help to remind the leaders of our trade unions that unless they practice greater restraint and foresight, the Government may need to take drastic steps to curb their power to push up costs and prices."

Theodore O. Yntema, vice-president of the Ford Motor Co., declared that the "only satisfactory way to prevent cost-push inflation induced by the monopoly power of unions is to reduce that monopoly power." As a first step, he wanted the special privileges and immunities reduced, and as a second, long-range studies leading to "a foundation in technical knowledge and in public opinion for appropriate action."

By the time this is published in **BANKING** the six chapters of replies to the Byrd questionnaire have been published in a single volume. In hitting on the device of a questionnaire, so carefully developed, the Committee was able to tap some of the best financial, business, and economic brains of the country without unduly inconveniencing its heavy schedule of hearings and regular work.

Future of the Inquiry

What the Senate Finance Committee will do with this material beyond publication was not determined at this writing. It will undoubtedly be used to support whatever recommendations or report the committee may make. Whether the hearings will be resumed was also still a question. Chairman William McChesney Martin of the Federal Reserve Board may return for further questioning. Senator Robert S. Kerr of Oklahoma indicated when Mr. Martin was last before the Committee that he might want to pursue certain lines of inquiry.

No report on the Washington scene for bankers would be complete without something about the Financial Institutions Bill. As this was written, however, there was no good news to tell about it—which is why we did not get around to reporting on it sooner.

But old hands here are cautious about saying the bill is dead. On Capitol Hill anything can happen—and sometimes does. A nod from

(CONTINUED ON PAGE 118)

Who Spends Best?

IN the matter of Government spending—it's all how you look at it. Senator Byrd was given two different slants recently in reply to his questionnaire in connection with the Senate Finance Committee investigation of the financial condition of the country.

Dr. Arthur F. Burns, president of the National Bureau of Economic Research, and former chairman of President Eisenhower's Council of Economic Advisers, found that "Government officials as a group are probably somewhat less efficient shoppers than private citizens."

But Prof. Henry C. Wallich of the Yale University Department of Economics maintained that "the consumer can get more value in many cases for a dollar spent by the Government than for a dollar spent for himself."

Prof. Wallich explained that he based this statement "upon my relative appreciation of education, research, health and cultural projects as against tail fins, TV's, and soft drinks."

Financing College Students— A Challenge to Banks



Today, most parents need help in financing the education of their children

THE high cost of education, which seems to be increasing, poses a serious problem for parents, students, and the nation as a whole. Today, most parents need help in financing the education of their children. Scholarships, student loan funds, and grants-in-aid no longer fill the bill, as the "bill" for formal education mounts each year. There simply aren't enough of such financial aids, and they don't offer a high enough proportion of total cost to the college population to make more than a dent in the need for financing of education. Bright, alert, useful minds stand a good chance of being unable to get the education necessary for fulfillment. Progress and stability demand a solution.

Colleges Can't Do It

Colleges themselves are not in a position to work out long-term loan or budgeting arrangements, because of the administrative costs involved and the consequent freezing of their working capital. Commercial banks, however, are in such a position. And if commercial banks do not help in meeting the need for financing schooling in some realistic manner, it will be half-heartedly fulfilled with a variety of handouts and programs of questionable soundness.

Some multi-bank plans have been organized on a statewide level, with thoughts of extending them to even wider areas in the interest of economy of operation and of broadening service to the public. Some banks have established their own plans. But the need is far greater and more extensive than the present solutions. Many areas are in strong need of

concrete, personalized help from their commercial banks in financing the college education of their young people.

Not every family's finances and problems are the same, nor is every student's. It follows that any plan would have to be flexible enough to offer differing degrees of aid.

Three State Plans

The states of Massachusetts, Maine, and New York presently have plans providing for student loans, through which students may apply to their local banks for loans secured by guarantee of some statewide organization created for just that purpose. Many other states have shown interest in similar projects. A total of 120 banks in Massachusetts are currently participating in a Higher Education Loan Plan, which was sponsored by the Massachusetts Bankers Association. Basically, the HELP plan is very simple. A student who has completed his freshman year at any approved college may go to his community bank and make application for the loan. The bank checks with the college to see if he is doing satisfactory work, has been awarded any scholarships or other aid. Then, the Massachusetts Higher Education Assistance Corporation out of its fund of \$106,380, donated by businesses and companies, guarantees up to 80% of the loan. Except under special circumstances, loans are limited to \$500 in one academic year—\$1,500 for the sophomore, junior, and senior years altogether. The corporation can review a case and grant a larger sum.

When the student first receives a

HELP loan, he signs an original note due for payment six months after the date of his anticipated graduation, and receives an agreement from the bank to extend this note for three years when it comes due. After graduation he signs a renewal note, providing for repayment of his loan in monthly instalments. Interest on the original note is set at $\frac{1}{2}\%$ above the prime rate, but not more than $5\frac{1}{2}\%$ or less than $3\frac{1}{2}\%$.

The state of Maine has just started a student loan plan, administered by a foundation of private individuals chosen with the assistance of the state association. The Maine plan also will lend up to \$500 a year to a student to cover his second, third, or fourth year expenses, and six months after graduation these loans are consolidated into a single note payable over three years. The student applies to his bank, and the foundation guarantees up to 80% of the loan.

State Funds to Start With

The New York State Legislature has created a student loan guaranty fund, operated by the New York State Higher Education Assistance Corporation, in which the principal, \$425,000 appropriated by the state, and whatever gifts may be donated, has been invested, and will be handled as would any business so that it may develop into a growing, self-supporting loan fund. The New York State Bankers Association has endorsed this to its members; 100 banks have signed participatory agreements.

A student may borrow similarly
(CONTINUED ON PAGE 110)

Motor Banking Has Come a Long Way

JOHN J. McCANN

This is the second in a series of reports on a national survey in which more than 1,400 banks participated. The first part appeared in July.

THE price tag on drive-in banking is one thing almost impossible to define except in a very broad sense. While some 911 banks cooperating in our recent national survey set their total investment at close to \$17,000,000, we get nowhere striking averages in the accompanying chart.

The high of a quarter million dollars, the low of \$500, and every figure in between, covers every conceivable type of drive-in installation—and each has different characteristics. There are so many variables in every operation it would be entirely misleading to suggest a basic

cost for anything other than the actual window unit. Currently, these will range from approximately \$2,000 to \$4,500 per unit.

The over-all installation costs may be resolved on a decision of economy or how far a bank wants to go. One building corporation boils it down to three basic types of services: First is the "accommodation" service of a single window installation usually for *small* bank operation. The drive-in volume would be relatively small and the service limited. Next comes the motor service "department," which usually consists of a 2-window operation designed to handle a sizable volume of traffic. And, finally there is the "super service" motor bank featuring multiple drive-in units, including walk-up facilities, all designed to handle the maximum potential volume.

Cost is also dependent upon the type and location of building and many factors involving structural design, approaches and exits, and, to a large extent, the basic operating concepts of the individual bank. Cost is a relative matter. Here is one point emphasized many times in our returned questionnaires: Watch out for the false economies that may later be charged to inadequate basic planning! A good many banks frankly admit they failed to plan their drive-in facilities for inevitable potential growth. Once the service is initiated and volume grows beyond a capacity to handle it properly, expansion may lead to costly remodeling. Later on in this series of reports, we shall classify the wealth of suggestions reaped in this survey as guideposts for banks con-

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Drive-up and parking facilities, Manchester Bank, St. Louis, where some 3,000 transactions per day are handled



DESIGNED BY BANK BUILDING & EQUIPMENT CORPORATION

Tabulation of Second Section of a 35-Question Survey by Bank-Size Groups

(Questions 1 to 6 appeared in July)

QUESTION	Un- classified	Under \$10- Million	\$10-\$25- Million	\$26-\$50- Million	\$51-\$75- Million	\$76-\$100- Million	Over \$100- Million	Total
7. Approximate cost including windows, special drive-ways, etc.								
No. banks citing figures	39	337	257	118	28	23	109	911
Grand total (dollars)	730,891	3,363,633	6,271,108	2,447,488	978,383	735,826	2,405,466	16,932,795
High	90,000	100,000	150,000	100,000	125,000	175,000	250,000	990,000
Low	1,000	1,250	1,020	1,500	500	2,100	2,400	11,770
Average cost	18,740	9,981	24,401	20,567	34,942	30,000	22,068	160,699
8. Type of area served:								
Residential	23	229	187	101	20	18	115	693
Shopping center	14	78	81	46	14	8	67	308
Downtown business district	42	256	218	100	34	21	83	754
Outlying business district	19	130	139	81	24	14	106	513
Industrial	9	51	59	43	12	3	43	220
Agricultural	10	97	47	20	2	2	15	193
9. Where drive-in is located:								
Side of building	48	314	191	125	35	19	137	869
In back of building	12	143	153	67	20	13	60	468
Parking lot	10	58	64	23	10	5	42	212
Other	3	13	29	14	3	2	20	84
10. Drive-in involves approach from:								
Main traffic artery	38	276	253	118	45	25	143	896
Via off-street alley	13	105	84	35	6	6	33	282
Adjoining parking lot	21	110	93	50	8	3	66	351
Special driveway	13	60	60	29	3	2	38	205
11. How facilities are classified:								
Drive-up type	41	309	245	130	37	21	145	928
Drive-in type	10	77	52	20	8	4	24	195
Drive-thru type	6	82	78	26	8	8	26	234
Annex type	1	13	4	8	2	1	4	33
Island type	6	13	39	14	7	4	37	120
Walk-up type	11	47	67	32	9	6	30	202
12. Type of drive-in layout:								
In-line	42	355	255	129	29	18	136	964
Saw-tooth	2	5	12	10	5	3	9	46
In line with offset	6	51	39	9	4	2	11	122
Circular	3	21	20	11	1	2	7	65
Island	4	16	41	22	6	7	36	132
Other	3	11	19	20	7	3	11	74
13. Characteristics of drive-in:								
Type of Window:								
Bay	44	281	253	31	32	25	140	806
Flush	19	187	129	55	16	14	57	477
Operation of drawer:								
Electrical	18	120	87	57	16	25	54	377
Manual	43	355	288	138	33	14	160	1,031
Operation of speaker:								
Manual	13	105	72	44	16	14	38	302
Constant 2-way	51	352	300	139	35	19	151	1,047
Tinted glass in window:								
— Yes	29	180	126	76	17	17	81	526
— No	29	270	208	108	31	13	111	770
Protective canopy:								
— Yes	52	372	310	146	41	25	158	1,104
— No	9	90	58	32	8	7	33	237
No. of drawers for cash or storage:								
— Two	45	287	222	103	26	15	123	821
— Four	17	148	131	69	21	12	62	460
Facilities connected with main banking building via:								
Overpass	1	12	18	9	3	—	4	47
Underpass	1	14	27	21	4	4	18	89
Conveyor system	2	4	5	5	1	1	4	22
Pneumatic tube	6	11	22	11	7	3	14	74
Other	29	153	88	50	24	3	19	366

Figures compiled from BANKING's survey by the Statistical Tabulating Corporation, Chicago.

templating giving drive-in services.

Our chart breaks down the general areas serviced by the reporting banks. Downtown and outlying business districts top all totals, and this is for the rather obvious reason that midtown banks, many land-locked in congested areas, find their means of holding customers in offering an ingenious array of drive-in, walk-up, and snorkle teller services. Business districts, because of growing traffic, present the most serious handicaps for doing business "as usual." A number of banks without access to side street or back alley have even resorted to turntables to accommodate the motor-customer.

The high total reported operating in residential areas can partly be attributed to decentralized branch banking. The up-and-coming prime locations appear to be the shopping centers cropping out all over the country. Here the installation is mighty inviting to a bank which can win local business and family patronage of a concentrated area. Though they appear to be on the lighter side of the totals in our chart, drive-in services aimed at industrial and agricultural areas seem bound to expand as the customer becomes more aware of the convenience of service while he sits in his car.

Approach to Facility

On our next point, the vast majority of reporting banks indicate their drive-in facilities are located either at the side or back of the building. For a great many this is a

WITH our compliments, the reader is welcome to lists of banks operating drive-in, walk-up, snorkle teller, and parking facilities. These are published in a form which may make it easier to check more details of operation than this report presumes to give. The lists are arranged alphabetically by states, cities, and banks. Write BANKING's Chicago Office: 33 South Clark Street, Chicago 3.

compromise on available approaches. It is not altogether a coincidence that the same total of banks (896) report an approach off a main traffic artery. In most cases, location at the back of the building indicates the bank is hemmed in by adjoining buildings, with the only available access from an off-street alley. For another large group, the ideal situation involves location on or near an adjoining parking lot. A fair number of installations involve special driveways. This affects over-all costs, but the net result puts these facilities high on the list of successful operators.

Importance of Location

Location is important. It controls, to some extent, the appeal to the customer and his opinion of the drive-in's convenience. It has been pointed out to us by one manufacturer that many banks locate the drive-in at the side or rear of the building simply on a cost basis. This does not, in all cases, mean that this arrangement provides maximum

convenience for the user. Many banks are happy with this type installation, but problems are more complex when drive-in business expands to the point of requiring additional facilities. After a year or two of growing pains, this type operation is often decentralized to branch operations. Of course, judging from the commentary on the questionnaires, many banks are quite satisfied. Still, fundamentally, location of windows, traffic conditions, and how many cars can be stacked are the governing factors of the extent and efficiency of service.

Value of Service Being Seen

One of the largest and most successful building firms makes this point: It is always advisable to locate a drive-in where the service is visible to the people passing by. In many instances, this company has preferred to recommend to clients a separate island type facility rather than locating the window to the rear of the building and out of sight. The most successful drive-in plan, this company feels, makes use of a special driveway to separate parking lot traffic or incidental traffic from the drive-in facility. Generally, traffic must enter from a main artery, so it becomes a problem to allow enough stack-up space on the bank's property to avoid blocking the thoroughfare.

Our next tabulation shows the error in the common use of the term "drive-in" to apply to all motor banking. Actually, from a technical

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At the Citizens National Bank, Orlando, Fla.



The Value of Prestige

LESLIE WALLER

SOME homespun philosopher with a sharp wit once said: "Show me a man who claims he doesn't care what his neighbors think of him . . . and I'll show you a fool."

Yes, it's true. Anyone who rejects his neighbor's opinion is missing something very helpful. For what our neighbors, friends and the community at large think of us looms large in the scheme of things. Not only is our public reputation at stake, but our private judgment of ourselves is more accurate when we value what the world thinks of us.

All of us want to be respected for what we are and what we do. You want to be a valued citizen in your community . . . and you'd like the community to recognize you as such. Although you may have done good things without wanting recognition for them, you don't want your light forever hidden under a bushel.

What you do—and that includes the career you've chosen—can sometimes make or break what the community thinks of you.

Banker's Position Involves Responsibility

As a banker you recognize the key role you play in your community. It's no coincidence that the community recognizes it too, sees it every day in the week as you help your bank perform the vital job of serving people, business, and government.

Across the length and breadth of the land, bankers enjoy the respect and trust of the people they serve. A man or woman who is found worthy of a bank's confidence rates high in community prestige.

This prestige extends far beyond the bank itself. It reaches as far as the farthest limits of the com-

munity and includes people with whom you have personal business dealings or a social relationship, people you met yesterday for the first time or whom you've known all your life.

The immediate result of this kind of prestige may be pretty time-consuming. You can find yourself selected for spare-time responsibilities you might just as well do without. If you planned your membership in the P.T.A. as limited to monthly meetings, for example, you may be surprised to learn that they want you to serve as treasurer too. You may be further surprised when charitable, service or fraternal groups to which you belong suggest much the same thing.

The Privilege to Serve

Whether you do anything about these immediate results of prestige is your own affair. Certainly your bank will not put pressure on you to agree. But the community will. This is one of the privileges of prestige.

If it doesn't look exactly like a privilege, take another look at it. What your friends and neighbors are asking you to do is nothing more nor less than to *lead* them. By asking you to become a leader, they are paying you the highest compliment anybody in our democracy can pay: they are placing authority in your hands.

As your career in banking grows and your position in the bank becomes more prominent, you will find the highest levels of local government and business calling upon you for leadership and counsel, another example of the privileges of prestige.

If some of these privileges sound a lot like extra work, they certainly are. Working for your com-

munity is one of the highest privileges you can enjoy. But such privileges are by no means limited solely to service.

Prestige Accrues Personal Benefits

As a banker you are well aware of the far-flung personal credit structure by which all business is transacted. You also know how accurate credit information is handled through clearing houses. In large measure, the test of whether or not a person is a good credit risk is simply how and where he earns his living.

Because you are associated with a bank, an institution that symbolizes all that is solid and trustworthy in our economy, your personal credit rating can be high. This reflects itself not only in what you can buy and on what terms, but also in the attitude of people with whom you deal. Guard that reputation and you hold your head high for the rest of your life.

These are some of the major results of prestige, but there are many smaller ones. Having the right job in the right place creates an atmosphere that extends deep into the lives of your wife and children, into their circle of friends, neighbors and schoolmates.

Make no mistake about it, the person who commands respect will do so whether he works in a bank, a boiler factory or a barber shop. But when your career itself is already respected, when the place you work has already earned prestige, you'll find your own path much easier to follow.

There's nothing mysterious about prestige. It's a combination of public approval and self-approval. When you plan a career in banking, you can count on both.

OPERATIONS REPORT

Equipment Trust Data Processing

IN studies and discussions of bank automation, often only the check handling and deposit operations are considered. This approach is natural because in the commercial bank these functions create many operating problems. They also, in most instances, produce the largest volume of individual units or pieces of paper.

The LaSalle National Bank has been studying automation for some time; and as far as we know it is the only Chicago bank that has programmed and has in *every-day use* an automatic data processing operation on a large memory retention computer. Our approach and analysis were not dependent upon or delayed by the solution of the check handling and the commercial book-keeping functions. We hasten to add we have not ignored this area in our studies and appraisals, but it was felt we could profitably use a computer program in some other function and at the same time gain valuable experience in the day-by-day use of programing and computer operational techniques.

High-speed Computer

In our equipment trust type of automobile fleet-leasing operation we faced an ever-increasing volume and the complexities of statements needed to report to the trust department customers who supply the funds to finance the leases. Due to these factors it was essential that we go to some other system rather than expand our manual or semi-mechanical methods. The only other solution, therefore, was either a conventional punch-card operation or an expanded high-speed computer installation.

In our analysis, we rejected the conventional punch-card operation, first, because of the tremendous

HARRY E. MERTZ

MR. MERTZ is assistant vice-president and auditor of the LaSalle National Bank, Chicago.

number of variables in the computations, and second, because we did not have conventional punch-card equipment.

A test of the use of a computer to perform the intricate functions seemed to be the best approach. It was felt it would not be feasible or economically sound at this time for a bank of our size to enter into a contract to lease or purchase a computer; if we did so there certainly would be a time lag before the delivery, prove-out, and installation. This would not solve our immediate accounting problems. Furthermore, it would be necessary for us to acquire specialized personnel to operate the computer and subsidiary processing equipment if we purchased or leased our own electronic-data processing units.

With these thoughts in mind, we discussed our problem with a local servicing organization which had in operation one of the first heavy memory-retention computers. This concern's knowledge of computer operation and its guidance of our operation and accounting personnel were valuable contributions to an efficient solution of our problem.

A Major Conversion

At the time of our change-over from a semi-mechanical system to the computer function, it was decided that inasmuch as we were making a major conversion we would do it more elaborately than we might have if the equipment had been in our own bank. We converted all the records to the conventional punch-

card method as the media of input information to the computer. This was done so that if at any time we decided the operation was not feasible, or proved too costly, we could discontinue it and acquire from our servicing bureau the conventional punch-card records and use them in ordinary equipment.

After quite a few months' experience, it is evident that the installation has become an important operating procedure, and has proved very satisfactory both in time and economy. We are now giving serious thought to transferring the accounting onto tape. This will afford a better, faster input and output of information as well as a speedier completion of the overall operation on records.

How It Works

And now let's explain the new procedure. A card record is maintained for each automobile leased, identifying the car by number, the request for funds number, the date the car was placed in service, the date the trust department customer invested the funds, and the cost of the vehicle.

The preliminary run provides the following information:

(1) Record unit cards are calculated as to the amortization amount and income amount, cross-footed and total payment developed. This information is then transmitted automatically onto the new cards.

(2) Back-billing codes are developed and stored in the computer's internal memory.

(3) By summarizing the record cards according to the request for funds number, anticipated balance records are produced for the current month and stored in the computer.

(4) At the same time, anticipated

(CONTINUED ON PAGE 114)

Electronic Posting in a 1,600-Account Bank

ANY bank with 1,600 or more accounts which handles a daily average of 900 checks and deposits and has 600 balance moves a day can profitably install an electronic posting machine, says Paul A. Schroedel, cashier, The State Bank of Parsons, Kans.

Describing that institution's experience with the equipment, Mr. Schroedel told the Kansas Bankers Association's Bank Management Clinic that a bank of the size mentioned "should lose no time in beginning its program toward automation." The first step is the installation of numeric coding, "and then when you feel your equipment is out of date, order an electronic machine. This will result in a one-handling, controlled-posting system for any size bank."

Some Pitfalls

Mr. Schroedel called attention to some of the pitfalls in numeric coding of accounts and conversion to electronic posting.

Keep your coding simple. Be sure your accounts are in strict alphabetical sequence before starting the assignment of numbers.

Don't be apologetic. Start your customer education early and keep at it constantly. The more people you can get to numbering their checks before you install your machine, the better off you'll be. (The numbers also have an advantage in proof department sorting even before electronic bookkeeping arrives.)

The Parsons bank educated its customers with lobby posters, newspaper ads, statement stuffers. The staff was fully instructed. (Customer education kits are available from at least two companies.)

Show the Machine

If possible, Mr. Schroedel suggests, **display the machine in your lobby.** "Have a nice looking young lady explain its operation to the customers. Advertise in the paper that it is on display and that you're demonstrating it."

This banker advises: "Don't order your equipment and put off encoding your accounts, and find one day that your machine is ready for delivery and that you're not prepared to use it to fullest capacity." True, it will work without the numeric coding, but not to your fullest

benefit. Also, if the machine is used without numbers, employees and customers will become lax in using numbers and much of the educational program will be nullified.

"We did not install our electronic posting machine in order to be the first bank to do so in our area or in our city," said Cashier Schroedel. "We installed it because we felt it would save us money and space and also that it would improve our customer relations by providing a neater statement and that it would cut errors to a minimum. **Our ledgers have not been out since we made the installation. So far, we have not had a wrong posting to an account. Bookkeepers are much easier to train on this machine.**

Employee Acceptance

"Our employees' acceptance of the plan has certainly been wonderful. They talk about it to our customers a lot and they are proud of it. They feel that it is something that has been done to give the customer the utmost in protection, accuracy and neatness."

Acceptance by the customers has been "about 99.4%."

"Tax Free Additions to Salary"

YOU'VE probably been calling them "fringe benefits" (we have, too), but here's a banker who thinks "tax free additions to salary" is more accurate nomenclature for the insurance and other personal protections that increase employee security.

William B. Hall, vice-president, The Detroit Bank and Trust Company, recalling that "fringe" appeared in the labor relations terminology of the World War II period, says it's "entirely misleading and completely inaccurate."

"This fringe," he points out, "is not decorative, is not reducible—it is a permanent cost of doing business. It should be called by its true name, **tax free additions to salary.** It is an addition to salary paid us by the bank on which we pay no income tax.

"What does this mean to the em-

ployee?" Mr. Hall asked at a conference of the National Association of Bank Auditors and Comptrollers. "What does it mean to you? Why not figure it out? **How many dollars does your bank pay for your benefits? Add these to your salary, recalculate your income tax, and apply the new income tax bracket to benefit dollars. That is your tax free addition to salary—an addition used to buy better benefits through group purchase.**"

Mr. Hall emphasized the importance of management's knowing the immediate and future costs of benefits, and of measuring accurately each obligation's cost before it is assumed. A partial control, he suggested, is the sharing of costs between employee and bank. "It is our philosophy that any benefit program should require some employee contribution."

"The story of tax free additional benefits to salaries must be told over and over and in every way that it can be done effectively," he continued. "Start it in your orientation of new employees. Take time to spell out what they gain from tax free additional salary. This should be more than an oral discussion. Put it in writing.

"House magazines sent to the homes are helpful. If you don't have one, prepare a special mimeographed story of benefits related to your bank's profits and mail it to the employee's home, for it is his family that really benefits — and they should know about it.

"Look for opportunities to dramatize the security obtainable through your program. In every bank there are individuals who have benefited and want to tell about it. Give them the chance."

Alpha-Numeric Posting

STUDY several of the alpha-numeric systems of account numbering for your electronic posting operation, suggests J. A. Mermis, Jr., president, Security State Bank, Great Bend, Kans. And be sure to consider the simplicity of the system.

In a talk to the Bank Management Clinic of the Kansas Bankers Association, Mr. Mermis said he believed a majority of bankers were delaying adoption of electronic posting—first step in electronic automation—because of the apparently difficult and complicated alpha-numeric installation problem. Discussions of it contain considerable “fancy nomenclature” that’s hard to understand, but actually the problem is “very simple,” he asserted.

What the System Does

“There are a number of alpha-numeric systems to choose from; in fact, some bankers advocate a straight numeric system. I feel that a straight numeric system has many disadvantages—alphabetic sequence is lost, no signature checks of correct account posting, and many others.

“An alpha-numeric system has many advantages. It provides direct parallel alphabetical and numeric placement of accounts. Thus, by sorting numerically we are simultaneously alphabetizing. Our depositors are still Jones or Smith in their personal relations with the bank. This removes the stigma of being treated coldly as a number. It provides flexibility of expansion and contraction of accounts. It provides simplicity of operation since control of the numeric assignment is handled by one person. It provides speed of operation. Each time the checks or deposits are handled subsequent to teller receipt, they are handled on a strict numerical basis. This results in multiplication of the speed advantage.

“Our proof sort, rough sort, fine sort, posting statement, posting ledger, filing canceled checks and preparing statements, can all be handled faster numerically than alphabetically. The system provides for smooth, fast handling of items

with the greatest degree of accuracy.”

Check Imprinting

The Security State Bank adapted its plate machine to imprinting checks, adding the alpha-numeric code number. It now has a flexible master plate file, and four lines on the plates: the first carries the name of the account, the second the street address, the third the city and state, the fourth the alpha-numeric code number. The machine can now print the first and last line for imprinted checks, the first three lines for statements and mailings, and all four for imprinting service charge slips—all at the rate of 110 checks a minute.

Other tools the bank found highly

desirable in converting to alpha-numeric include a numeric sorter, alpha-numeric master card file, and special cards for the signature file—all items that speed routine.

The Cost

The cost of adopting the alpha-numeric system at the Security was \$1 per account, including supplies, overtime to employees, postage, and capitalized miscellaneous equipment. Omitting the latter item, the cost was 85 cents. These figures, of course, do not include the cost of the posting equipment.

The total investment, including the electronic machine, was approximately \$14,000 and the bank expects it “will be paid out in less than two years.”

A New Home for \$6-Billion

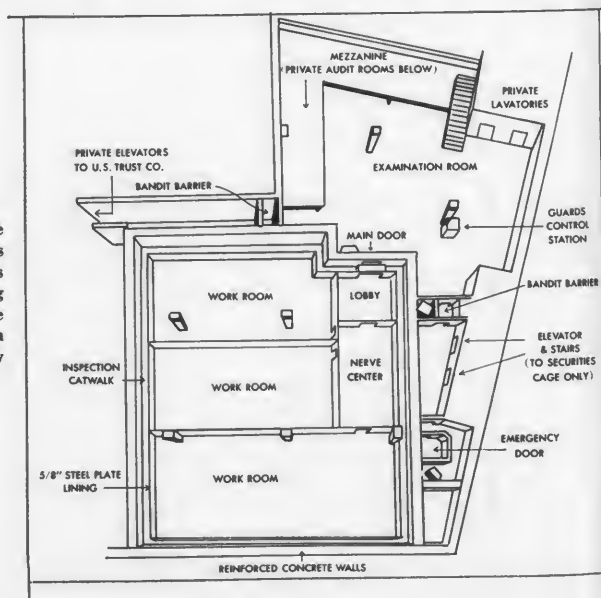
IN the bedrock of lower Manhattan they’re building the world’s largest watertight vault. Its 40,000 cubic feet will provide safekeeping for nearly \$6-billion in securities held by the United States Trust Company of New York when the bank moves into a new 27-story building at 45 Wall Street next year.

With the great vault will go a modern filing system for book and

wing bonds. Developed by the trust company’s methods and research department, it stores the securities by account, with the aid of colored wrappers, permitting bonds to be stacked together so that coupons can be clipped by an electric cutter at a time-saving of 20%.

“This is the vault we dreamed of and wished we were able to build before World War II,” said Ray-
(CONTINUED ON PAGE 116)

Plan of the United States Trust Company’s vault now being constructed in the new building on Wall Street, New York



The Extent of Automation in Commercial Bookkeeping

Steps Are Shown in Work Flow Table

FORDE STEELE

The author, who is vice-president of the Central National Bank of Cleveland, in charge of the planning department, writes frequently for BANKING, his most recent articles, like this one, being on the subject of automation.

In connection with the present article, MR. STEELE says:

"All of the equipment companies in this field are working on developments which have not yet been announced. Therefore, the mention of a particular feature of one make of equipment does not mean that other companies are not also working on similar developments. Further, in an article of this brevity it is not possible to discuss all the features of all makes of equipment. The examples used are intended only to be illustrative of particular points of procedure or possible future developments."

MOST of us, hearing for the first time the phrase "fully automatic," visualize a system wherein a batch of checks or deposit tickets can be completely proved, sorted, and posted, virtually untouched by human hands. Unfortunately, just as there is a lot of hard work between the beautiful pictures in the seed catalogs and the red ripe tomatoes on your dinner table, there are many steps, some of them manual, between the input and the output of an automated commercial account bookkeeping system.

To foster a better understanding of just how automatic an automated system is, here in considerable detail is an outline of the processing of a batch of "us" checks received by a typical bank from the clearing house or in the Federal Reserve

letter as they may be processed under one of the proposed fully automated systems.

Since the finer details of automated systems will vary in accordance with the individual choices and conditions existing in each bank, the work flow chart on page 47 can be construed only as indicative of the steps which a bank might take under a given set of circumstances.

Assume that this hypothetical bank will process its clearance and Federal Reserve items by encoding the amount on them with an amount imprinter attached to an adding machine. These incoming items are then proved by listing them on the sorter-reader or sorter-converter with an adding machine attached. The last pass through the sorter-reader will produce a punched paper tape which can then be used to activate either a Post-tronic or a Sensitronic, or eventually a computer.

It is also assumed that a majority of the checks written by this bank's customers have the transit number and the account number preprinted in magnetic ink.

STEP I—Imprint Amount

The items, in the order received from the clearing house or from the Federal Reserve bank, are processed through the amount imprinted. The operation consists simply of listing the items on the adding machine and dropping them in the feed of the magnetic ink imprinter. The top speed of this operation is usually the speed at which an individual can operate an adding machine.

In the early stages of complete automation for checking accounts,

it will be feasible to handle through amount imprinters attached to adding machines only those groups of items consisting entirely of "us" checks. For several years it will probably be necessary to process deposited items through a proof machine, because a significant proportion of the checks will not bear a bank transit number in magnetic ink.

STEP II—Prove and Sort

The passes through the sorter, which include adding amounts or listing items, will be bottlenecks in the check handling operation unless something can be done to increase the speed of this operation above the present speed limitations of adding machines or other mechanical listers which might be attached to the sorter.

The National Cash Register Company has indicated that it believes low-cost electronic adding devices and high-speed listers can be developed for attachment to their sorter. If such machines can be developed, the cost of fully automated bookkeeping systems can be still further reduced.

One feature of the sorter-reader-adding machine combination which must be remembered is that the present models cannot produce a total for all pockets to which items are sorted. It is generally proposed that in any given sorter-reader pass the total produced would be the total of the items as they were before the sorting pass started.

However, the IBM sorter connected with a conventional IBM accounting machine can distribute, list and total amounts for items going into a number of pockets. The number is limited only by the number

of counters in the accounting machine.

The Burroughs Corporation has indicated that, with their combination of sorter-converter and Sensimatic, it will be possible to distribute, list, and total items into as many groups as there are pockets in the sorter during the first sorter pass. This feature would save an appreciable amount of time, since the next sorter pass for the items thus distributed and totaled could be at the 750-per-minute speed rather than at the slower adding machine speed.

STEP III—Group Totals and Grand Total

Actually, this step would be performed as each batch is completed. The operator would check the total on the adding machine with the total on the incoming tape.

STEP IV—Items in Reject Pocket

Periodically during the sorting process, the items which are routed to the reject pocket would be examined and those which do not have an account number in magnetic ink would have this deficiency corrected on the magnetic ink imprinter.

STEP V—Control Totals and First Book Control

To the uninitiated, it will appear that this step just doesn't make any sense at all. They will remember that in Step II we were sorting to type of account. The obvious question is why it is not possible to establish totals by type of account during that pass.

The answer lies at the heart of mechanical sorting. During the pass in Step II where the items were being listed, the items were being processed in groups according to the batches in which they were received. As the items passed under the reading head, the amounts which were added in the machine were added in the order in which the checks were received. Only after the items had passed the reading heads did they go to the individual pockets according to the type of account as indicated by the first digit of the account number. As the sorting operation was performed, the items for each type of account were sorted to pockets according to type of account and kept separate for Step V.

The Burroughs Corporation feature of a Sensimatic attached to their sorter-converter offers inter-

esting possibilities of establishing type control totals during the first sorting pass.

STEP VI—Type Control Totals to Original Grand Total

After all the items have been sorted on digit 3 and a grand total of each type obtained, it is necessary to balance the total of the type controls to the grand total entered into the system in Step II.

STEP VII—Complete Rough Sort

After sorting on digit 3 and obtaining figures by type of account, we are ready to complete the rough sort to control groups by sorting on the second digit in the account number. On this sort the sorter-reader is permitted to operate at its maximum speed of 750 a minute which, because of the time required to handle the items in and out of the pockets, is reduced to approximately 450 items per minute effective speed.

STEP VIII—Book Control Totals and First Fine Sort

After all the items for one book control which are to be fine sorted are accumulated, it is possible to start fine sorting. Of particular interest is the fact that it is not feasible to begin fine sorting until all of the day's work has been rough-sorted to book controls. Using punched card checks, it would be possible to fine sort several different batches and then collate them on the collator.

However, none of the machine companies as yet has devised a collator for paper checks, and as a result it will be necessary to have all items for each control available before fine sorting is started.

STEP IX—Book Control Totals to Type Control Totals

While there may be some question as to whether it is necessary to balance the items so often, some of our most astute thinkers in the bank automation field believe that it will be necessary to make certain that all of the items are still in the work and that the magnetic ink numbers are still reading as they were at the time of the first listing.

STEP X—Fine Sort, Second Pass

This fine sort step can be taken as soon as the controls have balanced and will utilize the top speed of the sorter.

STEP XI—Fine Sort, Third Pass

This pass through the sorter would be on digit 4 of the account number. After this pass, items will be in strict account number order and ready for posting.

STEP XII—Look Stops, Endorsements, etc.

One of the very interesting problems in the development of a system for handling checks in an automated system is the determination of when the various steps required for paying checks should be performed. For example, it is entirely feasible to inspect checks for endorsement, completeness, and date even before the items are amount-imprinted in magnetic ink. However, signature paying and looking for stop payments can be accomplished efficiently only after the items have been placed in account number order.

Under an automated system where the semi-automatic machine incorporates an automatic ledger sheet feed and a punched paper tape transaction feed, it does not seem logical that we could afford to take the time to have the machines stop each time there was an account which had a stop payment in existence. Thus it seems quite likely that, for fully automated systems utilizing the semi-automatic machines, it will be necessary to do the required check inspection prior to the creation of the punched paper tape.

STEP XIII—Punch Paper Tape; List by Control

After the fine sorting has been completed, we are ready to punch the paper tape which will serve as the input for the bookkeeping operation. During this operation, totals are taken at the end of each control to ascertain that all the items are still present and accounted for and are reading properly.

STEP XIV—Balance to Book Control Totals

By balancing the book control totals at this point in the procedure, one more assurance of the accuracy of the punched paper tape is provided.

STEP XV—Up-date Accounts

The posting operation is accom-

(CONTINUED ON PAGE 108)

Tentative Detail of Work Flow

Fully automated commercial account bookkeeping.

Under following conditions:

- (a) Items received from clearing house or in Federal letter only.
- (b) Seven-digit numeric account number.

Digit#	1	2-3	4-5-6	7	<i>Probable Effective Speed</i>
<i>Step</i>	Type of account	Book controls	Account number	Check digit	
			<i>Machines Used</i>	<i>Machine Speed</i>	
I.	Imprint amount in magnetic ink.		Amount imprinter attached to adding or proof machine		
II.	Prove to incoming tapes and sort to type of account.		Sorter reader with adding machine attached	125/min	75/min
	(a) Sort to type of account on digit 1.				
	(b) Verify account number validity.				
	(c) Same grouping as original tapes.				
	(d) Reject—				
	(1) Items without account numbers in magnetic ink.				
	(2) Items with invalid account numbers.				
III.	Balance group totals and grand total.				
IV.	Process items in reject pocket.		Magnetic ink imprinter		15/min*
	(a) Imprint account number on items which do not have magnetic ink account number.				
	(b) Investigate items rejected because account number determined nonvalid in Step II.				
V.	Establish controls by type of account and make first book control sort pass.		Sorter with adding machine	125/min	75/min
	(a) Digit 3.				
VI.	Balance totals of type to original grand total.				
VII.	Complete rough sort to book controls.		Sorter reader	750/min	450/min
	(a) Digit 2.				
VIII.	Establish book control totals and make first fine sort pass.		Sorter reader with adding machine attached	125/min	75/min
	(a) Digit 6.				
IX.	Balance total of book controls to type control totals established in Step V.				
X.	Fine sort—2nd pass.		Sorter reader	750/min	450/min
	(a) Digit 5.				
XI.	Fine sort—3rd pass.		Sorter reader	750/min	450/min
	(a) Digit 4.				
XII.	Look stops, inspect checks for completeness, endorsements, etc.				
XIII.	Punch paper tape and list by control.		Sorter reader with Tape punch only With adding machine attached	120 characters per second 125/min	360 items per minute 75/min
XIV.	Balance to book control totals.				
XV.	Update accounts.				
	(a) Semi-automatic with paper tape input and automatic ledger sheet feed.			12 to 20 items posted per minute	
	(b) Computer.			Computer limited primarily by speed of punched paper tape reader	
XVI.	Process returns and other rejects.				
	(a) Determine cause of rejection.				
	(b) Prepare credit tickets for items to be returned.				
XVII.	File Checks.				
	(a) Pay signatures.				

* Geared to operator's ability and need to look up account numbers.

Are Your Service Charges Adequate for the Future?

BANK earnings are a growing challenge for management. Banks have been fairly prosperous the past few years, but their prosperity threatens to be squeezed by rising costs and declining interest rates.

Squeeze Is Here

The squeeze is already here, according to the Economic Policy Commission of the American Bankers Association. While, since World War II, gross earnings of banks have been rising, net profits have not been rising so fast. Gross earnings have risen markedly since 1946 due to a large-scale shift from low-yield types of assets into higher-yield types and to the rising trend of interest rates. Shifts from Government bonds into loans have increased earnings. Income from service charges more than tripled after World War II. Trust department and other earnings have mounted. But so have bank salaries and in-

terest paid to depositors. Other expenses also are higher.

During this period of almost unprecedented opportunities, dollar profits have increased quite slowly, and the actual rate of return on capital has actually diminished, the Commission found. This raises the question as to what will happen to bank earnings during a period when rising interest rates will have been replaced by declining rates and one in which the possibilities of further increasing the proportion of risk assets are more limited. During the next five years, while total assets may be expected to grow, the proportion consisting of risk assets will not grow as fast. Even if interest rates do not decline but simply stop increasing, the rate of growth of gross operating earnings of recent years cannot be maintained. Net earnings will be retarded even more.

In the light of the one-way rising trend of costs, banks will be under pressure to seek more economical

procedures and explore additional sources of earnings. Bank profits in the years ahead will require great ingenuity, skill, and foresight on the part of management, the Commission holds, and many banks "will need to scrutinize their policies with respect to services which they are performing either without charge or on an unprofitable basis."

Most businessmen agree that a bank should be adequately compensated for its work. Much of the grumbling as to charges arises out of less than adequate appreciation of the circumstances. One businessman commented: "Free services worry me. If I'm not using all the bank's services, then perhaps I'm paying the way for someone who is."

Exactly so. The customers who, in effect, are paying most of the cost of a bank's parking facilities, for example, may constitute a very small proportion of those using those facilities.

Quite a few businessmen complain as to the earnings allowance they receive on loanable balances. This, too, is a matter of education by the bank.

A Washington Example

For example a bank which seems to have given much thought to service charges is the National Metropolitan Bank of Washington*. Its published schedule of service charges is very detailed, embracing checking accounts, savings accounts, and miscellaneous services.

This bank charges \$2 for each check it returns because of insufficient funds, being drawn against uncollected balances or being post-dated. It charges \$1 for each check paid by it in excess of the available

Directors Want Facts, Figures

MANAGING officers of banks in the future will be forced to require much more than they presently do in the form of facts and figures as a basis for making top management decisions.

If bank management doesn't install continuous costing programs, many banks will actually be driven into it.

Who will drive them into it?

Have you noticed the gradual changes which have been taking place in the type and quality of new board members? More and more they are being selected because of their specialized backgrounds and training. They are men who are trained to make big decisions, but they are especially trained to base those decisions on all the factual information available which is pertinent to the problem. They are fully acquainted with and make continual use of such management tools as time and motion studies, job evaluation, performance rating, grading and pricing, attitude surveys, and—most important—costing and pricing.

In other words you, as managing officers of banks, will leave yourselves wide open if you don't fortify your recommendations and decisions with factual data—information which can be derived only as a result of cost analysis—A.B.A. DEPUTY MANAGER GEORGE AMY, before the Massachusetts Bankers Association.

* Since this article was written this bank has become part of the American Security and Trust Company.

ledger balance at the time of presentation, whether it is made good later in the day by a deposit or paid by the bank creating an overdraft on the account. When an account is closed within six months of its opening, \$1 is charged. An account of less than \$200 dormant a year incurs a \$2 charge.

On savings accounts several charges are levied. On accounts closed in less than six months \$2 is charged. For each withdrawal in excess of two per month 50¢ is charged. To replace a lost passbook costs \$1. Dormant savings accounts of less than \$100 are charged \$2 a year.

For each cashier's check or bank draft the cost is 25¢ for a depositor; 50¢ for a nondepositor. Note payment collections cost 50¢, with an additional 25¢ for remittances. A charge of 1/10 of 1% is made for checks and drafts collected, with a minimum of \$1 and a maximum of \$7.50 for nondepositors. For credit reports the bank charges \$3.50.

Where duplicate statements are habitually rendered at a depositor's request, a charge of 75¢ a page is made.

Additional charges listed:

Traveler's letters of credit: 1% of the face amount; minimum \$5.

Commercial letters of credit: by individual arrangement.

Transfers by bank wire, telegraph, telephone, or mail: \$2 plus cost.

Messages transmitted by telephone, telegraph, or bank wire: \$2 plus cost.

Transfers from one account to another: 25¢.

One-payment notes: \$1.50 minimum.

Instalment notes: 75¢ minimum.

Late payments overdue for three or more days: 50¢.

Photostats: \$1 per item.

Safe deposit box: two entries per month allowed without further charge.

Entries in excess of two per month: 50¢ per entry.

Safekeeping of securities and other articles:

Held 30 days but less than six months: \$3 per account.

Held more than six but less than 12 months: \$6 per account.

Held more than one year: \$6 per year.

Charge for cutting coupons: 25¢.

Handling of stock and bond transfers: \$2.50 minimum plus broker's fee.

Table 1—Service Charges of Insured Commercial Banks as Percent of Total Current Operating Earnings—1957 (Banks Grouped by Class of Bank)

Source	Members FR System		Non- members	
	Total	National State	FR System	
Service charges and fees on bank loans	1.04	1.05	1.08	0.94
Charges on deposit accounts	5.48	5.69	4.44	6.77
Other service charges, commissions, fees, and collection and exchange charges	2.32	1.85	2.30	3.93

Table 2—Service Charges of Insured Commercial Banks as Percent of Total Current Operating Earnings—1957 (Banks Grouped According to Amount of Deposits)

Size of bank (millions of dollars)	Service charges on deposit accounts		Other service charges, commis- sions, fees and collection and exchange charges	
All banks	5.48		2.33	
Less than 1	4.78		5.90	
1 to 2	4.89		5.04	
2 to 5	5.85		3.47	
5 to 10	7.20		2.66	
10 to 25	7.86		2.33	
25 to 50	7.37		2.26	
50 to 100	6.22		2.06	
100 to 500	5.18		1.90	
500 or more	3.98		2.13	

Table 3—Amount of Service Charges from Various Sources, Insured Commercial Banks, 1957

	(in millions of dollars)			
	Members FR System		Non- members	
	Total	National State	FRS	
Service charges and fees on bank's loans	84	45	27	12
Service charges on deposit accounts	441	243	111	87
Other service charges, commissions, fees, and collection and exchange charges	187	79	58	50

(CONTINUED FROM PAGE 56)

Reconciling a customer's check book: at the bank's discretion, \$3 per hour with \$1 minimum.

Special supplies (endorsement stamps, no-protest stamps, change envelopes, forms, etc.): actual cost plus a handling fee of 50¢ based on analysis of the account.

Travelers checks: \$1 per \$100.

Whether all these charges result in a direct net addition to the bank's earnings would be hard to say. Obviously some of the charges will tend to discourage small customers and thus perhaps eliminate unprofitable accounts. If that is in fact the result, it may be said to support earnings indirectly.

FDIC Data as Guide

Each year in its annual report the FDIC publishes a breakdown of current operating earnings of insured commercial banks, including earnings from various service charges. The tables cover member banks of the Federal Reserve System (national and state), nonmember banks, all insured banks according to size of total deposits, and so on. Both actual dollar figures and ratios are given.

In 1957, service charges on deposit accounts in all insured commercial banks were 5.48% of total current operating earnings. Service charges and fees on bank loans were 1.04% thereof. Other service

charges, commissions, fees, and collection and exchange charges were 2.32%. While the percentages vary from year to year, the changes are not great.

The breakdown between different classes of banks shows more variation. In the case of national banks a larger part of service charges comes from checking accounts than in the cases of other classes of banks, as Table 1 reveals.

Analysis by size of bank shows that in general the smaller banks get the larger part of their service-charge income from charges other than on deposit accounts. Many small country banks make no service charge on deposit accounts. The pertinent data are shown in Table 2.

FDIC also shows, for 1957, service charges for the different classes of banks derived from bank loans as well as other activities. The data, given in dollars, not percent, appear in Table 3.

Checking Accounts Main Source

It will be noted that, for banks as a whole, checking accounts provided the main source of service-charge income, although, as we have already seen, this is not the case in the smallest banks. The information in the above table is also available, broken down by size of bank. It is also available by states.

A Washington banker complained to the writer about having to issue

U. S. Savings Bonds free of charge, when the Post Office almost across the street refuses to issue Savings Bonds at all because it has been denied an appropriation for the work involved. So the post office sends bond buyers to the bank for free service, when the bank has a savings service of its own to offer.

Frequently, where a service charge is directly or indirectly levied by a bank, it is really not adequate to cover the cost of the service. This situation is not always easy to rectify. A bank may be supplying local department stores with several thousand dollars in coin, wrapped in tubes, without making any charge for the wrapping, and yet may not be recouping enough from the store's account.

Among service charges that do not always pay for the service rendered is the safe-deposit box rental in a bank which provides customers with free parking at a nearby garage or commercial parking lot or even on the bank's own premises. A customer need not make too many visits to his box for the cost of his parking to exceed the revenue the bank receives for the box. In such a case both the box and the parking service are losing propositions for the bank. According to an A.B.A. survey, maintenance and entry costs of the average box amount to \$3.79 a year.

The uncompensated services rendered by a bank may have a small beginning but grow considerably.

Examine Charges Periodically

All this suggests that every bank should give most careful attention to its service-charge policies and check from time to time to make sure that the policies are effective. If service charges are to cover the services rendered, the work done by the bank must be periodically analyzed as to cost.

Perhaps there is no rule which has no exceptions. A bank cannot charge \$5 to see the president and \$1 to see a vice-president. Customers may receive invaluable advice from their bankers, and there is no direct way of charging them for such advice. But for mechanical and operational services a good rule of thumb is that a man is worth his hire. The public, if informed, will not object to paying a reasonable charge for a service received.

HERBERT BRATTER

Useful Articles, Booklets on Service Charges

- "How to Sell Service Charges," C. A. Hemminger, p. 72, *BANKING*, January 1957.
- "Simpler Statements and Service Charges Through Automation," J. N. Raleigh, p. 60, *BANKING*, March 1957.
- "Service Charges on Business Accounts," J. P. Furniss, p. 62, *BANKING*, June 1957.
- "Single-Form Service Charge System," R. K. Jones, p. 47, *BANKING*, April 1956.
- "A Complete Service Charge Program for Small Banks," J. C. Welman, p. 58, *BANKING*, May 1955.
- *Results of Service Charge Survey*, 1957, Country Bank Operations Commission, A.B.A.
- *Uniform Account Analysis*, 1956, \$1.75, Bank Management Commission, A.B.A.
- *Trends in Bank Costs—1956 Edition*, Country Bank Operations Commission, A.B.A.
- *A Complete Service Charge Program for Smaller Banks*, 1955, \$1.00, Country Bank Operations Commission, A.B.A.
- *The Simplified Service Charge Plan for Smaller Banks*, 1955, Country Bank Operations Commission, A.B.A.
- *Checking Account Service*, 1949, Country Bank Operations Commission, A.B.A.

COMPREHENSIVE DWELLING and HOMEOWNERS Policies

One Is "A la Carte," the Other "Table d' Hote"

IT is surprising to hear that some banks will not accept the comprehensive dwelling policy or the homeowners policy when making real estate loans. The only likely explanation for such refusal is that the officer or clerk handling the bank's insurance is inadequately conversant with the coverage provided by these policies.

As mortgage lender, the bank is directly interested that the property securing the loan is adequately protected by fire and extended coverage insurance. Any comprehensive dwelling policy or homeowners policy provides such coverage, as well as other protection in which the homeowner—but not the bank—is directly interested. Provided the comprehensive policy is adequate as to amount, the interests of the lender are adequately provided for. This policy, of course, contains the standard mortgage clause which provides that loss or damage, if any, shall be payable to the mortgagee.

The fact that a policy, in addition to providing the bank the protection it requires, also insures the homeowner against additional risks is no more reason for refusing to accept the policy than the fact that a borrower may have assets of various kinds greater in value than the amount he wants to borrow.

Three Points of Interest

Comprehensive dwelling policies and homeowners policies are of interest to banks in three ways. First, all banks making mortgage loans are interested from the standpoint of protecting the loans they make. Secondly, banks which sell insurance have in the comprehensive policy a better product to sell. Third, where the bank does not sell insurance (and this applies to the vast majority), from the standpoint of customer relations the comprehensive policy

makes it possible better to protect the customer from a variety of risks against which he might otherwise leave himself inadequately insured or not insured at all.

Comprehensive Dwelling Policy

There are certain differences between the comprehensive dwelling policy and the homeowners policy which we shall point out later in this article. For the moment let us look at only the comprehensive dwelling policy. This policy has been in use since 1954. The comprehensive dwelling policy makes it convenient to write up a tailor-made insurance contract at a single sitting. Previously, to get the same protection a homeowner had to arrange for a variety of separate endorsements or policies.

The comprehensive dwelling policy insures both buildings and contents in respect to fire, extended coverage, and additional extended coverage. A "broad" form is available, protecting not only as to fire, extended coverage, and additional extended coverage, but offering certain broadening features as well—for both buildings and contents.

Basic coverage in the comprehensive dwelling policy includes fire and lightning. Extended coverage includes: wind storm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles not operated by resident, and smoke from sudden, faulty operation of heating or cooking unit.

Additional extended coverage, available under the comprehensive dwelling policy covers: vandalism and malicious mischief, damage to premises caused by vehicles operated by resident, water discharge, leakage or overflow of plumbing or heating system, freezing of plumbing or heating system, rupture of steam or hot water system, ice or snow resulting

in collapse, falling objects including trees, and limbs, and building glass breakage.

Bank Risks Are Covered

The risks with which the bank as lender is concerned are included in the above lists. Inclusion of the insurance against these risks in a comprehensive dwelling policy rather than in an old-style fire insurance policy in no way lessens the bank's protection.

In a single package it can provide the homeowner with protection for his personal property and against loss from theft or liability. The available additional forms and endorsements make it possible to take care of almost any need of the homeowner as to his home or contents on or off the premises.

Also, as mentioned, even where a bank does not sell insurance through an affiliated agency or otherwise, it can create goodwill by pointing out to customers the risks to which they are subject and the protection available. This may mean going well beyond the point at which the bank's loan is protected.

For example, during a period of years when real estate values are rising, a customer may take out just enough insurance to cover the mortgagee's interest. As time passes, the loan is gradually repaid and the lender's remaining interest in the dwelling is shrinking. The value of the house meanwhile may have doubled; but if there is a fire and the insurance has not been increased to reflect rising property values, the homeowner will find his insurance policy woefully inadequate. A bank which from time to time reminds a customer to adjust his insurance to current values does the customer a favor and builds goodwill.

A case called to the writer's attention
(CONTINUED ON PAGE 131)

Housing a New Branch Office

High Construction Costs Present a Serious Problem

ROBERT L. NILES

MR. NILES is with the architectural firm of LaPierre, Litchfield & Partners. Other articles by him, dealing with bank building problems, appeared in the August 1955 and the October and November 1956 issues of BANKING.

WITH the tremendous increase in branch banking in the United States during the last 10 years, especially in metropolitan areas, the question of how to keep up with the Joneses, and still earn a profit on a branch operation, requires careful study. This requires study even before an application for permission to establish a branch is filed, because there is a superintendent of banks to be convinced of the value of the proposed branch.

Among the criteria established in connection with such applications are:

(1) Size of the residential population and number of those who live elsewhere, but work in the area tributary to the proposed office.

(2) Volume of local retail sales.

(3) Extent of prospective housing and commercial developments in the vicinity.

(4) Convenience of existing transportation facilities and character of traffic conditions.

(5) Number of banking offices in the neighborhood, if any.

Assuming that the location being considered qualifies for a branch office under all of these headings, then how should it be housed?

Possible Disadvantages

If there is vacant space of suitable size available in an existing building, this would offer the quickest way to get started—but, *caveat emptor*, for there may be grave disadvantages to such occupancy. Among them are the following:

(1) Are the walls separating the space from adjoining premises of fireproof construction? Neighboring stores occupied by a dry cleaner, a restaurant, or some other fire risk require a better protection against the spread of fire than the wood-stud-and-plaster partitions often found in one-story taxpayers.

(2) If walls are of cinder block, have they been extended to the top of the roof beams so as to prevent spread of fire above the ceiling level?

Some taxpayers have a "balloon" roof supported by trusses which span the full depth of the building and create an open attic space where fire can mushroom rapidly.

(3) Is the house sewer located below the cellar floor so that an extra toilet may be installed there? Most 20- or 25-ft. stores are provided initially with only one toilet, on the assumption that the occupancy will be all male or all female, whereas a banking office will require separate toilets, that for the men being located in the cellar.

(4) Has provision been made for heating both the main floor and the cellar? A banking office requires more uniform temperature than the average retail store, which is usually equipped with a single, gas-fired unit-heater hung from the ceiling beams near the middle of the space.

(5) Are the feeder wires serving the electrical panel board heavy enough to take care of an air conditioner, in addition to the regular light and equipment loads? In order to attract depositors during the summer the quarters should be cooled.

(6) To what extent will the landlord finish the space? In a new taxpayer, the usual practice is to leave the plaster ceiling and walls unpainted; joists covered with rough under-flooring; no base or trim; no lighting fixtures or toilet accessories. But whatever built-in equipment is installed by the tenant becomes, under the usual terms of a lease, the

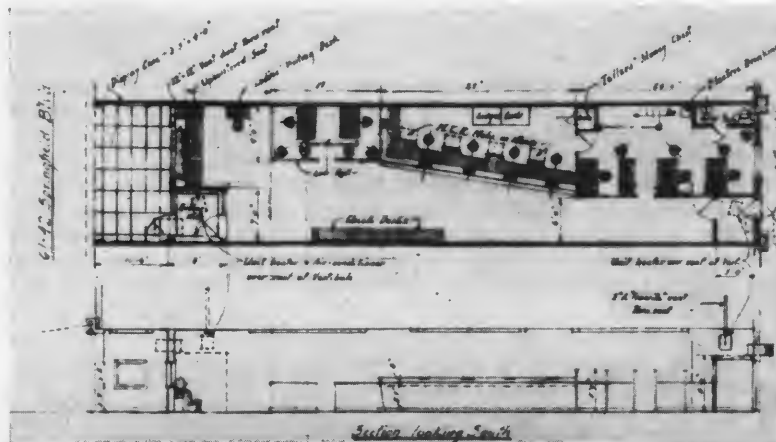
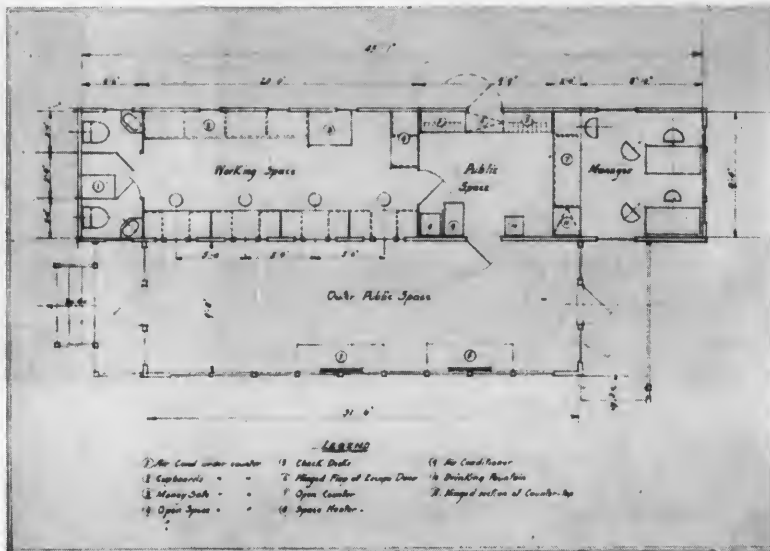


Fig. 1. Plan and section of temporary banking office at 61-42 Springfield Blvd. Queens, N. Y.

Fig. 2. Plan of trailer and lean-to belonging to the Meadow Brook National Bank, now being used at Carle Place, L. I.



property of the landlord on expiration of the rental period.

Accordingly, when rented quarters are to be of a temporary character, certain precautions should be taken to avoid unnecessary capital expenditures.

For example, specify those materials for finishing the space, such as wall-coverings, flooring, window-hangings, which will give a handsome effect but are of relatively low durability, and, consequently, inexpensive.

Seek out second-hand equipment, such as counter-screen, tellers' counters, safes, wood-and-glass partitions, which can be furnished and installed for about one-quarter of the cost of new equipment.

However, handsome new items, which will give an air of solidity to the establishment, may be purchased when they can be readily incorporated in the design for the bank's permanent building. For instance, a stainless steel and plastic illuminated sign, attractive surface-mounted lighting fixtures, and handsome furniture can all be moved to new quarters.

Now, as to the cost of fitting up such a temporary branch office, here in Table I are the approximate figures for a space 19' x 92' in Greater New York, as indicated on the accompanying plan (Fig. 1).

Trailer Serves as Branch

But suppose there is no suitable space available for rent and you wish to try out the locality, or to open a branch there before some other bank enters the picture? How about using a trailer?

This has been done with apparent success by several institutions. A notable example is that of Meadow Brook National Bank in Nassau County.

In 1956, when that bank's application for permission to open a branch office in Locust Grove was approved, Adolph Breiner, Jr., and Don Weller, vice-presidents, flew to Alma, Mich., where a manufacturer of house trailers had a plant. Although this was to be a custom job, which

could not be put into the production line, the officers arranged with the company to sign a \$12,500 contract, and the branch office building was launched.

A few months later, the trailer, loaded with knocked-down material for a lean-to to enclose an extra public space, was towed across country to the site, and in short order, the branch was in business.

With the exception of two toilet compartments in the rear, the interior of the trailer is open above the working level, being divided by two transverse counters into three areas. One end is occupied by desks for the manager and his secretary, the middle section containing two check desks for customers, and the other end provides for working space, with four tellers' units. (See Fig. 2.)

The lean-to outside the tellers' windows, dubbed by the builder "Panelfab Alum-o-room Cabana," forms a public space about 10' x 30', containing check desks, where customers are protected from the weather, but which is neither heated in winter nor cooled in summer, as is the trailer.

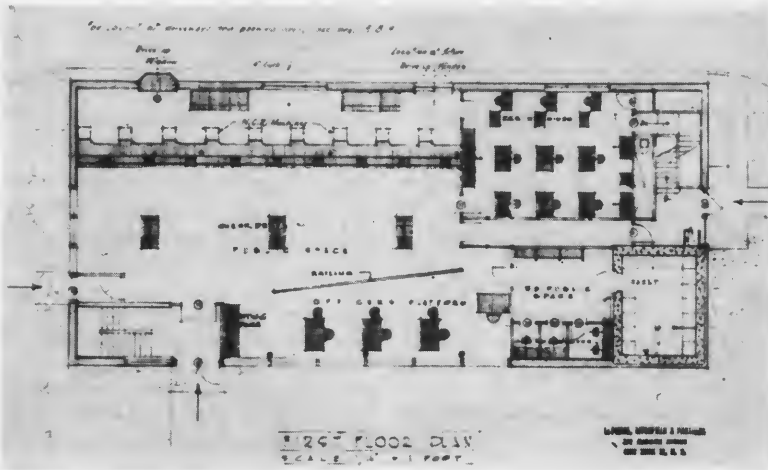
As soon as the permanent building at Locust Grove had been completed, the branch moved in and the trailer was placed in storage.

Six months later, approval for a branch office at Carle Place having been obtained, the trailer and lean-to were again placed in requisition, and are now in daily use. Theodore Egly, Jr., manager, reports response by the community has been so favorable

TABLE I

Breakdown of Cost of Alterations and Equipment for Branch Banking Office, 19' x 92', in an Existing Building

Carpentry and millwork, exclusive of banking equipment	\$ 2,300
Columns and beams to strengthen first floor to carry heavier loads	900
Lath and plaster on interior partitions and oriental stucco on walls of outer vestibule	1,100
Aluminum and plate glass doors and windows and display cases	3,300
Acoustical tile ceiling	1,200
Painting plaster walls and varnishing millwork	500
Asphalt tile flooring and rubber base	900
Ventilating ducts and flues, extending above roof	700
Plumbing and heating	2,000
Air conditioning, with two 1.5 Kw air-cooled units installed over front and rear entrance doorways	750
Electrical work, including plug-in strips and surface-mounted fluorescent lighting fixtures to give an average level of illumination of 50 ft.-candles	5,700
Cabinet work for counter-screen, wood-and-glass partitions, and low-rail; steel drawer pedestals and counter-top for four teller's units	6,300
Upholstered seat under picture window	250
Stainless steel sign, with electrically illuminated "Plexiglas" letters	2,200
	\$ 28,100
Fee for complete architectural services @ 12%	3,400
Total cost of alterations and built-in equipment	\$ 31,500



Brookdale, N. J., branch of the Bloomfield Savings Bank; La-Pierre & Litchfield, architects.
 ABOVE, LEFT—Fig. 3. Exterior of the two-story building. LEFT—Fig. 4. First floor plan. ABOVE, RIGHT—Fig. 5. Spacious main floor.

that plans are already being made for an individual building to occupy part of their parking lot.

The only drawbacks to the trailer operation reported by Mr. Egly are a lack of storage space and hesitation on the part of a few timid people to deposit their money in what appears to be a transient office.

Now let us project our minds forward a few years, to the time when the branch in the temporary quarters has proved a huge success and deserves a new building. What form should it take?

After considering a number of designs both Colonial and Contemporary, M. Harold Higgins, president of the Bloomfield (N. J.) Savings Bank, and his building committee, selected one of the latter which may well serve as a prototype for any institution desiring a handsome building without costly ornamentation. (See exterior view, Fig. 3.)

To begin with, the over-all size was fixed at 45' x 100' and the height two stories above a full cellar. The orientation on the plot was determined by the most convenient angle for the roadway leading to the rear drive-up window, which is located near the southwest corner of the building, and by the space required beyond that corner for exit roadway, parking strip, and a second entrance lane.

TABLE II

Breakdown of Cost of Free-standing, Two-story Fireproof Bank Building with Full Cellar, 45' x 100'

Excavation and grading	\$ 4,800	Artesian well and pump to supply cooling water for airconditioning compressor and condenser	4,300
Concrete foundations, beams and slabs	44,700	Electrical work, including recessed, fluorescent fixtures and exterior flood-lighting	27,000
Precast, light concrete roof planks	3,300	Stainless steel signs on eastern and southern façades	1,500
Waterproofing below grade and dampproofing	4,100	Superintendent and job office expense	8,000
Brickwork and masonry	16,500	Contractor's cost, including overhead	\$278,000
Structural steel, bar joists and stairways	25,700	Contractor's profit (about 5%)	14,000
Roofing and sheet metal work	3,000	Total general contract price (approximate)	\$292,000
Aluminum framing, spandrels and exterior doors for north, east and southern façades, and canopy over drive-up window	30,700	Items not in the general contract:	
Aluminum windows for second floor and rear of first floor	1,500	7" S.D. vault door, with day-gate and steel enclosure for tellers' lockers	9,600
Drive-up window, with counter and drawers	2,200	Hold-up and burglar alarm equipment	3,400
Glass and glazing	2,200	Steel pedestals and framework for 9 tellers' counters (counter tops in general contract)	2,800
Hollow metal doors and frames	1,500	9 "Swingway" upholstered seats for tellers	700
Finish hardware	1,500	Curtains and draperies, for main floor only	1,500
Furring, lathing and plastering	10,000	Approximate cost of these additional items	\$ 18,000
Marble, ceramic tile and terra-zz	4,500	Fee for complete architectural services (about 7½%)	23,000
Acoustical tile ceilings	4,000	Total cost of building and built-in equipment	\$333,000
Carpentry and cabinet-work, including wood-and-glass partitions, counter-screen and top for nine tellers' positions	10,000		
Asphalt tile; rubber tile and base; carpet for officers' space	5,800		
Painting and decorating	3,400		
Plumbing, including gas-fired hot water heater and 25 fixtures	16,600		
Heating, ventilating and air-conditioning (heated or cooled air system)	41,500		

Since the second floor is for rental or future expansion, and two means of egress are required, vestibules and stairways have been provided at the southeast and the northwest corners, the fourth corner being occupied by the safe deposit and money vault. (See first floor plan, Fig. 4.) A logical layout of the main floor, therefore, assigned the northerly third to the safe deposit lobby and to work space, which are screened by wood-and-glass partitions, leaving the rest of the floor open. Here a wide public space is flanked on one side by the officers' platform and on the other by nine tellers' units. (See interior view, Fig. 5.)

The counter for the drive-up window is located within the tellers' space, giving the attendant ready access to ledger card tubs, signature card files, etc. One of the rear windows, located 40 ft. from the drive-up window, has the same masonry opening, so that when the volume of drive-up business warrants, another teller's window may be provided to accommodate the extra flow.

The building is equipped with a year-round ventilating and air-conditioning system under zone control, which permits the cellar, and spaces on the first and second floors with various exposures, to be maintained at a uniform temperature. Cooling

water for the condenser is obtained from an artesian well, thereby eliminating the need for an unsightly cooling tower on the roof. Heating is by an oil-fired hot-air furnace.

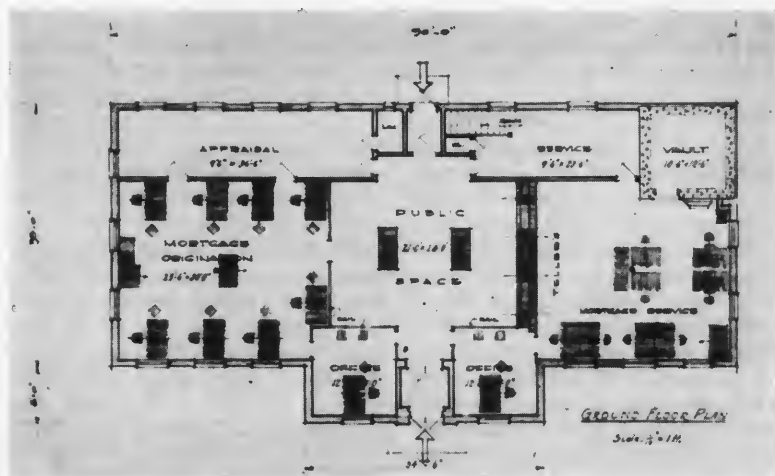
A large room in the basement has been designed as an employee's lounge with electric refrigerator,

sink and drainboard, an electric range, and china cabinets, all installed in a recess at one end. Women's and men's locker rooms and toilets are located in the adjoining space.

The cost of this building, with
(CONTINUED ON PAGE 98)

TABLE III
Breakdown of Cost of Construction of Free-standing,
One-story Bank Building, 38' x 90'

Excavation and grading	\$ 2,900	Superintendent and job office expense	3,300
Concrete foundations, beams and slabs	9,500	Contractor's cost, including overhead	\$109,300
Waterproofing and dampproofing	900	Contractor's profit (about 10%)	10,700
Brickwork and masonry, including cut stone, marble and slate	28,000	Amount of general contract (approximate)	\$120,000
Structural steel, ornamental iron and steel windows	5,900	Items not included in general contract:	
Tile, terrazzo and toilet stalls	2,200	3 1/2" security vault door, with 3-movement time lock	6,700
Carpentry and millwork, including kalameln doors and bucks, insulation and weatherstripping	19,000	Steel pedestals and counters for four tellers	2,000
Roofing and sheet metal work	3,400	Approximate cost of these items	\$ 8,700
Furring, lathing and plastering	7,200	Fee for complete architectural services (about 8%)	10,300
Acoustical tile ceilings	1,300	Total cost of building and building equipment	\$139,000
Asphalt and rubber tile flooring	2,500		
Painting	2,200		
Plumbing, including kitchenette	5,700		
Heating, ventilating and air-conditioning	9,200		
Electrical Work	5,600		



North White Plains, N. Y., branch of Home Savings Bank; Porter & Luckhard, architects.
BELOW, LEFT—Fig. 6. Colonial style exterior in residential area. RIGHT—Fig. 7. First floor plan. BELOW, RIGHT—Fig. 8. Officers' space.



MARKET RESEARCH: External Sources of Local Information

HERE we are concerned with local market data which banks, like others, may readily obtain from outside sources for use in the study of the bank's market area. Such information may be obtained at nominal cost or free. While the average banker in a general way is aware of the sort of statistics and market news emanating from chambers of commerce, state departments of commerce, universities, and business research bureaus, he is often not familiar with these data from a practical standpoint.

Area Statistics Supply Varies

Needless to say, the supply of local-area statistics and other market information varies considerably from one place to another. It may be useful here to review the varieties of information being supplied by a few of the many alert chambers of commerce and other bodies, with no injustice intended to those not mentioned. If in reading below you come across a type of information being supplied in another community but not presently in your own, inquiry may show how your own locality can obtain the corresponding information. Readers wishing to examine samples of the chamber publications named herein may obtain them by writing the organizations concerned.

The Dayton Area Chamber of Commerce, Dayton, Ohio, publishes a variety of statistics, monthly and annually. Thus, for January 1958 its data, covering the Dayton Standard Metropolitan Area—Montgomery and Greene counties, show population broken down into various categories; total housing units and owner-occupied units; persons per

unit; employment, male and female; and by types of industry. Also given are some data for earlier periods and 1960 and 1970 estimates of total population of the area, population under 20, and school enrolment. Similar projections are given for urban and rural population, dwellings, labor force, and motor vehicles.

Anyone interested in seeing a first class job of local statistical reporting should get the business statistics, public affairs, and other circulars and bulletins produced by the Research Department of the Columbus Chamber of Commerce, P. O. Box 1527, Columbus 16, Ohio. Within our space limits we can mention here only the monthly Composite Index of Business Activity, with separate figures for 19 components, with figures and chart; and the monthly bulletin, *Columbus, Ohio*, reporting on building projects, employment conditions, retail sales, and general business conditions. The Chamber's *A New Resume of Columbus' Economy . . . 1958* contains an article on population factors and future growth.

Dallas Chamber Publications

Another very live group is the Dallas, Texas, Chamber of Commerce, which in one periodic publication lists and describes the business of new firms and expansions in manufacturing, wholesaling, warehousing, transportation, retailing, utilities, hotels and motels, schools, hospitals, amusements, finance, and others. Among the chamber's many bulletins is a monthly statistical sheet containing various tables of interest to banks: bank clearings, debits, postal receipts, number of deeds of trust filed in Dallas County, dollar value of deeds

of trust, dollar value of building permits, and the like.

In any bank there are always a few persons who make it their business to know these sources but this should be a habit of all bank officers or would-be officers.

Assistant General Manager Andrew W. DeShong of the Dallas chamber states that a great deal of its market research work is reflected in the exhibits Dallas has been submitting to the CAB in air route proceedings. In these exhibits it uses banking data regularly. "We have been told several times," says Mr. DeShong, "that no other community has brought such comprehensive, documented data to CAB proceedings."

"Statistics of Chicago Business"

The Chicago Association of Commerce and Industry publishes a lively monthly magazine, *Commerce Magazine*. A regular feature is "Statistics of Chicago Business," containing the previous three months' data for a score of business indicators. A nonstatistical news feature also regularly published in the magazine is "Industrial Developments in the Chicago Area." It tells about new industrial land acquisitions and new plants. Forward looking articles are carried, such as: "Making Tomorrow Today's Business," "A Look at the Next Twenty-five Years," and "Chicago's Industrial Expansion Story."

Once a year the *Commerce Magazine* carries an annual Chicago business review. That covering 1957, published in March 1958, comprises more than 200 pages of text and advertising. Each major industrial, trade, and finance activity has a separate section in the review. One

deals with banking; another with savings and loan. National and state bank figures are separately tabulated as of the yearend for each bank in "Chicagoland."

A calendar of Chicago meetings of business and other groups is published in advance each month in the association's *Chicagoland Voice of Business*.

Fort Smith's 4-page Bulletin

The Fort Smith, Ark., Chamber of Commerce in its monthly 4-page bulletin, *Fort Smith*, publishes monthly figures on building permits, electric meters, gas and water meters in use, number of telephone customers, post office receipts, bank debits, livestock receipts, and inbound and outbound railway express shipments. This year it undertook a survey of the entire business population of Fort Smith to establish first-quarter business trends.

State chambers of commerce, like that of Ohio, publish considerable information on economic trends in the state. Some papers distributed by the Ohio Chamber of Commerce in 1957 were: "Ohio's Economic Trends in National Perspective," "The St. Lawrence Seaway and Its Effect on Ohio," "Ohio—Where We Are, and—Where We're Going," "Ohio and Her Resources," "A Forward Look for Ohio . . . 1957-1967 . . ." "The Future of the Ohio River Valley," and "The Problems Ahead . . ."

States Supply Economic Data

A state government alert to economic information is that of North Carolina. Its Department of Conservation and Development at Raleigh releases to the press and otherwise such compilations of statistics as that dealing with state growth trends in respect to bank resources, retail and wholesale trade, manufacturing value added, payrolls, employment, life insurance in force, and the like. Of special value for market research is the January 1958 list of new and proposed industries for North Carolina for 1957. Under each kind of industry the release gives the name of the firm, the town and the particular products to be made. Information for this tabulation obviously is accumulated throughout the year and a North Carolina bank would be well advised to keep in touch

with the Division of Commerce and Industry of the state government to obtain such news while it is fresh.

An exceptionally detailed and useful state publication is *Current Business Statistics — New York State*, issued quarterly by the New York State Department of Commerce, Bureau of Business Statistics. The publication, a mine of current economic information on the state, its metropolitan areas, and principal cities, is available free. Only a few of the series it contains may be cited here. There is, for instance, a monthly business-activity index, seasonally adjusted and unadjusted, broken down into such groups as factory output, retail activity, service activity, wholesale activity, construction activity, finance, insurance, real estate, etc. These are on a statewide basis.

Department Store Sales Reports

Changes in department store sales each month are shown for certain cities, metropolitan areas, and regions of New York State. Employment, weekly earnings, unemployment benefit claimants, new family units of construction authorized, building permit values, and bank debits, are similarly shown by principal cities or areas.

Department store business is, of course, covered regularly in releases of the Federal Reserve banks. For example, the monthly department store sales release of the New York "Fed" gives seasonally adjusted and unadjusted index numbers for

four cities and four metropolitan areas; and it gives percentage changes for various cities, counties, metropolitan areas, and regions in the Second District.

New York Is on Its Toes

The New York State Department of Commerce at Albany is a rich source of information valuable to New York banks for local market research. Some of the publications of its Bureau of Business Research in addition to that mentioned above are:

New York State Commerce Review, a monthly; subscription free. In addition to economic indicators, it publishes industry studies. It has contained articles on personal income, by county, market impact of population increases, New York City—its present and future, savings in New York State, etc. In March 1958 it carried an article particularly pertinent to our present discussion, "Market Measures for Cities and Villages," giving certain population and employment data for individual communities. The article brought down to date similar information published in 1954.

Basic Statistics for Counties of New York State is a collection of separate data sheets—one for each county—dealing with population, manufacturing, agriculture, and employment. The sheets are periodically brought up to date.

Business Fact Book, New York State, 1957, 67 pp. and available free, covers New York State economic areas, standard metropolitan areas, counties, and communities of over 25,000 in respect to population, labor force, income, housing, agriculture, manufactures, wholesale and retail trade, service trades, employment, etc. Similar publications for each of the 12 economic areas, including cities and villages therein, are published from time to time.

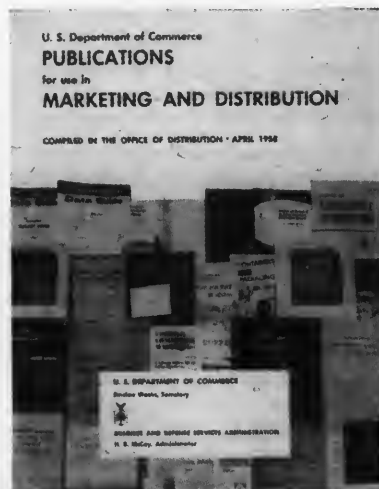
New York State Industrial Directory, issued irregularly, gives complete classified lists of firms. A 1958 edition is in preparation. The directory is sold. (The 1953 edition was priced at \$10.)

Interesting Range of Subjects

Pennsylvania banks may obtain a considerable amount of county facts, although these can not always be up to the minute. At this writing the 1955 processed publication, *Com-*

(CONTINUED ON PAGE 104)

The U. S. Department of Commerce's bibliography of marketing and distribution publications



Keeping Track of the Business Development Program

ONE phase of banking which has grown phenomenally in recent years is the business development program. As the competition for business continues, it can be anticipated that the importance of this function will receive increasing emphasis. More time will be devoted to it and more money will be expended upon it. It is incumbent upon bankers that they direct these efforts properly, control their cost, and correlate the results produced with the cost and effort expended.

E. T. SHIPLEY

The author is auditor of the Wachovia Bank and Trust Company, Winston-Salem, N. C.

To accomplish this, adequate records must be maintained of the customers and prospects upon whom calls are being made, the frequency of such calls, and the business obtained. Calls must be made with a frequency commensurate with the importance of the account. All of

this entails a reporting procedure for calls made, tickler files of anticipated calls, summaries of results, and review procedures.

An approach to the development and maintenance of these records in an efficient manner has been accomplished through the use of punched card procedure. The program was initiated with the preparation of punched cards for each prospect and customer from the various manual records formerly in use. These punched cards contain

(CONTINUED ON PAGE 133)

128 BOWMAN PRINTING SERVICE												151277SLG											
MONTH YR. 010201610												RESPONSIBLE OFFICER CODE											
OFFICE AND SECTION												DATE MADE BY WHOM											
REFERENCE NUMBER												MOS. RECENT CALL											
J F M A M J J A S O N D												C U S I N E											
A N B R Y L G P T V C												CUSTOMER PROSPECT											
FREQUENCY												SIZE											
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70												0 UNDER 1,000											
72-74												1 1,000-10,000 /											
DATE CALL MADE												3 10,000-20,000 1											
MONTH YEAR 76-77												4 20,000-30,000 2											
BY WHOM												5 30,000-40,000 3											
78-80												6 40,000-50,000 4											
DATE NEXT CALL												7 50,000-100,000 5											
MONTH YEAR												8 OVER 100,000 6											
J F M A M J J A S O N D												IBM 418287											
FREQUENCY												OFFICER CODE											
OFFICE AND SECTION												DATE MADE BY WHOM											
REFERENCE NUMBER												DATE MADE BY WHOM											
NAME AND LOCATION												DATE MADE BY WHOM											

A punched card, similar to that above, for each prospect and customer, is used in the tickler system and goes to the officer responsible for the account at the proper time. A summary list, below, affords over-all supervision of the program

SIZE CODES - UNDER 1,000 / 1,000 - 10,000 1 10,000 - 20,000 2 20,000 - 30,000 3 30,000 - 40,000 4 40,000 - 50,000 5 50,000 - 100,000 6 OVER 100,000	NAME AND LOCATION	OFFICER CODE	DEPOSIT RELATION	FREQUENCY												MOST RECENT CALL	NEXT CALL				
				C O R P	S I Z E	J A N	F E B	M A R	A P R	M A Y	J U N	J U L	A U G	S E P	O C T			N O V	D E C	DATE MADE	BY WHOM
	70 A & B TEXTILE CO.	15	C 2	1													1	8	SLG	5	8
	140 ADAMS DRY CLEANERS	15	C -														12	7	SLG	11	8

Taxation of Profit on Bonds Bought at Discount

An Examination of Section 1232 of the 1954 Code

HERBERT BRATTER

This is the ninth in a series of articles on tax matters of interest to banks. The articles are prepared in Washington by BANKING'S correspondent in the Capital.

As substantial buyers of bonds for their own account as well as in the management of trusts and estates, banks have an interest in the general provision of the 1954 Internal Revenue Code contained in Section 1232 and relating to "original issue discount." That section introduced a change in tax treatment. Section 1232 is of relevance only where the security is a capital asset in the hands of the taxpayer and was purchased at a discount. It is of no relevance where the security was bought at a premium.* Apart from other considerations, the section is also of interest to banks which must withhold tax on income of nonresident aliens and foreign corporations.

Shift from Gain to Income

Generally, under the 1939 Code, the gain realized from a corporate or Government bond in registered form or with coupons attached was treated as a capital gain either if the bond was held to retirement or if it was sold or exchanged. Part or all of that gain, however, might have represented discount on original issue, which was a form of interest income and, in fact, was deductible

* As discussed more fully in another place in this series of articles, Sect. 582(c) of the 1954 Code provides that banks are allowed ordinary loss treatment on the sale or exchange (including retirement) of bonds, debentures, notes, etc., issued by any corporation (including those issued by a government or political subdivision thereof), with interest coupons or in registered form, if such losses exceed such gains for the taxable year. On the other hand, if such gains exceed losses, the net gain is taxed at the capital-gain rate of 25%.

as an interest payment by the issuing corporation.

Under Section 1232 of the 1954 Code, effective with respect to bonds issued after December 31, 1954, any gain realized by the holder of a bond attributable to the original issue discount is taxed as ordinary income. Such discount is apportioned over the entire period to the maturity of the bond and if the bond is sold before maturity, only a pro rata portion of the discount is attributed to the gain realized by the seller. Any excess of gain over the amount considered as ordinary income is taxed as a capital gain.

Exceptions

This rule, of course, does not apply to securities of state and local governments, since interest income of these securities is free of tax. Moreover, it does not apply to profits realized by securities dealers. Apart from the two foregoing exceptions, where the discount is less than one-fourth of 1% of the redemption price multiplied by the number of complete years to maturity, the original issue discount is deemed to be zero and any gain realized by the bondholder is taxed as capital gain.

Whereas the 1939 Code provisions mentioned above applied only to bonds in registered form or with coupons attached, the 1954 Code, Section 1232, contains no such limitation. Also important to note is that, while Section 1232 contains certain provisions applying to bonds and other evidence of indebtedness registered with the SEC, the scope of the section is broader. In this connection, proposed regulations were circulated by the Treasury (*Federal Register*, July 18, 1956) but final

regulations have not yet been published. Until such promulgation takes place, under Treasury Decision No. 6091 of August 16, 1954, questions arising under the 1954 Code may be decided in accordance with the regulations issued under the 1939 Code.

Application to Bonds of Earlier Date

While Section 1232 generally applies, as mentioned above, to bonds issued after 1954, it also applies to bonds issued before January 1, 1955, if they are in the form specified in Section 117(f) of the 1939 Code. Paragraph 1 of Section 1232 reads:

(1) *Retirement*.—Amounts received by the holder on retirement of such bonds or other evidences of indebtedness shall be considered as amounts received in exchange therefor (except that in the case of bonds or other evidences of indebtedness issued before January 1, 1955, this paragraph shall apply only to those issued with interest coupons or in registered form, or to those in such form on March 1, 1954).

Under the decision in *Lurie v. Comm.* (156 F. 2d 436), securities not registered could be put in registered form at any time prior to maturity, and the holding period would run from the date of purchase. Section 1232 cuts off the applicability of that decision as of March 1, 1954, regardless of how long after March 1, 1954, those evidences of indebtedness remain outstanding.

Section 117 (f) of the 1939 Code, as interpreted, did not itself extend capital-gain treatment to any transaction but simply provided one of several requirements for such treatment on retirement of certain secur-

ities. In the 1954 Code Paragraph (a) of Section 1232 provided specifically for capital-gain treatment "in the case of bonds, debentures, notes or certificates, or other evidences of indebtedness, which are capital assets in the hands of the taxpayer and which are issued by any corporation, or government or political subdivision thereof—." This phrase removes from the application of this section bonds held by a dealer in such assets and also notes and accounts receivable arising from the sale of inventory or personal services by the holder which are excluded from the capital-asset category by paragraph (4) of Section 1221 of the 1954 Code.

How the Rule Works

The distinction between that part of the amount received by a bondholder which corresponds to the full or partial recovery of the original issue discount and that part which represents capital gain is made in Section 1232(a)(2), which relates only to wholly or partially taxable bonds originally issued at a discount, issued after December 31, 1954 and held more than six months. Here is how the rule works:

On selling a bond originally issued at a discount a taxpayer multiplies the discount by a fraction formed by the number of full months the bond was held over the number of full months from the date of issue to the specified ultimate date of redemption. Any gain realized on the sale or exchange of the bond up to but not exceeding this amount must be reported as ordinary income and the balance as capital gain. Any loss on the sale or exchange of such a bond is a capital loss.

Example 1. A bank buys on original issue at 97 a 10-year bond bearing a 4% coupon and redeemable in 1967 at par. After holding the bond five years, the bank sells it at 99. Since 60/120 of the 3-point discount is 1½ points and the bank has realized (in 1962) 2 points more than cost, the first 1½ points so realized is taxed as ordinary income and the other half point as capital gain.

Example 2. On a similar purchase, the bank sells the bond, after holding it only two years, at 98. Applying the fraction 24/120 to the 3-point discount gives 0.6. Since the bank received a full point more than the bond cost it, the excess above 0.6 is taxable as capital gain.

Example 3. After five years the bank sells the bond at 90. It has a loss of 7 points and treats it as provided in Sect. 582(c) of the Code.

Example 4. The second holder, who acquired the bond at 90, holds it to maturity, a period of five years, and receives par for it. This is a difference of 10 points. The 60 months during which the bond is held by the second buyer, related to the 120-month original life of the bond, gives a fraction of 60/120. As the bond originally sold at a discount of three points, of the second holder's 10-point gain, 60/120 of three, or 1½ points is taxable as interest and the remaining 8½ points as long-term capital gain.

Subparagraph (2)(C) provides for the exclusion from gross income of any amount previously included in gross income. This refers to Savings Bonds, such as E-bonds, where the holder has an option of including the increment in value year by year or all in the year of redemption.

Definitions Given

Subsection (b) of Section 1232 gives three definitions. "Original issue discount" is defined as the difference between the issue price and the stated redemption price at maturity. Any price at an optional call date is to be ignored. As already mentioned, if the original issue discount is less than one-fourth of 1% of the redemption price at maturity times the number of full years to maturity, it is considered to be zero for the purposes of Section 1232. Thus, a 10-year bond with a stated \$100 maturity price initially sold at \$97.51 or more would give rise to no gain coming under the special provisions of Section 1232. Assuming the bond to be a capital asset in the hands of the holder, any gain thereon would be taxed as capital gain.

Meaning of "Issue Price"

In the case of bonds registered with the SEC, "issue price" means the initial offering price to the public at which a substantial amount of such bonds was sold, Section 1232(b)(2) provides. Dealers, as already noted, are excepted and the price to them is not "original issue price." The latter is generally the first price at which the bonds are sold to the public, regardless of the price at which underwriters may later sell part of the issue.

Where the securities are privately placed, the "original issue price" is that paid by the first buyer, irrespective of the rest of the issue.

"Date of original issue" is defined in Subparagraph (b)(3). In the case of bonds or other evidences of indebtedness registered with the SEC, this date is the first date on which the securities were sold to the public at the issue price. In the case of privately placed bonds and evidences of indebtedness, each such bond has its own date of original issue, the date on which each such bond was sold by the issuer.

Under Subsection (c), if a bond or other evidence of indebtedness issued with interest coupons is bought and the buyer does not receive all the coupons payable more than 12 months after the date of purchase, the gain on the disposition of such evidence of indebtedness is taxable as ordinary income to the extent that the market value of the security with coupons attached, determined as of the time of the purchase, exceeds the purchase price. Whether any gain in excess of the artificial discount created by the detachment of the coupons is taxed as ordinary income or capital gain depends on the original issue discount rules explained above.

In the case of a dealer, any gain is treated as ordinary income. A bank serving as an underwriter of bonds or similar evidences of indebtedness is treated as a dealer.

Summary

To sum up: Where, in the case of a bond or similar evidence of indebtedness—other than one wholly tax-exempt or one like Series E savings bonds for which different tax treatment is provided—issued at a discount subsequent to 1954 or under specified conditions before 1955, the holder receives therefore through sale or redemption more than the cost, the difference or profit is, under the 1954 Code, deemed to be partly interest and partly capital gain and is taxable according to the formula established in Section 1232. This is true whether the holder acquired the bond at the time of original issuance or later; and whether the bond is held until ultimate redemption or is called or sold sooner. The formula is subject to the *de minimus* exception set forth in Section 1232. The formula does not apply to dealers.

May we help you evaluate your vital record program?

The importance of protecting vital bank records has been stressed in recent news dispatches and in the new booklet, "Duplicate or Alternate Records." (Released by the Advisory Committee on Commercial Bank Preparedness and the Banking Committee on Emergency Operations.)

No doubt many of your vital records are already on microfilm . . . have been for years. However at this time you may be pondering the same questions which other banks are asking us daily. For example:

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Good Reading on Bank Management



Walter Kennedy, president, The First National Bank of Montgomery, Ala., and of the A.B.A. Trust Division

BANK MANAGEMENT. By *Walter Kennedy*, Bankers Publishing Company, Boston. \$8.50.

THE wisdom acquired in a career-time applies itself to the problems and procedures of banking in this readable, unpretentious study. Mr. Kennedy's book would be of value to executive officers of commercial banks, department heads, board members and advanced students of business administration who are considering commercial banking for their life work. It also should appeal to many people who themselves are not directly associated with commercial banking.

For Nonbankers, Too

This book seems to be unique in the literature of commercial banking. It is not an introduction to commercial banking, on which there is an abundance of literature; it is far more advanced than that. Neither is it an encyclopedia nor a reference book on commercial banking, to be kept alongside the banker's unabridged dictionary and referred to only occasionally for information on a specific point. It is, rather, a very readable book that anyone concerned with banking or business will find interesting and informative. This reviewer, for instance, whose career has been confined to the trust business of banks, found the book pleasant and enlightening.

One very commendable feature of the book is its modesty and lack of dogmatism or finality. Mr. Kennedy does not undertake to say what the

banker should or should not do about a given matter. He says only what he thinks he himself would do in the situation. The style is such that one feels as if he were sitting at Mr. Kennedy's desk in The First National Bank of Montgomery, Ala., discussing with him some of the present-day problems of a bank president, which makes for easy, pleasant reading. Mr. Kennedy does not write down to his readers any more than he would talk down to a person sitting at his desk, but, rather, he writes in a refreshingly informal style, as president-to-president, or man-to-man.

Suggestions on Varied Aspects

Chapters cover such topics as organization principles; manual of procedure; personnel program; retirement and profit-sharing plans; salary administration; the bank building; lending policies and procedures; instalment loans; real estate mortgage loans; investments; banking operations; general operations; audit program; bank budget; trust business; safe deposit operation; public relations; inter-bank relationships; bank capitalization; and the board of directors. Under these headings can be found what Mr. Kennedy thinks, what his experience has taught him, and what others have found to be partial or complete answers to the reader's questions.

Readable Style

Two features of the book seem especially noteworthy. One of them is its style—its brevity, clarity, and

readability. It is not overly technical, stilted, or formal. Mr. Kennedy's style does not frighten off the person who would read for pleasure as well as enlightenment. He writes as if he were talking.

Another commendable feature of the book is its physical make-up. It is attractively bound. Large, clear type and good margin and line spacing make it easy on the eyes, and the general layout of the book is inviting. Looks and ease of handling of this volume contribute to its value as a book.

This is a valuable contribution to the already extensive and still expanding literature of commercial banking, and no less an important contribution to the literature of general business administration.

GILBERT T. STEPHENSON

GILBERT T. STEPHENSON, a retired "elder statesman" among trustmen, was formerly vice-president of the Wachovia Bank & Trust Company, Winston-Salem, N. C., and of the Equitable Trust Co., Wilmington, Del. In 1930-31 he served as president of the Trust Division of the American Bankers Association.

MR. STEPHENSON was director of trust research and head of the trust faculty at The Graduate School of Banking and retired in January 1951 after 14 years of service. His name and writings have won international recognition in his field.

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

AUGUST 1958

IDEAS AT WORK

Personal Photos on Checks Offered in Baton Rouge

LOUISIANA NATIONAL BANK of Baton Rouge is offering personal checks that wear the photo of the account owner.

"The newest, safest, and most distinguished way of handling personal financial transactions," said the ad announcing the service. "More popular than money—more convenient and safer by far! Each printed with name, address, and photo—bound in neat case with name printed in gold. Also double photos for Mr. and Mrs. identification."

For 200 "photolized" checks, the ad said, the costs are: single picture, \$2.60; Mr. and Mrs. combination, \$3.80; reorders only, \$1.40. The name "photolized" is being copy-righted.

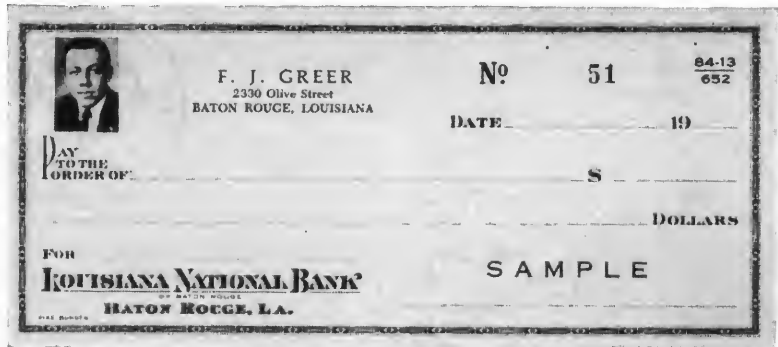
The work is done by the local printer who prints the bank's checks. Engravings cost \$1.20. The printer keeps the cuts and looks after the details.

Promotion of the idea included 18,000 statement stuffers, the newspaper ad, lobby card displays, and a big exhibit at the bank's main office, plus television coverage.

Vice-president Preston V. Kors tells us that one insurance man wanted five of his salesmen's pictures on the company's check.

Bank's Study Is Aid to Area Development

CONTRIBUTING to the sound growth of its area, The County Trust



Your picture on your check

Company, White Plains, N. Y., has published a 32-page study "Availability of White Collar Personnel in Westchester County."

The bank, with offices throughout the area, offers the survey, says President William L. Butcher, as a helpful guide to corporations contemplating a move into Westchester as well as to those already there. The supply of office and technical workers from 1958 through 1962, the study forecasts, will be more than sufficient to permit the area's white collar employment to increase by an expected 16,700 or 32%.

The new booklet supplements two earlier publications of the bank: "Factors to Consider in Relocating a Business" and "A Relocation Attitude Survey."

In a foreword, County Trust makes

The "Ideas" section of the Business Building Bulletin is edited by JOHN J. COOLEY.

its experience and facilities available to businesses planning to locate or expand their operations in the area.

Bank Sponsors "Clean County" Summer Program

"OPERATION Clean County" is a project originated by The Franklin National Bank of Long Island, N. Y., in the interest of neat sidewalks in Nassau and Suffolk counties. Another purpose is to keep busy the teen-age boys who daily are tidying up in front of the bank's offices and nearby business buildings.

The boys participating in the summer program are in business for themselves, but the bank furnishes them with free equipment when they have obtained a certain number of customers for their clean-up services. Each operative also gets two free T-shirts imprinted "Operation Clean County, Franklin National Bank."



This Chicago bank is using 24-sheet panel posters, with the "crayon technique," on outdoor boards to promote a new savings theme during spring and fall months. Colors are vivid



"The Bahamas Beckon," "Visit Newfoundland," "See South Africa," "Walk the California Mission Trails" were among slogans featured in Bank of Nova Scotia's vacation savings lobby displays

Travel and Fashions

THE Bank of Nova Scotia had travel displays in its Toronto lobby to introduce a new vacation savings account service. Emphasis was on the Caribbean resorts served by the bank's 40 offices in that area. The displays, which also circulated among most of the 500 branches in Canada, suggested unusual vacation spots and told how to reach them.

For the third year, Union Dime

Savings Bank of New York sponsored a travel show in its Murray Hill office. Several companies provided films, and travel literature was available. A Bermuda fashion show was another feature.

The Franklin National Bank of Long Island, N. Y., presented a live "Fashions in Finance" pageant at its Roosevelt Field office. Stores displayed the latest in men's and women's clothes, automobiles, hair styl-

ing, musical instruments, marine, and sporting equipment.

Blueprint for a Bank Opening

THE recent opening of new banking quarters for the First National Bank of Allentown, Pa., was preceded by careful, detailed planning that provided for the participation of every staff member in the

A Bank Talks Things Over with Its Town

A GOODWILL luncheon for leaders of local organizations was the keystone of an unusual promotion effort by the Gramatan National Bank and Trust Company of Bronxville, N. Y.

The bank's service area includes about 15,000 people. Invitations to the luncheon were based on a review of its public relations records which showed that between September 1957 and April 1958, the Gramatan had worked with 46 clubs, luncheon groups, church societies, civic associations, etc. In some instances the bank had contributed prizes or taken advertising space in souvenir programs; in others it had supplied a speaker, offered its window space to a fund-raising campaign, provided playing cards for a bridge party, etc.

An informal invitation to luncheon at the Bronxville Field Club was sent to the top officer of each organization, with the assurance that there would be no speeches but hinting that some stimulating questions might be asked. Forty-two acceptances were received.

After lunch, Herbert B. Grant, executive vice-president, expressed the bank's appreciation of its pleasant relationship with the organizations represented. Then H. Wilson Lloyd, public relations counsel to the Gramatan, lead a discussion on two subjects: "What Is Bronxville's Greatest Asset?," and "What's the Biggest Problem Facing the Community?"

The animated discussion was summarized later in a

two-color booklet, "The Greatest Asset—the Gravest Problem," mailed throughout the area by Jackson Chambers, the bank's president. Particular emphasis was given to the community's virtues, and copies were made available to the local chamber of commerce and the real estate organizations in the area. Space was left on the back cover for imprinting by the realtors if they wished to use it as a promotional piece.

The final section of the booklet asks: "Why are questions—and answers—like these of interest to a bank?" Here's the answer: "Because a bank should be close to the heart and mind of a community. All of its concern cannot be with money matters, since all kinds of people come to it for all kinds of advice, and only by talking with the leaders who help shape and reflect the thoughts of Bronxville can our bank be prepared to give good counsel . . . and to play its part in the uncertain days ahead.

"This, of course, is only one of the ways in which our bank tries to keep abreast of the times. But it's certainly one of the pleasantest and most interesting . . . and because it was so stimulating the bank may try it soon again!"

Flora Chaltain, public relations officer of the Gramatan, reports an enthusiastic response to the booklet from local merchants and residents. A small reserve has been set aside for banks that want copies.

extensive celebration, keyed to the theme "A New World of Banking."

The open house program lasted a week, followed by several days of special tours for correspondent and visiting bankers.

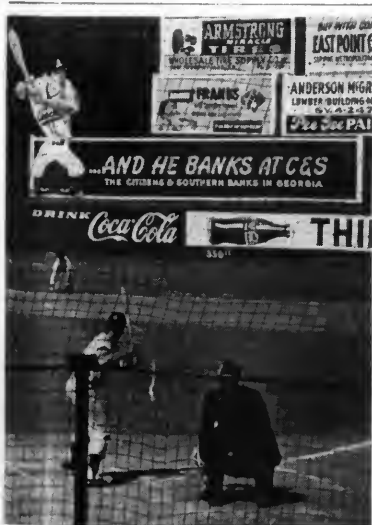
Some time prior to the opening the bank drew up general plans and detailed committee functions for the information and use of the staff. All the officers headed various committees; they were assisted by directors and employees.

Contents of the 53-page blueprint, in a spiral binder, included the main schedule of activities, an organization chart, list of employees and committees, and an outline of every plan for the festivities. Thus each staffer had a summary of the events, how they would be conducted, who planned them, and also answers to many questions the visitors could be expected to ask. Floor plans of the bank were included, too.

First event, on Monday, was a "dedication breakfast" that preceded the formal opening and the reception and press tour.

The second day bankers in the First's area were guests. The next night its officers, directors, and employees attended a banquet and inspected the new building. On Thursday the bank was open for general business in the evening. On Friday and Saturday evenings the general public came.

Other features were prizes for first customers and a newspaper supplement.



Citizens & Southern Bank, Atlanta, set up this sign in centerfield at Ponce de Leon Park. The batter is 25 feet tall. Lettering is bright gold against blue

The First National Bank of Allentown, Pa., began its week-long open house with a dedication program. Glen A. Boger, chairman, addressed the directors and staff during the half-hour broadcast from the bank



"Service Use" Survey on Open House Program

The First Lake County National Bank of Libertyville, Ill., built an extensive promotional program for the open house that marked not only a remodeling and expansion, but also its 66th birthday. Here are some of the features:

A folder describing the bank's services was mailed to residents and they were asked to indicate which they would use.

Local merchants participated in a "jug of dough" contest. Store keepers placed containers of coins in their windows and offered one item or service at a price ending in 66 cents, thus tying in with the bank's anniversary. Townspeople guessed the amount of money in each jar. The grand prize for the closest estimate was 6,666 pennies, 666 nickels, 666 dimes, 66 quarters, 66 half dollars, and 66 silver dollars—donated by the bank.

Local merchants used a "grand opening" mat, supplied by the First, in their advertising. Each store got a one-minute spot announcement on the bank's radio program to promote the special he was offering.

In addition to souvenirs, there was an open house smorgasbord dinner for more than 1,200 people.

Total attendance for the festivities was 10,176; entries in the guessing contest topped 12,000. An illustrated brochure describing the new home was widely distributed.

Birthday Idea

To make its 64th birthday party more interesting, the Bank of Gainesville, Mo., made this offer:

"(1) If any customer shows up who had an account in our bank on June 30, 1958, who was born on the exact day the bank was founded, July 24, 1894, the bank will present that customer with a \$25 U. S. Sav-



Canada's first walk-up teller's "wicket" is in operation at the St. Lambert branch of the Bank of Montreal. The office serves a district of young families, and the unit is convenient for mothers who can bank and watch the youngster at the same time. The window, near the main entrance, is sheltered in all weather. The teller pushes out a drawer into which the customer puts the deposit

Business Builders for Checking and Savings Accounts

Here are merchandising ideas culled from a panel, "How to Attract Customers and Keep Them," conducted by the Pennsylvania Bankers Association.

JOHN P. ANDERSON, vice-president, First National Bank & Trust Company, Paterson, N. J., made these suggestions:

Why not get local merchants to include with their monthly invoices your stuffer reading: "Rather than pay this in person, how much more convenient it would be just to sit down and write a check!"? Compare the cost of using checks and the mail with the cost of transportation in making bill-payment trips. Offer the merchant's customer a special certificate worth \$1 in trade at his store, good if the prospect opens an account with you.

Advertise to women by means of booklets or folders. Offer ladies' check-books.

Get permission to enclose in business customers' payroll envelopes a folder promoting checking accounts. Offer a premium and money-back guarantee on the first book of checks if the customer isn't satisfied.

Use high traffic spots to sell accounts. People waiting in line to pay taxes or get drivers' licenses could be given handouts offering some inducement to open checking accounts.

Keep lists of young people celebrating special occasions and suggest "Now

is the time for the services of a special checking account." How about a gift certificate for the first 10 checks?

Get from employers the addresses of their employees and make direct mailings to the homes, with a gift or incentive idea.

Sell checking accounts as bases for automatic transfers to savings accounts.

Give the instalment loan applicant a folder explaining checking accounts, thus conditioning him for the suggestion that he open one with the proceeds of the loan.

Perhaps your clearing house or other group could distribute, in the name of all the banks, check promotion material to people who pay utility bills in cash at the company office. Also, sell the people who pay their utility accounts at the bank.

Show employers the advantages to them of automatic deposit of salaries in employee's personal checking accounts.

Some banks offer 10 free special checks for introducing a new customer.

Enclose checking account promotion material with instalment receipts.

Display samples of checkbooks—especially the colored ones—in your lobby.

Put extra coupons in loan payment or club books, advertising your check service. Make the coupons valuable.

Selling Savings

POINTERS offered by A. M. McNickle,

vice-president, Fidelity Trust Company, Pittsburgh:

Direct your sales efforts to the \$3,000 to \$7,500 income group—the market worked by the life insurance companies and the mutual funds.

Follow those companies' example and stress special purpose savings. Banks can stress systematic, long-term saving, too.

Stop worrying about savings and loan competition. Meet it! ("You'll never meet it by rate competition alone, at least without running the risk of getting unprofitable business.") You also need intelligent personal selling and better customer relations.

A Staff Sales Program

THE first step in training a staff to sell is to develop a formal program, said William A. Lank, president, The Farmers National Bank of Bloomsburg, Pa.

Decide what you have to sell, and why. Plan the program fully. Nothing fails faster than a haphazard, unorganized campaign.

The program must have everybody's cooperation.

Timing is important. Does your campaign have a local or national tie-in? Or is it just a good promotion you want to put across?

Budget your time. When a promotion has lost its effectiveness or timeliness, drop it!

ings Bond. If no one present qualifies for this bond it will go to the customer whose birthday is nearest to July 24, 1894, who is in attendance at our birthday party.

"(2) A certificate, good for \$2 in trade at any store in Ozark County, will be given to any customer—or any member of customer's family—who was born on July 24 in any year, and who attends our birthday party.

"(3) If any customer who had an account on June 30 should have a child born on July 24, 1958, the bank will open a Systematic Savings Account for this child with a deposit of \$25, upon presentation of birth credentials. The lucky parent must agree not to withdraw this account, except in the case of a critical emergency, of course; and promise to add to it from time to time so

as to start the youngster on the road to financial independence."

News in Newsletters

BANK newsletters are the source of items for local papers—and it's pretty good publicity.

From J. Wesley Rohn, president, Business News Associates, Inc., New York, comes the suggestion of a news release based on the letter, and a free mat of any chart that may be used in it. The idea, he thinks, could be used effectively by banks that either have their own letter or get it from another source.

Utility Salutes Banks

THE mail brings us a public utility's compliments to banking and bankers, expressed in an ad that ap-

peared in 150 weekly and daily newspapers.

Otter Tail Power Company of Ferguson Falls, Minn., offered the salute. Executive vice-president Albert V. Hartl tells us: "This is our way of paying tribute to the banking profession nationally, and to the hundreds of bankers and banking institutions who have done so much to help develop the agricultural, commercial, and industrial growth of our area."

Copy hails the banker as "a key figure in the progress of your community and area," the man who makes money available for new industry, for home and business improvements. "He's the man you turn to for future security, through the savings you place in his institution. In turn, your banker depends upon

BANK'S FIRST WOMEN'S FORUM

The Merchants National Bank of Manchester, N. H., held its first women's finance forum on four afternoons this spring. Speakers were Anne Houston Sadler, Chase Manhattan Bank, New York; Betty Martin, Life Insurance Institute; Nancy Staub, Morristown (N. J.) Trust Co.; and Prof. Douglas Bellamore, New York University. Moderator was Meg Geraghty, women's editor, *Manchester Union Leader*. Pictured are Misses Sadler and Geraghty, and Ralph A. McIninch, the bank's president



the area he serves for the money needed to carry on his business. He needs you, you need him . . ."

Attention, Interest, and Urge

THE recently published "A Century of Financial Advertising in *The New York Times*" has this comment of interest to bank people:

"Gradually financial advertisers have been learning and applying the rules of the advertising trade: to attract attention, arouse interest, and plant an urge for action."

The *Times*' first issue, September 18, 1851, carried the paper's first financial ad, from the still-extant Broadway Savings Bank of New York, which pledged that the security on which it lent would "always be worth double the amount of the loan."

The book, an effective history of the United States as told in financial happenings of the century, is by Burton Crane, a member of the financial news staff. It is illustrated with ads and photographs.

Bringing the Beach to the Bank

WE were speaking about vacation clubs a few items back—and here's another. It comes from The Bank of Virginia, Richmond:

If the customers are slow to open club accounts, bring a touch of beach atmosphere to the bank lobby.

"It works," says Vice-president Temple W. Broaddus. Three offices in the West End of Richmond did just that on the two closing days of the 1959 Vacation Club campaign. A gala vacation mood was created in the lobbies by settings of beach umbrellas and chairs, with free lemonade for all comers.

All personnel wore informal vacation clothes—sport shirts, Bermuda shorts, sun hats. After the initial shock, customers caught the mood, reports Mr. Broaddus, and the two days' banking transactions were dominated by the vacation theme. Richmond radio stations and newspapers featured the promotion. All three offices exceeded their goals in club accounts.

Mr. Broaddus admits that he was a "bit apprehensive at first," but says the project was a big success.

"We hope to repeat the promotion next year," he says. "Anyway, sport shirts and shorts are better than sack dresses!"

NEWS FROM BANKS

They Bank at Home

A SURVEY of local buying habits, made by the Clio (Mich.) *Messenger*, showed that The Clio State Bank had one of the highest percentages of patronage. Of the 372 persons canvassed, 81% said they did all or most of their banking at the home bank. Convenience was the reason most often listed.

Home Show

The Security Bank of Ponca City, Okla., projected in a home show display booth 35 mm. color slides of homes built by constructor customers. Names of builders and owners were imprinted on the films, and at intervals came slides advertising bank services.

BUSINESS DEVELOPMENT AT G.S.B.

Lecture emphasis on sales management, more question and answer time, discussions, and a choice of two extension problems were new features of the Business Development and Public Relations course for juniors at the 1958 resident session of The Graduate School of Banking. Pictured *l. to r.*, are faculty members William E. Singletary, vice-president, Wachovia Bank & Trust Co., Winston-Salem, N. C.; Clinton Axford, editor *American Banker*; George M. Wasem, vice-president, Commercial National Bank, Peoria, Ill.; John P. Anderson, vice-president, First National Bank and Trust Co., Paterson, N. J. Standing is Rudolph R. Fichtel, director, A.B.A. Public Relations Council and course administrator



ADS and AIDS . . .

De Luxe Series of 12 A.B.A. Newspaper Ads



**“One-stop banking
is so convenient!”**

More and more families are saving time by taking care of all their financial matters at one place — our bank. For example, the lady of the house stops at one window to deposit her husband's salary check in their joint checking account and to cash a check for the week's household expenses. At another window, she makes a deposit in her savings account; and, a few steps away, she pays the monthly instalment on a personal loan. Then she goes to a safe deposit box and stores away the U. S. Savings Bond her husband received under the payroll deduction plan. 5 financial transactions have been taken care of under one roof; all with a minimum of time and effort.

There are dozens of ways our bank can help you with your money matters, any one of which is your passport to all the others. We most cordially invite you to do all your banking business with us.

DE LUXE, we sincerely believe, is the only word for this exceptional series, designed to "sell" your bank and its services to more of the people of your community.

Consider first the attractive and realistic wash drawings. The artist who prepared them is one of the best in the field. He is also the artist who illustrated the 15-SA series of ads on savings, a very popular feature of the award-winning A.B.A. "Saver's Best Friend" promotional campaign.

Then, consider the extra-large size of the ads (3 columns x 11"), which allows for maximum impact —and makes for maximum readership. This is not theory, but fact —proven by the outstanding success of previous A.B.A. ad series of similar size.

Finally, consider each ad's message, painstakingly wrought to make clear banking's vital, many-faceted role in the business of living and in the life of business.

**ACTUAL SIZE
OF EACH AD IS
3 COLUMNS x 11".**

**Ads are shown here in
greatly reduced size.**

... that sell SERVICES

on Institutional and Merchandising Themes



"Come in and see us often, Nancy"

We at the bank like to make new friends, and we like to keep the friends we have by serving them well. The bank can be a friend to all the family. By strict definition, a banker is a person who works in a bank, but, like doctor and lawyer, butcher and baker, he can be defined in human terms, too. Like them—like you—he has a genuine interest in the welfare of his neighbors and their families; a genuine desire to extend a helping hand with their problems, whenever it's wanted. And unlike other friends, he can share with his neighbors the fruits of specialized experience with money matters.

No depositor is too young, no account too small, to enjoy the benefits of our sincere friendly interest. Come in and see us often, Nancy—and Junior, Mother, and Dad. Let us be a family friend.



"Will a bank reference help?"

It certainly will! In opening a charge account at a store—and in other situations when you are called upon to "show where you stand" as a financially responsible person—bank standing is an invaluable asset. Take the matter of credit alone. All credit is extended, to a large extent, on the basis of faith, and, not unreasonably, anyone extending credit wants first to have assurance that such faith is deserved. The good reference of a bank, where the prospective borrower or charge customer is known, is just such assurance—and always carries a great deal of weight.

Make our bank your headquarters for managing money matters. Here, under one roof, you will find services to meet many everyday and special financial needs, and as we do business together, you will be establishing your ever-important bank standing for the future.



"Looks good, doesn't it?"

Thanks to the loan from your bank!"

Actually, no "thank you" is necessary. A bank loan is not a favor, so, in borrowing from us, you need not consider that you are accepting one. To us, lending money is simply a matter of business. If you are a credit-worthy person, and if you will find credit helpful in undertaking a worthwhile project, meeting unforeseen expenses, or taking advantage of a special opportunity, a bank loan is sound business all around. Your ability and willingness to repay the amount of your loan in budget fitting installments from income, as agreed, is your key to future credit when you need it.

Borrowing at our bank is a simple and clear-cut procedure, the cost is moderate, terms are arranged with your particular situation in mind. When you need a loan for any sound purpose, come see us!



"When is a shopping center like a bank?"

That's easy. When it offers so many varied services all in one place! Convenience is, of course, one of the most attractive features of a first-rate shopping center. It's a feature attraction, too, of the bank—which has even been called "the shopping center for helpful financial services." Here at our bank, for example, local people will find checking accounts, to help them gain time... savings accounts, to help them reach more of their goals... loan services, to help them have more of everything—safe deposit boxes, to help them enjoy peace of mind—these and other services, under one roof!

We cordially invite you to try "one-stop" banking here with us. Come in and find out for yourself how many ways we can help with your everyday money needs, and for yourself the convenience of handling many money matters—all in one brief, easy trip to the bank.



"Come in and see the new tools you helped us finance!"

It is always a pleasure—not only to see signs of expansion and prosperity in local business establishments, but also to have a hand in making them possible. The members of a bank's staff are, after all, members of a community as well. They have as big a stake as anyone else in community progress, and they realize that the more each store or office or plant prospers, the more the community as a whole will prosper. That's why banks such as ours welcome opportunities to help local businesses with low-cost credits for all worth-while purposes—very likely including the purpose that you have in mind.

Whether your business is small or large, whether your "line" is hardware or something quite different, whether you want a loan for inventory, for equipment, for modernization of premises, or for any other sound need—we invite you to talk the matter over with us.

The ads shown here are typical of all 12 in this strikingly effective series. 6 ads are institutional in nature; 6 promote specific services—and all, in one way or another, invite your neighbors to make full and frequent use of your bank.

To reserve DeLuxe Series #1-DS for your bank's use, just write the A.B.A. Advertising Dept., 12 East 36th St., New York 16, N. Y., for an order form.

Bank Ad Group Picks 5 Magazines

FIVE national magazines that reach 85% of all American homes within a year will start carrying next fall the cooperative national advertising program sponsored by the recently organized Foundation for Commercial Banks.

The Foundation, headed by Morris R. Brownell Jr., as chairman, announced that the publications are *Life*, *Reader's Digest*, *Time*, *Newsweek*, and *U. S. News & World Report*.

The group sent to the 14,000 commercial banks in the country an invitation to participate in the program, a pledge card, and a 12-page brochure outlining the project. The invitation carried the names of the 12 members of the Foundation's board of trustees and 99 members of the bank sponsoring committee.

Chairman Brownell, vice-president of The Philadelphia National Bank, said the campaign was "designed to bring about a better understanding of banks and bankers, and the greater use of our services." It will enable banking to tell its story for the benefit of all commercial banks, he asserted, pointing out that "nonbank competitors have been growing faster than we and have been telling their story more effectively."

\$500,000 Fund Expected First Year

The independent organizing committee was appointed by Joseph C. Welman, president of the American Bankers Association. Contributions by supporting banks will be at the rate of \$5 per \$1,000,000 of deposits, and the letter reminded that they are deductible for Federal income tax purposes. It is expected that a \$500,000 fund will be raised the first year.

The national advertising campaign, said the brochure, will:

"Sell the importance of doing business with your bank.

"Sell more people on using your various services.

"Improve the public's attitude toward you and your bank.

"Improve your competitive position and earnings.

"Inspire better promotion by individual banks.

"Help all commercial banks develop local opportunities.

"Demonstrate to people the importance of banking.

"Attract able young people to banking."

The Foundation said that the bankers comprising the board "were appointed by the president of the A.B.A. as an independent group to represent the 2,799 banks which signified their support for cooperative national advertising in a survey by the A.B.A. These banks have \$95-billion of deposits, or nearly 50% of the nation's total commercial bank deposits.

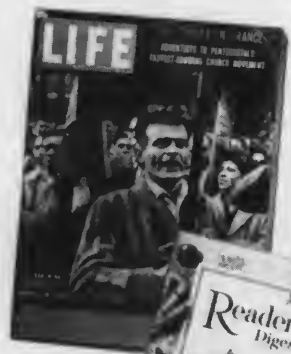
"We represent country and city banks of all sizes, in all parts of the nation."

From the Foundation for Commercial Banks' brochure

We can sell more people on using our services through Cooperative National Advertising

- Our advertising will sell more people — individuals, families, businessmen, farmers, and thought leaders in all parts of the country — on doing business with our banks.
- Our advertising will sell more people on using more of our services.
- Our advertising will build preference for commercial banks over non-bank competitors.
- Our advertising will improve the attitude of the public toward the bank, the banker and toward bank employment.
- Our advertising will build understanding of the quality of service which commercial banks offer to savers.

Our messages will begin this fall in these big-circulation magazines



These five powerful, nationally distributed magazines will carry our messages into every community in the nation, reaching 85 per cent of all American homes within a year



Fulton National Bank Atlanta, Georgia

Modern banking at the Fulton National Bank includes the use of 59 Brandt Automatic Cashiers. The speed and accuracy of these machines assure customers of fast, dependable coin paying service at the teller windows of this bank.

Brandts have been serving banks for more than 67 years. An installation of the latest type Brandt Automatic Cashiers will give a bank the finest in coin paying service.

BRANDT AUTOMATIC CASHIER CO.

WATERTOWN *Established 1890* WISCONSIN

"BRANDT" AND "CASHIER" REGISTERED UNITED STATES PATENT OFFICE AND CANADIAN TRADE MARKS OFFICE



Dr. Atkinson, third from front, left, discussing, with farm representatives at Purdue University, programs to improve Indiana bank services

The Country Banker

Farm Representatives and Community Development

J. H. ATKINSON

DR. ATKINSON is assistant professor, Department of Agricultural Economics, Purdue University, Lafayette, Ind., and he serves as coordinator of the annual Agricultural Credit Clinic of the Indiana Bankers Association.

A MIDWEST banker recently remarked: "I know 25 farm representatives in my state, and they each have a different farm program." Some farm representatives make and service farm loans; others provide special services for farmers (for example, soil testing, help on tax returns); some seek to obtain farmer business through farm visitation and attending farmer meeting; work with farm youth is emphasized in some farm departments; extension-type activities, often in cooperation with other local agricultural workers, are carried on by some farm representatives. The list of activities would not be complete without mentioning farm management, appraisal, inspections, contacts with business serving agriculture, and various activities of a public relations nature. Fortunately, the basic objectives of farm representatives are not as

numerous as the ways in which they try to attain these goals. The primary objectives of farm representatives are (1) to increase deposits; (2) to increase the volume and/or quality of farm loans; and (3) to increase the total productivity of the community. In the final analysis, the function of the farm representative is to increase business for his bank.

Our competitive economic system, the effectiveness of which is readily apparent from the American standard of living, provides incentive to the businessman to devise means for obtaining a greater share of total business volume. Bankers are no exception. Thus, in some instances, farm representatives are a part of the bank's plan for gaining a larger portion of existing business. But even in this situation, it cannot be said that no contribution is being made to community and agricultural development.

Result: Increased Productivity

Generally speaking, there tends to be little price competition in banking services to farmers. Thus, a bank can hope to gain a larger

share of existing business by offering better services and by making farmers aware of banking services. The farm representative who offers specialized banking services to farmers may increase the farm business in his bank at the expense of other financial institutions. At the same time, he cannot escape doing two other things. First, he stimulates competitors to do a better job. Second, he is certain to reach some farmers who otherwise would not have used credit or other banking services. The end result is a contribution to increased productivity of the community's agriculture.

Most of the nation's bank farm representatives recognize the fact that the total demand by farmers for banking services is not fixed. For example, an increase in farm loan volume of Bank X must not always result in a corresponding decrease in farm credit extended by Bank Y. The most important contribution of the farm representative comes from his encouragement of increased productivity of the agricultural sector of his community's economy.

The farm man in a bank can ap-

proach the problem of agricultural development by either direct or indirect measures. The direct approach involves loan solicitation, promotion and financing of specific programs, inspection and appraisal work, farm management, and other services involving specific work with farmers. These activities are direct both in the sense of farm contact and increase in direct business from these contacts.

Indirect means of promoting agricultural progress are often of a longer-term nature and involve cooperation with extension and other agricultural workers, sponsoring and financing youth work, offering college short-course scholarships, conducting farm tours, promoting and participating in educational meetings, offering soil-testing services, and other similar activities.

Merits of Indirect Program

What are the merits of a direct program? Results (both in increased bank business and agricultural production) may come faster and be more spectacular. For example, a farm representative in Georgia recognized the need for increased milk production in his community. He arranged for Holstein heifers to be brought in from Wisconsin and financed their purchase by farmers. Individual contacts with farmers and discussion of their specific financing problems builds loyal customers.

Bank management often is interested in activities which yield tangible results fairly quickly. But there are disadvantages. First, the longer run benefits, especially in increasing total productivity of the community's agriculture, may not be as great as from the indirect approach. Second, direct promotion of specific practices of individuals, often resulting in the use of credit, must be undertaken with caution. The farm representative must not forget that the primary function of credit is to bring together management and capital. The promotion and selling of management practices in connection with farm credit can "backfire" with disastrous results if the practices prove to be wrong.

The Georgia farm representative referred to above probably was fairly safe in promoting and financing an increase in dairy cattle in an area that was in the process of shifting from row crops to forage

and livestock production. But the promotion of any one farming practice in well established farming areas would be more risky. Farm management may be one of the services offered by a bank (most often in connection with trust services) but extreme care should be used in combining management and credit extension.

What are advantages and disadvantages of the indirect approach? An obvious disadvantage is that results may be slow and difficult to measure. On the other hand, results tend to be long lasting and give rise to increased community productivity. Such a program may be more difficult to sell to bank management and may be the first to suffer in economy drives. A very real advantage of the indirect approach is the ease with which competitors can cooperate in programs resulting in mutual benefits.

An example of such cooperation is found in the Winter Course Scholarship Program sponsored by the Indiana Bankers Association and Purdue University. Each year, local banks award scholarships to 50 or 60 farm boys who attend Purdue's 8-week Winter Short Course. In many cases, the handling of this program is the responsibility of the farm representative. The "returns" on this "investment in farm youth" may be difficult to measure, but many Indiana farm representatives are convinced that long-run returns far exceed the cost.

Goal: Farm Income Increase

An Illinois farm representative, in cooperation with local businesses, agricultural workers, farm organizations, and farm leaders tackled the farm problem by promoting the goal of increasing total farm income in the county by a given number of dollars. The bank offered soil testing services, conducted meetings, arranged for speakers, printed a monthly bulletin and worked with extension, "vo-ag," and other leaders. The bank, of course, offers credit to farmers but this function is not a part of the farm representative's duties. The reasoning is that the duty of the farm representative in this case was promoting total agricultural production; that benefits of his work would, in the long run, accrue to the bank and that his work would be more effective if he were not concerned about obtaining im-

mediate increases in bank business.

Where do these two approaches work best? This depends on location of the bank, characteristics of the farm representative, and attitude of the bank's management.

The direct approach which promotes specific practices in conjunction with credit extension can be most successful in locations where extensive changes in type of farming are taking place and where certain alternatives are clearly applicable. In the opposite location where the pattern of farming is stable and there are no readily discernible practices that are generally applicable, the indirect approach may be more useful in increasing farm production. In either situation, the direct approach of loan solicitation, without promoting specific farming practices, could be used.

Should Be Practical Farmer

To be successful in the direct approach, a farm representative should know practical farming, be able to deal with individual farmers and impress farmers that he could take over a farm and make a success. Using the indirect method, the farm representative must be able to view the farm community in the aggregate and envision ways by which many farmers can be reached with programs which will result in greater efficiency. He must have a measure of patience and recognize the difficulty of evaluating results of his work.

Finally, the management of the bank must be aware of and give strong support to the farm program. It is especially important that the bank management and farm representative be in agreement as to objectives and operation of the farm program.

In practice, a combination of the direct and indirect approach often is used. This provides flexibility in activities undertaken and gives the satisfaction of working both in areas which will show immediate results as well as areas of work which produce results only over the longer run.

Should He Make Loans?

One point on which there has been considerable debate is whether or not the farm representative should have authority to make loans. Some who argue against giving lending

(CONTINUED ON PAGE 100)

NEWS *for Country Bankers*

Bank of America's First Agribusiness Seminar

“**A**GRIBUSINESS' is a new concept—it embraces the production, procurement, and merchandising of foods and fibres and the related industries of transportation, supply, and financing,” said Earl Coke, vice-president, Bank of America N.T. & S.A., San Francisco, in an interview for **BANKING**.

Mr. Coke discussed at some length the seminar on agribusiness held at the University of California at Berkeley during the first two weeks of July. It marked the first formal step taken by the Bank of America for a comprehensive study of this new industrial concept and the dominant role it plays in the nation's economy.

15 Senior Officers Attend

“Fifteen senior bank officers were selected from all parts of California to participate in the intensive study course,” he said. “Selection was made on the basis of the individual officer's participation in the field of agricultural production, processing, and marketing.”

The agribusiness course was sponsored by the bank in cooperation with the University Extension Service and instruction was given by professors from the Department of Agricultural Economics at the university as well as representatives from private industry.

“Primarily, the purpose of the course was to familiarize these officers with the total agribusiness picture, both at the national and the state level, and to develop an understanding of its problems and potential,” said Mr. Coke. “Such a study, it was felt, would enable these officers to give better service to the

bank's customers engaged in this field of activity. It is expected that these officers then will be in a position to pass on the fundamentals learned to their associates in the bank's branches.”

Classroom Lectures, Field Trips

Mr. Coke pointed out that “the course was planned to carry out instruction through classroom lectures and field trips during the six days of each week of the seminar. In addition, evening study periods were planned for case studies of agribusiness firms, the financing of several different types of agricultural processing industries, and Bank of America's role in agribusiness.”

“Classroom study,” he added, “began with a presentation of the national agricultural scene, basic trends during the past half century, and the outlook for agriculture and agricultural processing. This was followed by a study of California's contribution to, and future participation in, this activity.

“Regional specialization and interregional trade led to the problems of plant location and factors involved in such selection. This was tied into the California scene with a morning spent studying the impact of changing market structures on the state's agriculture and agricultural processing industry.”

Continuing his description of the course, Mr. Coke said that “following an introduction into processing plants, considerable time was given to procurement of the raw product for these plants. This included grower-processor relationships, labor management in food industries, problems in merchandising and inventory management.”

Insight Into Managerial Functions

He emphasized that “since bankers offer service to all levels of agribusiness, it was appropriate to give these banker-students a basic insight into the objectives and operations of the managerial function. This gave an opportunity to study the scheduling and control of produc-

(CONTINUED ON PAGE 78)

During a field trip to the U. S. Department of Agriculture's Western Regional Research Laboratory in Albany, Calif., BofA Assistant Vice-Presidents William Dittoe and E. W. Wakefield, *left*, listen to Dr. Walter S. Hale, chemist, *right*, describe the vacuum oven for low-temperature cooking of fruits and vegetables in dehydrated food processing



This department is edited by MARY B. LEACH of BANKING's staff.

Wonder of the World

The **Ida Cason Callaway Gardens** in western Georgia is a non-profit 2,500-acre paradise of tall trees, cool lakes, wildflowers and sunshine. 25,000 people, motoring an average distance of one hundred miles, find beauty here on a sunny weekend. They boat and they swim. They bask on clean white sand—19,000 tons of it, hauled in to carpet a crescent of lake shore. They play golf, they picnic and they stroll along miles of flower-studded paths.

One project now under construction is the open-air dining pavilion, shown in the drawing. The pavilion will be beautiful *and amazing*, because the giant, concrete-covered umbrellas seem to be engineering impossibilities. They are designed not only to be uniquely beautiful, but to serve pleasure seekers for generations to come. And to be sure that they do, they will be built of USS steel and Universal Atlas cement for exceptional strength and durability.



 **United States Steel**
TRADEMARK

(CONTINUED FROM PAGE 76)

tion and of process and quantity control.

"Rounding out the 2-week classroom sessions," he said, "was a look at the role of private research and the development of agricultural processing firms plus a preview of what lies ahead in the way of new food products and production methods.

"Four afternoon field trips provided a laboratory-type experience to the bankers and permitted them to see, in operation, those processes studied in class."

View of Nation's Food System

In conclusion, Mr. Coke noted that "since this is the first course of its kind to be held, it is too early to determine all values derived." He feels, however, that "the concentrated study of the 15 bank officers has given them an overall view of the nation's food system; that they have appraised the changes taking place during the past 50 years and the potential still to be developed.

"Each," he added, "has not only studied food processing, distributing firms and their growth but also analyzed, to a limited degree, the reasons for their development. At the same time, all have more keenly become aware of the problems faced by the nation's food system and how important its operation and progress is to the people of America. All this has been related to the services of Bank of America and banking as a whole."

Vertical Integration*—

Its Effect on Efficiency

INTTEGRATION in agriculture is helping to solve at least four real problems: (1) reduction of uncertainty; (2) increasing scale of operation; (3) supplying needed capital; (4) providing the consumer with a more uniform quality product over a longer period of time," said Dr. Wilmer Browning, extension economist, University of Kentucky, Lexington, while speaking at an agricultural clinic sponsored by the Kentucky Bankers Association.

Continuing, Dr. Browning said:

"The uncertainty of price for a product when marketed makes decision-making difficult. A farmer is able to calculate production cost but

is not certain of sale price, and such uncertainty has discouraged production planning. Thus, by contracting for sale of a product at a prearranged price, the farmer is in better position to make sound decisions on kind of product to produce, amounts, and time of producing the product.

"Efficient production of farm products is influenced by size of enterprise. As the size of the enterprise increases, cost per unit generally decreases. Overhead costs (land, labor, machinery) become fairly constant costs on a yearly basis. The operator and family labor is available for the year whether the operator produces 20 or 200 acres of corn; whether he raises 5,000 or 80,000 broilers. As a result, as enterprise expands to the point of full use of available labor, unit cost tends to decrease. The increase in size of farm or enterprise creates needs for additional capital. Farm operators have used contract farming to obtain the needed capital. The uncertainties of production and price make increasing scale or size of the farm difficult.

"Greater technical know-how makes possible a scheduling of production factors with more known factors under control. For example, a better type chicks, or hybrid corn, linked with well-planned production practices, makes production more certain, and, in broiler production, for instance, veterinary aid supplied by contracting vets makes production more certain and balanced rations encourage maximum output from a given amount of feed. Contracting has brought about efficient low-cost production in the broiler industry. The demand for improved uniform quality products by consumer is another factor which has encouraged contract farming. Efficiency in processing and marketing is influenced by scale of operations, uniformity of supply, and quality of product. Since costs of marketing are made up of both overhead and operating costs, the unit cost tends to decrease with increased supplies, and total cost schedules may be lowered by providing uniform supplies of products for processing and sale throughout the year. Variations in supplies force marketing firms to carry a larger processing and sales force for peak loads than would otherwise be needed.

"During extremely low-volume periods, plant-handling equipment

and labor forces are not fully employed. With a uniform supply, labor and plant equipment can be planned to handle products at lower costs, thus increasing the efficiency of operation. Contract farming may be an agreement between farmer and processor to provide products at a desirable time, thus, uniformity of supply may be provided and unit cost kept at a minimum. Production and processing of a standard quality product tends to increase demand and expand market.

"The status of the family farm may be affected by contract farmers in that fewer farms will be needed to supply the demand. Contract farming may aid in supply capital and technological improvements to farmers who are not in position to make these adjustments on their own. Market control, as a result, will be centered in hands of fewer concerns as integrated firms become larger in line with efficient scale of operation. Marketing firms will be in a better bargaining position for both purchase and sale price of farm products."

*Centralized management, which facilitates closer coordination between farmers, farm suppliers, processors or marketers, etc.

Farm Financing Study

THE Southern Farm Management Extension Committee has recently published *Financing a Farm Business—The Future Belongs to Those Who Plan for It* (publication No. 8). The project is sponsored by the Extension Services of the 12 southern states; Farm Foundation; and Extension Service, USDA.

This study is designed to show farmers some possibilities, principals, and precautions in using credit. Dr. Harry M. Love, chairman, Department of Agricultural Economics and Rural Sociology, Virginia Polytechnic Institute, Blacksburg, a member of a special committee charged with the responsibility of outlining the content of this publication, authored the book.

Chapter headings include the following: "Credit Aids Production"; "Credit Creates Problems"; "Teamwork Is Needed"; "Credit Is Two-Sided"; "Resisting Change"; "A Farmer Speaks"; "Adjusting for Profits"; "How Much to Borrow"; "Reducing Risks"; "Contract Farming"; "Sources of Credit"; and "Fitting Loans to Farmers."



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**44 New Jersey banks have installed
 191 POST-TRONIC* Machines, replacing
 403 conventional bookkeeping machines.**

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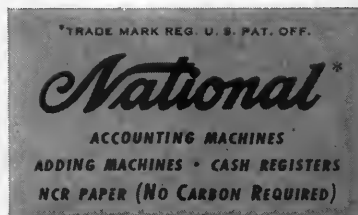
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 1039 OFFICES IN 121 COUNTRIES • HELPING BUSINESS SAVE MONEY

	Post-Tronic Machines Installed	Conventional Machines Replaced
Fidelity Union Trust Company, Newark	10	21
National Newark & Essex Banking Co., Newark	10	20
National State Bank of Newark	9	17
New Jersey Bank & Trust Company, Passaic (consolidation of Passaic-Clifton Nat'l. Bank and County Bank & Trust Company, Paterson)	16	42
First National Bank & Trust Company, Paterson	15	46
Trust Company of New Jersey, Jersey City	6	14
Peoples Trust Co. of Bergen County, Hackensack	5	10
United States Savings Bank, Newark	1	1
Hudson County National Bank, Jersey City	8	14
First-Mechanics National Bank of Trenton	3	7
First Camden National Bank & Trust Co., Camden	11	18
Boardwalk National Bank of Atlantic City	5	8
Federal Trust Company, Newark	10	22
Bloomfield Savings Bank, Bloomfield	3	6
Montclair National Bank & Trust Company	11	22
Union County Trust Company, Elizabeth	3	5
Bank of Commerce, Newark	6	14
First Bank & Trust Company, Perth Amboy	4	9
First Nat'l. Bank of Somerset County, Bound Brook	5	9
Citizens National Bank of Englewood	4	10
Central Home Trust Company, Elizabeth	3	6
Elizabethport Banking Company, Elizabeth	4	4
Plainfield Savings Bank	1	2
First National Bank of Freehold	2	5
National Union Bank of Dover	3	8
Garden State National Bank, Teaneck	3	6
Dover Trust Company, Dover	2	4
Broadway National Bank, Bayonne	2	2
Chatham Trust Company, Chatham	3	7
National Bank of Westfield	2	4
First National Bank & Trust Company, Woodbury	3	5
Boonton National Bank, Boonton	2	3
Mechanics National Bank, Burlington	2	3
Phillipsburg National Bank & Trust Company	1	2
Community Bank of Bergen County, Rochelle Park	1	2
Manville National Bank, Manville	2	4
Prospect National Bank of Trenton	2	3
First National Bank, Butler	1	2
First National Bank, Whippany	2	4
First National Bank, Riverside	1	4
First National Bank & Trust Company, Beverly	1	3
Merchants National Bank, Cape May	1	3
Woodbury Trust Company, Woodbury	1	2
Midland Bank, Paramus	1	New Bank



North Carolinians Tour Iowa Farms

Bankers and Agricultural Leaders Seek Ways to Increase Farm Income and Improve Marketing Practices

To get some of the answers on how to increase farm income, 150 North Carolina bankers and farm leaders spent a week in Iowa, the nation's No. 1 state in farm income. Flying from Raleigh and Winston-Salem in chartered airplanes, they boarded four buses in Des Moines and spent three days on a 600-mile tour of the state's best farming regions.

They were on the "1958 Farm Opportunities and Marketing Caravan," sponsored by Wachovia Bank and Trust Company in cooperation with North Carolina State College, and the North Carolina Department of Agriculture. In charge were Vice-president Wayne A. Corpening, Winston-Salem; Assistant Vice-president M. Edmund Aycock, Raleigh; and Henry M. Simons, Charlotte, and O. J. Howell, Jr., Goldsboro, Wachovia Agricultural Department managers.

Here are some of the group's typical observations:

The fertile black soil of Iowa is

Harry W. Schaller, left, president, The Citizens First National Bank, Storm Lake, Iowa, and chairman, A.B.A. Agricultural Commission, receives surprise appointment from Governor Hodges as a "goodwill ambassador" and an honorary "tarheel." Charles Waddell, right, assistant vice-president, Wachovia Bank and Trust Co., Asheville, represented the Governor in making the presentation of scroll



Banker-farmer tourists about to board plane for Iowa. Front row, left to right, Carlyle A. Bethel, vice-chairman, Wachovia Bank & Trust Co., Winston-Salem; J. L. Reitzel, Assistant Commissioner of Agriculture, Raleigh; Dr. D. W. Colvard, dean, School of Agriculture, North Carolina State College, Raleigh; Chancellor C. H. Bostian, North Carolina State College, Raleigh; Mr. Corpening; Connie Hobby, North Carolina Dairy Princess, New Bern, who met her counterpart in Iowa; Ed Rankin, secretary to Governor Luther Hodges; and three dairy maids from the North Carolina Department of Agriculture, who served milk to the group before leaving

practically all cultivated. There is very little wasteland, and particularly it was noticeable that Iowans farm from fence to fence.

An intensification of effort toward top production efficiency marks Iowa's farming today on all sides. A large number of farm operators in Iowa have college educations, and as a result, it was noted, Iowa farms show signs of better farm management and better use of machinery than in other farming areas of the country.

Line of Credit With Local Banks

Practically all of the Iowa farms visited by the caravan indicated they had a line of credit with their local banks. Statistics reveal that 96% of the farm credit in Iowa is supplied by banks, which shows what community bankers can do to meet the large responsibilities they have to the agricultural economy.

The consensus was that the Iowa bankers' fine example in extending farm credit was a real inspiration that the North Carolina bankers

would take back home and use to serve their farm customers better. Bankers predicted more use of intermediate credit to finance farm operations not only in Iowa but also in North Carolina and other sections of the country. The dependence of Iowa farmers on Iowa State College for their know-how was related at practically every farm the group visited. It was apparent that the Iowa farmers look to Iowa State as North Carolina farmers look to their State College.

Iowa State College, under the leadership of its North Carolina-born president, Dr. James H. Hilton, in addition to its extensive research in farm production, marketing and management problems, has recently established a program which is studying the adjustments that agriculture will be facing in the years ahead. Robert K. Buck, a young state and national agricultural leader whose farm is located near Des Moines, proposed a similar program for North Carolina in order
(CONTINUED ON PAGE 82)



\$2,000,000,000 spent last year on recreational boating. Now 7,000,000 boats in U.S.; 1,300,000 boat trailers. Losses from boat loans less than 1/2 of 1%. Usual boat loan rates are 6%—as high as 8½%. For details about boat financing opportunities, mail coupon.

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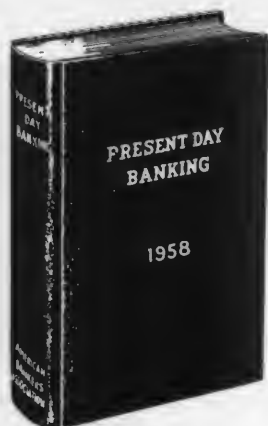
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BANK NAME _____

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CITY _____ ZONE _____ STATE _____

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SOME OF THE SUBJECTS IN THE 1958 EDITION

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| The bank consolidation and merger movement | Lease financing of chain store furnishings and equipment |
| An analysis of dispositive trust provisions for children | The variable annuity and its impact on the trust business |
| Problems of a growing trust department | Retirement system of the Federal Reserve Banks |
| Pensions for the self-employed | Turnpike securities as trust investments |
| A management re-examination of expansion overseas by American banks | Banking as a career for the college graduate |
| The Hawaiian sugar industry and its financing | Industrial development program for the commercial bank |
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BANKING

AMERICAN BANKERS ASSOCIATION
12 EAST 36th ST., NEW YORK 16, N. Y.

Iowa Farm Tour

(CONTINUED FROM PAGE 80)

that agriculture in the future will be able to meet the demands that the growing American population will place upon it.

The North Carolinians observed widely recognized beef cattle and dairy farming operations, one of the nation's top swine breeding farms, the farm of one of the nation's top prize-winners in show cattle competition, and inspected the Sioux City Livestock Yards, the world's third largest livestock exchange.

Chicken and turkey production and other farming operations tied into a grain economy also came under the inspecting eye of the North Carolinians, and on the final day of the tour they visited the experimental farms operated by Iowa State College.

At the tour's conclusion Atwell Alexander, poultry farmer of Stony Point and a member of the North Carolina State Board of Agriculture, invited farmers and bankers of Iowa to visit North Carolina and inspect the progress that state has made in recent years in rural and agricultural development. His invitation was accepted by Dr. Hilton, and there was considerable interest on the part of numerous Iowans in going to North Carolina on a similar tour.

Southeast Land Values Up

THE farm land market in the Southeast is strong—prices for land are high and rising; and there are many buyers for the small amount of land offered for sale, according to Arthur H. Kantner, agricultural economist, Federal Reserve Bank of Atlanta, as reported in the *Bankers Farm Bulletin*.

"Heavy demand of farmers, industrialists, and other investors in farm land have pushed its value 50% higher than it was in 1950," said Mr. Kantner. "Values in Florida have risen 60% and in Alabama and Tennessee, a third.

"These higher land values have increased production costs in the region's livestock industry and may reduce profits."

No one has his ups and downs like the person in an aisle seat at the theater.

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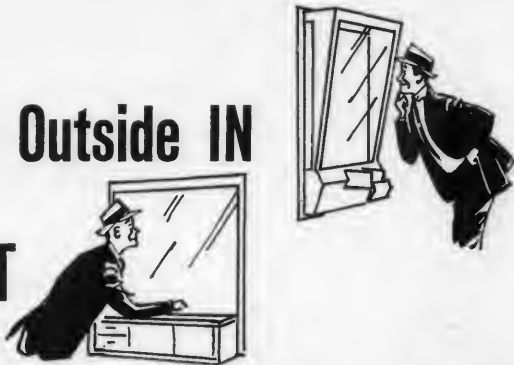
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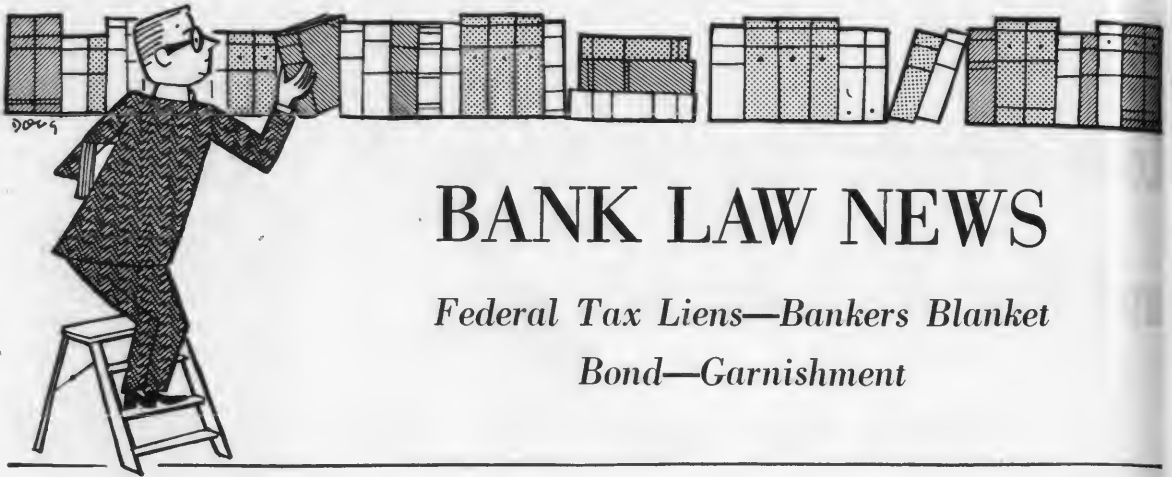


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BANK LAW NEWS

Federal Tax Liens—Bankers Blanket Bond—Garnishment

FEDERAL TAX LIENS

Until wife's death, lien for Federal tax owed by husband does not attach to Florida real property held by the entireties.

THE Federal Government is given, by statute, a lien for unpaid taxes on all property of a delinquent taxpayer. The United States Court of Appeals, 5th Circuit, recently ruled that the lien does not attach against Florida real property owned by the delinquent taxpayer and his wife as tenants by the entireties until the wife dies.

Subsequent to the filing of the tax lien against the husband only, he and his wife executed a mortgage to a bank, on real property owned by them as tenants by the entireties, to secure a note signed by husband and wife.

The mortgage secured payment of principal and interest on the note, advances for real property taxes, insurance, and, in case of foreclosure, all costs and attorney's fees.

The mortgage also contained a "dagnet clause" securing "all sums of money which may now be due or may hereafter become due to the Mortgagee from the Mortgagors." The mortgage was recorded promptly.

At the time of the execution of the mortgage, the bank held a note executed by a partnership of which the husband was a member, and it also held a note executed by an individual and endorsed by the husband.

Subsequent to the giving of the mortgage, the husband became accommodation endorser on corporation notes also held by the bank.

After the wife's death, the bank instituted an action to foreclose the mortgage and the United States was made a party defendant.

The court ruled that the husband did not have any interest in the real property held by the entireties "during his wife's lifetime to which a lien for Federal taxes, owed by him but not by her, could attach." The lien only attached to the property "as of the time of her death."

Therefore, the bank's mortgage lien had priority over the tax lien for the amount of the mortgage indebtedness, interest, advances for property taxes, and foreclosure costs and fees, but not for the husband's personal obligations which, the court said, were not covered by the "dagnet clause." *United States v. American National Bank of Jacksonville & Title & Trust Co. of Florida (C.A., 5th Cir., May 26, 1953).*

BANKERS BLANKET BOND

Losses suffered by New York bank from purchase of fictitious conditional sales contracts recoverable, as resulting from larcenies, under Clause B, Bankers Blanket Bond. Purchase of contracts held not loans although set up on bank's books as such.

HE plaintiff bank took by purchase and assignment, without recourse, certain conditional sales contracts from an automobile dealer. He had obtained genuine signatures of friends and relatives to blank con-

tracts and had furnished descriptive details of cars to a bank employee who filled in the appropriate blanks. Actual sales of cars were not made. No one connected with the bank saw or talked with any alleged buyer prior to the assignments.

After assignment, the bank sent to the apparent purchasers a statement of the transaction and an instalment payment coupon book. All payments, however, were made by the dealer who had picked up the coupon book from each fictitious purchaser. The bank set up the transactions as loans on its books.

When the bank learned of the fictitious character of the contracts, it made demand on defendant surety company, under its Bankers Blanket Bond—Standard Form No. 24, for recovery of its losses.

The surety denied liability, citing §1(d) of the bond which excludes from coverage losses resulting from "complete or partial nonpayment of, or default upon any loan made by or obtained from the insured [bank], whether procured in good faith or through trick, artifice, fraud, or false pretenses," except when covered by certain other clauses.

The trial court ruled that the transactions in question were not loans and, therefore, the exclusion clause did not apply. It determined, however, that the bank could recover under Clause B of the bond, affording coverage against losses resulting from larcenies.

The New York Appellate Division affirmed this ruling, holding that the conditional sales contracts, even if genuine, lacked the essential elements of a loan as the term is ordinarily understood. Conditional sales

(CONTINUED ON PAGE 86)

Edson A. Oberlin, Jr.

President, The Firestone Bank, Akron, Ohio

discusses the question
of internal security



"All banks have a very definite responsibility to the community. People have placed their trust in us and we must therefore use every known means of protecting their resources. Certainly any method should include provision for adequate internal controls.

"Inherent risk in dealing with cash and securities must be recognized. External protection is given by vaults, time locks, burglar alarms, careful planning and caution in receiving and paying cash. Internal protection deserves the same careful consideration.

"Temptation should be reduced to a minimum. It has been said that embezzlers are made, not born. Too many banks allow their employees to be tempted. It is good management and simple justice to our employees to maintain adequate internal controls.

"Adverse publicity hurts everyone connected with a bank and deals a blow to its Public Relations Program, however good it may be. In my opinion, those in charge of internal security are as important to Public Relations as any public contact person.

"They say Public Relations begins at home and diligent and competent internal security can well be the basis of a successful program."

INA'S PORTFOLIO OF PROTECTION FOR BANKS

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Society

NATIONAL BANK OF CLEVELAND

STATEMENT OF CONDITION • JUNE 30, 1958

RESOURCES

Cash on Hand and Due from Banks.....	\$15,879,153.74
United States Government Obligations.....	27,108,293.67
Other Investments.....	5,566,524.82
Federal Reserve Bank Stock.....	150,000.00
Loans and Discounts.....	17,688,075.39
Interest Accrued and Other Assets.....	348,272.98
Total.....	\$66,740,320.60

LIABILITIES

Capital Stock.....	\$ 2,000,000.00
Surplus.....	3,000,000.00
Undivided Profits.....	957,887.38
Accrued Taxes and Other Liabilities.....	560,058.09
Deposits.....	60,222,375.13
Total.....	\$66,740,320.60

United States Government Obligations carried at \$9,580,000.00 are pledged to secure Public Deposits as required or permitted by law.

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(CONTINUED FROM PAGE 84)

represent transfers of personal property on time. In the absence of proof that it was a general banking custom to classify such contracts, purchased by and assigned to a bank without recourse, as loans, the court could not so regard the contracts, although the bank had set up the transactions as loans on its books.

The court did not find it "necessary to determine whether the spurious transactions were forgeries within the insuring provisions of the bond (E)." *Johnstown Bank v. American Surety Company of New York* (N.Y. App. Div.) 174 N.Y. Supp. (2d) 385.

GARNISHMENT

Illinois garnishee bank liable for money paid under garnishment judgment where original judgment against depositors is void.

THE depositors had signed a contract for the purchase of storm windows. The contract contained a judgment note with authority to confess judgment.

The note, although signed by the depositors, did not contain the payee's name, the sum payable, the date made or due date. The seller subsequently entered judgment on the note and brought garnishment proceedings against the bank.

Prior to the return date of the garnishment summons, the bank notified the depositors of the proceedings but no action was taken by them. Garnishment judgment was entered against the bank and it proceeded to pay the judgment creditor.

The depositors later moved, successfully, to have the confession judgment set aside on the ground that the note was void because blank as to all items save the depositors' signatures.

The bank then made a motion to vacate the garnishment judgment, which motion was granted, but the court declined to order the judgment creditor to return the money to the bank.

The next move was by the depositors who brought this action against the judgment creditor and the bank to recover the money paid under the garnishment judgment. The trial court rendered judgment in favor of the bank and the depositors appealed. The Illinois AP-

pellate Court reversed, and rendered judgment for the depositors.

The confession judgment, said the court, was void because it was "confessed upon a signed, blank note." Therefore, since the law imposes a duty upon a bank, in garnishment proceedings, to determine the validity of the original judgment against the debtor, the bank was not protected by payment made under the garnishment judgment.

The fact that the depositors were notified by the bank of the garnishment proceedings and took no action did not estop them from successfully asserting their claim against the bank. *O'Toole v. Helio Products* (Ill. App.) 149 N.E. (2d) 795.

BRIEF NOTES ON OTHER CASES

Drafts. Where order draft given in payment for mineral deeds recited that it was payable "subject to approval of title," order to pay was not unconditional, and instrument was not negotiable. *Bank of America v. Butterfield* (S.D.) 88 N.W. (2d) 909.

Statute of limitations. Where mortgage was due and payable on January 1, 1930, but no payment of principle or interest was made thereon, and in 1944 mortgagor wrote two letters to mortgagee, acknowledging the debt and stating that "As long as I live I will have to pay the debt," statute of limitations against mortgage debt began to run anew from 1944 and not from date of death of mortgagor in 1953. The date of death was merely a limitation beyond which the statute could not run. *Lorenzo v. Bussen* (N.Y. Sup. Ct.) 174 N.Y.S. (2d) 371.

Bad checks. Defendant's conviction for issuing worthless check was reversed where, although he testified that he only signed a blank instrument without authorizing anyone to fill blanks, court instructed jury that defendant was guilty if he signed and delivered the instrument knowing he had no funds to pay it and it was immaterial whether or not there was any writing on it. Court's instruction "destroyed defendant's defense that what he signed was not a check." *State v. Ivey* (N.C.) 103 S.E. (2d) 398.



Society

FOR SAVINGS

IN THE CITY OF CLEVELAND

STATEMENT OF CONDITION • JUNE 30, 1958

RESOURCES

Cash on Hand and Due from Banks	\$ 18,097,724.71
United States Government Obligations	77,020,453.06
<small>(Including \$17,300,000.00 as Lawful Reserve)</small>	
Other Investments	44,746,895.06
First Mortgage Loans on Real Estate	130,821,718.75
Other Loans and Discounts	45,332,965.28
Bank Premises	2,598,735.02
Interest Accrued and Other Assets	1,888,343.61
Total	\$320,506,835.49

LIABILITIES

Surplus	\$ 22,000,000.00
Reserve for Contingencies	1,088,920.37
Reserve for Taxes and Expenses	1,894,606.75
Savings Deposits	287,821,035.91
Other Deposits	1,748,789.84
Deferred Credits and Other Liabilities	5,953,482.62
Total	\$320,506,835.49

United States Government Obligations carried at \$1,240,000.00 are pledged to secure Public Deposits as required or permitted by law.

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ERNEST C. DEMPSEY, Attorney Squire, Sanders & Dempsey	JOHN S. WILBUR, Vice President The Cleveland-Cliffs Iron Company
MERVIN B. FRANCE, President	ARTHUR P. WILLIAMSON Chairman of the Board
WILLIAM HARVEY KYLE, President Society National Bank of Cleveland	

BANKING NEWS

Wage-Price Spiral Solution Is Key to Enduring Prosperity, Adams Tells Senate Group

Dr. Adams Replies in Detail to Finance Committee Questionnaire

To achieve enduring prosperity, the country must solve the wage-price spiral, prevent continuing depreciation of the dollar, achieve budget surpluses, postpone certain large expenditures, and establish sounder tax policies. These are personal, unofficial suggestions to the Senate Finance Committee from Dr. E. Sherman Adams, deputy manager in charge of the Department of Monetary Policy of the American Bankers Association.

Replies to Senate Questions

Dr. Adams' suggestions were embodied in a detailed reply to the Senate Finance Committee's questionnaire on "How Can We Achieve Enduring Prosperity?" He said that "economic instability now consists not of one problem, but two. In addition to the age-old problem of the business cycle, we are now confronted with a new problem: that of preventing a continuing depreciation of the dollar over the years, popularly known as creeping inflation.

"This new problem has emerged because of the inflationary biases that have developed in the economy over the past several decades. These biases constitute a new and serious problem not only because they push up prices during good times but more especially because they prevent prices from ever readjusting downward. In short, price increases have tended to become irreversible.

"The pattern of the past four years has been, in brief: a period of boom aggravated by inflation, then a recession aggravated by high prices, and for the period as a whole, further erosion in the purchasing power of the dollar. The problem of economic stability for the future may be essentially that of preventing a repetition of this pattern—or of preventing it from becoming worse, if the people should lose confidence in the long-run integrity of the dollar.

"The new resistance of our econ-

Agreement Reached on Type Font to Be Used in Printing Magnetic Ink on Checks, A.B.A. Committee Reports

Agreement is announced on a type font to be used in printing magnetic ink on checks to be handled mechanically, but the font itself will not be announced until field tests are completed. So says the new progress report from the Technical Committee on Mechanization of Check Handling of the A.B.A.'s Bank Management Commission.

The progress report, mailed last month to all member banks of the American Bankers Association, says that "because of the tremendous importance of this project, the Committee of Office Equipment Manufacturers and its Technical Subcommittee have recommended a field evaluation test to determine the overall reliability of the type font and the accuracy, tolerances, and economy of the printing and imprinting. The Technical Committee on Mechanization of Check Handling of the Bank Management Commission is in complete accord with the recommendation as the importance of this program from a long-range standpoint warrants a comprehensive testing before the release of the final and exact specifications for the common machine language."

There is to be no general release of drawings of the presently developed type font until the results

of the field evaluation prove its final acceptability.

Another problem which has been cleared up is this: "The width of the band at the bottom of checks to be free of magnetic ink printing, except for magnetic ink coding, has been established as extending up $\frac{5}{16}$ of an inch from the bottom of the check. In effect, the bottom edge of the $\frac{1}{4}$ inch band for magnetic ink encoding, which was previously designated as being $\frac{1}{4}$ of an inch from the bottom of the check, has been relocated to $\frac{3}{16}$ of an inch from the bottom. This modification was made to provide both the machine manufacturers and check printers maximum tolerance consistent with acceptable check design. All other specifications outlined in previous Technical Committee publications remain the same."

An introductory letter to the report is signed by Harold E. Randall, chairman of the Bank Management Commission, who is vice-president and comptroller of The First National Bank of Boston. The report itself is signed by John A. Kley, chairman of the Technical Committee on Mechanization of Check Handling, who is executive vice-president, The County Trust Company, White Plains, N. Y.

omy to price declines has its bright side, of course. Our past periods of price deflation have often been extremely painful, and it is certainly reassuring to know that we will in all probability not experience such severe deflation in the future. But this is no reason to minimize the dangers of inflation that loom ahead.

"The emergence of this long-run inflationary threat has fundamentally changed the whole problem of maintaining economic stability. We should try to come to grips with the fundamental elements of this new problem and to think through its important implications for public policy. We should no longer think in terms of anti-cyclical policy alone;

we should think in terms of anti-cyclical plus anti-inflation policy."

Dr. Adams added that, until the problem of the wage-price spiral is dealt with directly, our economy "will continue to be threatened with chronic instability."

Even a balanced budget is inflationary when it is the size of ours, Dr. Adams declared. "Sound fiscal policy," he maintained, "calls for a combination of tax and expenditure policies that will produce substantial budgetary surpluses for debt reduction during periods of active business.

"This will take a lot of educating, of course, and also political

(CONTINUED ON PAGE 91)

"Digest of Bank Insurance" Supplement Sent to Subscribers Last Month

The eighth supplemental revision of the *Digest of Bank Insurance* compiled by the A.B.A.'s Insurance and Protective Committee has been mailed to several thousand subscribers to this service.

According to the Committee, this revision consists of 70 new or revised pages and makes a total of 222 pages in the *Digest*, compared with 153 when the looseleaf book was originally published in 1941. Improvements in bonds and policies since 1941 and new insurance coverages developed during the last 17 years account for the 69 added pages. The price of the *Digest* to member banks is \$6 and an additional charge is made to cover the cost of printing and mailing of supplements when issued.

Complete details on this revision of the *Digest* are in the July *Protective Bulletin*.



G.S.B. Class of 1958 officers: Gordon P. Howell, assistant vice-president, Lynchburg (Va.) National Bank and Trust Co., center, was elected permanent president of the Class of 1958, The Graduate School of Banking, during the June resident session at Rutgers—the State University, New Brunswick, N. J. Alvin C. Johnson, assistant vice-president, First National Bank of Chicago, left, was elected to the G.S.B.'s Board of Regents; and John S. Howe, vice-president and treasurer, Provident Institution for Savings, Boston, was elected treasurer Class of 1958

Performance Record Rather than Legislation, Supervision Is Key to Banking's Future, Says Vice-president Lee P. Miller

The future of banking rests on its performance record rather than upon legislation and supervision, according to Lee P. Miller, vice-president of the American Bankers Association, and president, Citizens Fidelity Bank and Trust Company, Louisville, Ky.

"The future of a strong, progressive banking system cannot be legislated, important as legislative work may be," he said. "It cannot find its roots in supervision, useful as supervision may be. It does not rest on high-pressure salesmanship, indispensable as public relations may be."

Rather, he maintains, "the future of a strong, progressive banking system is to be found in the performance record in public service of banks themselves, in the philosophy underlying them, and in the policies proceeding from that philosophy. These are the threads that can weave together the fabric of a successful banking system, and the strength of these threads today is once more being tested in a period of recession."

Mr. Miller emphasizes that the thing bankers need above all others is "courage." This he defined as "that dynamic force which enables one to make decisions." Decisions, he said, cannot in such a period as this be based upon short-run considerations because of the dynamic and competitive nature of our economy.

Banking policies, he added, must take account of the swings in economic activity, and the present situation is no exception. "We have to make certain adjustments in periods of business downturn, it is true, but in so doing we also have to look beyond to the next arc of the pendulum and the one after that. The emergence in our competitive market process of uneven periods of recession and expansion provides no excuse for being preoccupied with the prevailing situation, whatever it may hold, and for failure to look ahead. Our banks must constantly be aware of their long-range objectives. This means that they must first define their objectives. They must have a clear idea of the

27th Mid-Continent Trust Conference Committee Chairmen Are Named

J. W. White Is General Chairman of St. Louis Meeting on Nov. 6-7

Committee chairmen for the 27th Mid-Continent Trust Conference of the Trust Division of the American Bankers Association have been announced by Walter Kennedy, president of the Division, and president, The First National Bank of Montgomery, Ala. The conference will be held at the Statler Hotel in St. Louis on November 6-7, 1958.

Joseph W. White, vice-president of the Mercantile Trust Company, St. Louis, is general chairman for the conference. He is a former president of the Trust Division.

Other committee chairmen, all of St. Louis, are:

PROGRAM: David H. Morey, vice-president and trust officer, The Boatmen's National Bank of St. Louis.

FINANCE: Paul Sullivan, president, St. Louis Corporate Fiduciaries Association.

ENTERTAINMENT: W. A. Gauvin, vice-president and trust officer, Tower Grove Bank & Trust Company.

HOTEL: W. L. Johnson, vice-president and trust officer, Security National Bank Savings & Trust Company.

PUBLICITY: W. G. Frazier, vice-president, St. Louis Union Trust Company.

REGISTRATION AND INFORMATION: T. W. Johnson, trust officer, Mercantile Trust Company.

WOMEN'S: E. H. Bosse, vice-president and trust officer, Mutual Bank & Trust Company.

Hosts to the conference will be the trustmen of St. Louis. It will bring together trust officers from Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, and Wisconsin.

direction in which they are headed. Only then can current policies and operations be placed in proper perspective as the pendulum of business activity swings back and forth."

Bid of First National City Bank of New York to Combine With County Trust Co., Rejected by Reserve Board

By a 5 to 2 vote on July 10, the Federal Reserve Board rejected the application of the First National City Bank of New York to combine with the County Trust Company of White Plains under a bank holding company arrangement.

The application to form a bank holding company had been on file with the Board since November 1956 and extensive hearings had been held when the proponents and opponents presented their respective views. Examiner Charles W. Schneider had twice recommended that the Board reject the application.

Would Adversely Affect Competition

The Board held that to grant permission for a union of the two banks would adversely affect competition between the banks themselves and among other banks in the area. This was one of five criteria the Board had to measure the First National City Bank's application under the terms of the 1956 Federal Bank Holding Company Act. The five factors are: the banks' financial history and condition; their prospects; their management; the convenience, needs and welfare of the area, and whether the proposal is consistent with "adequate and sound banking, the public interest, and the preservation of competition in the field of banking." It ruled that the banks passed the first three factors but that this did not provide sub-

stantial affirmative grounds for approval. On the fourth, it said the proposed holding company would probably contribute in some limited measure to convenience and welfare, but that the banking needs of the communities and the area concerned are being satisfied by existing institutions.

Board members were in unanimous agreement that the New York State "holding company freeze" extending through next May did not preclude the Board's making a decision on the application.

In a joint statement, First National City Chairman Howard C. Sheperd and County Trust Chairman Joseph E. Hughes said that they were greatly disappointed in the Board's ruling.

"We are convinced that our proposal represents a constructive program to provide better and more economical banking services to the people of the New York metropolitan area. We regret the further delay in the accomplishment of its objectives."

Franklin D. Price Is New NABAC President; M. H. Gibson, First Vice-president

Franklin D. Price was elected president of the National Association of Bank Auditors and Comptrollers in the first ballot-by-mail election under NABAC's 1956 constitution. Mr. Price, who has been serving as NABAC's first vice-president, is vice-president of the Texas National Bank in Houston.

Malcolm H. Gibson, vice-president and cashier, Citizens Bank of Sheboygan, Wis., formerly second vice-president, was elected first vice-president; Arthur C. Suhrbier, assistant auditor, Continental Illinois National Bank & Trust Company of Chicago, was elected second vice-president; and Donald J. McDonald, auditor, Northern Trust Company, Chicago, was reelected treasurer.

Two new directors-at-large elected are Alfred P. Allen, comptroller, Western Savings Bank of Buffalo,

Marion Anderton



NABW Publishes Brochure Inviting College Women to Make Career of Banking

Booklet Is Being Distributed to College and University Libraries

"Women in Banking" is the title of an attractively designed and illustrated brochure addressed to the college women by the National Association of Bank Women.

The brochure was prepared by the NABW's Public Relations Committee, chaired by Marion Anderton, assistant cashier, Bank of America, San Francisco. It tells the story of banking and the opportunities it offers college women for employment and advancement in concise language against a background of multicolored textured paper.

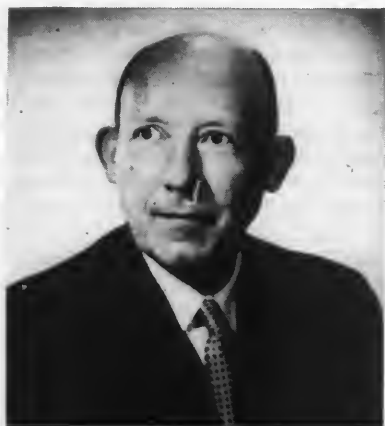
"The booklet is being distributed to college and university libraries," said Iweta Miller, NABW president, "and we hope it will direct the attention of the college-trained woman to banking as a career." Miss Miller is assistant vice-president, First City National Bank, Houston, Texas.

Copies of the booklet may be obtained by banks, state bankers associations, colleges, and universities by writing the NABW at 60 E. 42nd St., New York.

and Julius E. Burges, vice-president and comptroller, Citizens and Southern National Bank, Charleston, S. C.

Five new district directors elected are: District 1, Harold W. Thomas, vice-president and comptroller, Rhode Island Hospital Trust Co., Providence; District 3, Charles C. Bridgers, vice-president and cashier, The Bank of Asheville, N. C.; District 5, Paul I. Mitchell, auditor, Manufacturers National Bank, Chicago; District 7, Howard L. Bauder, assistant cashier, Pueblo (Colo.) Savings & Trust Company; and District 9, John W. Malarkey, assistant vice-president, The First National Bank, Portland, Oreg.

Franklin D. Price



Proposed Amendment to the Constitution of A. B. A.

A proposed amendment to the Constitution of the American Bankers Association has been submitted to Executive Manager G. Russell Clark by The Franklin National Bank, Franklin Square, N. Y., through Arthur T. Roth, its president.

The proposed amendment to Article II, Sec. 1 of the Constitution of the A.B.A. (new matter is printed in italics) reads as follows:

Sec. 1. Any National Bank, State *Commercial* Bank, *stockholder-owned* Savings Bank, Trust Company, Private Banker, Banking Firm, or Branch of any such institution, any chapter of the American Institute of Banking, and the secretary of any State Bankers Association, situated within the territories of the United States or its dependencies, may become a member of this Association upon application to the Executive Manager, who in his discretion, may submit such application before acceptance to the Administrative Committee for its approval or disapproval.

The effect of the proposed amendment would be to exclude mutual savings banks from membership in the American Bankers Association.

Article XI, Sec. 1 of the A.B.A. Constitution relative to amendments, reads as follows:

Sec. 1. This Constitution may be amended at any annual session of the General Convention, by a vote of two-thirds of the members present and voting. Notice of a proposed amendment shall be submitted to the Executive Manager at least thirty days before such annual session. The Executive Manager shall forward a copy of such proposed amendment to every member of the Association at the time the notice of the session is sent out or may publish the proposed amendment in the official publication of the Association preceding the annual convention. The Executive Manager shall submit all proposed amendments to the Executive Council so that the Council may arrange to bring them before the General Convention under the regular order of business, with such recommendations of approval or disapproval as it may see fit. Any proposed amendment to the Constitution may itself be amended in General Convention by a two-thirds vote of the members voting.

Accordingly, the proposed amendment will be submitted for consideration by the General Convention at the First Session of the Annual Convention, to be held in Chicago, Ill., on Tuesday, September 23, 1958.

One hundred and ninety-five bankers, 26 of whom were women, attended the Trust Training School of the Pennsylvania Bankers Association at Bucknell University, Lewisburg. PBA Trust Division officials, *left to right*, Chairman H. E. Bright, senior vice-president and trust officer, Berks County Trust Company, Reading; Co-Director S. M. Linduff, trust officer, Mellon National Bank & Trust Co., Washington; Co-Director J. P. Nunemaker, trust officer, United States National Bank in Jamestown; and Vice-chairman J. L. Propst, vice-president, Mellon National Bank & Trust Co., Pittsburgh. Mr. Propst took office as chairman of the Division on July 1



Attendance of 9,000 Is Expected at A. B. A. Chicago Convention, Sept. 21-24

An attendance of more than 9,000 is expected at the 84th annual convention of the American Bankers Association in Chicago on September 21-24, according to A.B.A. President Joseph C. Welman. Indications point to one of the largest such meetings in Association history, he said. Mr. Welman is president, Bank of Kennett, Mo.

This year's will be the 12th A.B.A. convention to be held in Chicago, the first there having been in 1885 and the most recent in 1955. A.B.A. conventions are customarily so large that only a comparatively few cities have adequate facilities for handling them.

General convention sessions and those of the Association's National Bank, State Bank, Savings and Mortgage, and Trust divisions will be held in the Conrad Hilton, Palmer House, Pick-Congress, and Sheraton-Blackstone.

Speakers at the convention, Government officials, and prominent businessmen and bankers, will be announced later. The convention will get under way with the opening of registration on Saturday, September 20.

Among the entertainment features scheduled is a concert by the Chicago Symphony Orchestra.

Wage-Price Spiral Solution

(CONTINUED FROM PAGE 88)

courage, but the sooner we recognize the need, the better."

Dr. Adams said that "our present tax system tends to be inflationary. In any event, given the inflationary bias our economy does have, it certainly does not make sense to have a tax system that penalizes saving and encourages borrowing. If it must lean in one direction or the other, it should be the opposite direction.

"We should try to work toward a rational policy of raising tax rates during booms and lowering them during recessions."

You can get awfully tired climbing over obstacles that are not there.

Money Management Teachers' Guide Available

A MANUAL for teachers of personal money management will be published this summer by the American Bankers Association's Savings and Mortgage Division.

The manual, which will be made available to instructors through banks that are members of the A.B.A., is described as "a practical guide prepared to aid the teacher in discussing the several phases involved in the study of personal money management." It is a companion piece to the recently published booklet, *Personal Money Management*, a guidebook to sound saving and spending practice.

The teachers' manual was written for the Committee on Personal Money Management, a unit of the A.B.A.'s Savings and Mortgage Division, by Evelyn A. Hogan, manager of the advertising and public relations department of the Central Trust Company, Cincinnati. Chairman of the committee is C. Arthur Hemminger, vice-president and public relations director of the First National Bank of St. Louis.

Discussion and Project Suggestions

The manual offers discussion and project suggestions on such aspects of money management as "Money and wise spending, or life can be fun though frugal"; "A savings program, or there's nothing quite like money in the bank"; "Food, or you are what you eat"; "Shelter, or there's no place like home, especially if you can afford it"; "Clothing, or the right clothes make the man"; "Household operating expenses, or it's the little things that cost"; "Advancement and entertainment, or ambition is the spice of life"; and "More for your money, or to buy or not to buy."

It includes also a "divide your dollar" quiz program game for students.

(One copy of *Personal Money Management* is free to member

banks; quantity lots are available at a graduated price scale, starting with 50 cents a copy for the first 24. The teachers' manual is free upon request to the Savings and Mortgage Division, A.B.A., 12 E. 36th Street, New York 16, N. Y.)

New York Mutual Deposits Reach New High

DEPOSITS in the mutual savings banks of New York State reached a new high of \$19,233,396,000 in May, the Savings Banks Association of the State of New York reported today. The total gain in deposits over the previous month amounted to in excess of \$110,000,000 as of May 30, it was reported. The total number of all accounts dipped slightly from 11,031,973 on April 30 to 11,018,366 as of May 30. During the 12 months ended May 30 the number of accounts of all types increased by more than 220,089 and deposits rose by \$1,125,616,000.

Real estate mortgage loans, the primary investment of New York State savings banks, reached an all-time high in dollar volume in May. A total of 1,135,000 mortgage loans amounting to \$14,001,000,000 were held by the savings banks of New York State as of May 30. This

is an increase of \$129,000,000 over mortgage investments at the end of the previous month. Since the year end, the dollar volume of mortgage holdings of the savings banks of New York State has increased at the average rate of \$100,000,000 a month.

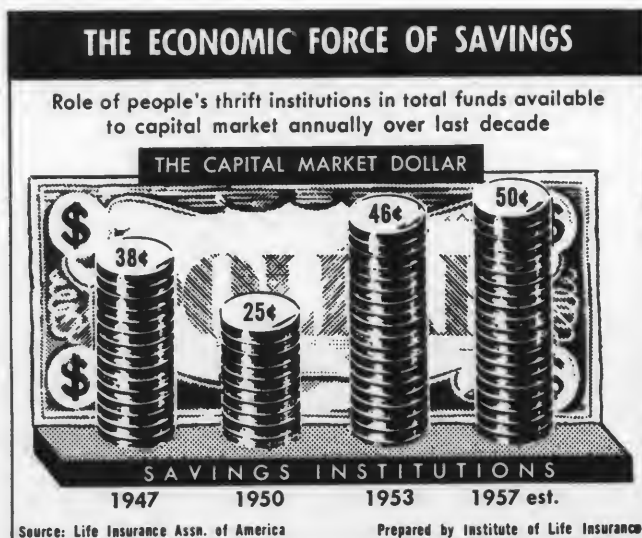
Mexican Banks to Have Savings Life Insurance

RECENTLY the Treasury Department of Mexico authorized private banks to give a combined service of savings and insurance.

This new service, which it is anticipated, will be well received, has been designated as "Plan AS," and consists of savings instalments of Mexican pesos 20 to pesos 400 to be paid in order to cover insurance of pesos 1,000 to pesos 20,000. There is no separate charge for insurance premiums.

The instalments which accumulate under this system earn interest at the rate of 3½% annually.

The origin of "Plan AS" may be traced to a project the Banco Nacional de Mexico, S. A. presented to the Treasury Department seven years ago. The bank now offers this service throughout the Republic of Mexico.



Savings Bank Life Insurance Marks 50th Year

JUNE 26 marked the 50th anniversary of the writing of the first policy under the savings bank life insurance plan—an idea conceived by the late, Louis Dembitz Brandeis.

Since the Whitman (Mass.) Savings Bank gave Justice Brandeis a "vote of confidence" by issuing the first savings bank life insurance policy a half century ago, more than 510,000 policies have been placed in force, with a total value of some \$640,000,000. Policies in effect in New York State and Connecticut bring the over-all total to more than \$1-billion.

Today, 173 of Massachusetts's 186 mutual savings banks either issue insurance policies or act as agencies. This means low-cost, over-the-counter insurance is being sold in almost every city and town in Massachusetts.

Savings bank life insurance is mainly reaching families of modest means. Ninety percent of the policyholders are insured from \$500 to \$5,000 so that it is not overly competitive with private insurance companies.

Future Activities of NAMSB

FUTURE activities of the National Association of Mutual Savings

Banks will continue to concentrate on "providing services to members and to developing programs that will advance the national prestige of the industry," said William A. Lyon, president, Dry Dock Savings Bank, New York City, and president of the NAMSB, at the 50th annual meeting of the Savings Banks Association of New Jersey.

Program of Research

Continuing, Mr. Lyon stated in part:

"To do this well will require an extended program of research. We might characterize the word 'research' as the keynote of the national association's program for the coming year. The lines which this research should pursue are now emerging.

"We will be gathering data, for example, on savings motivations. The board of directors has approved the sponsorship of a study by the University of Michigan's Survey Research Center, which conducts periodic surveys on consumer attitudes.

"We will be studying economic trends and will be looking at activities of all types of financial institutions. And we will be studying the effect of monetary and fiscal policies of the Government on economic growth and savings bank trends.

"Some of the other areas that will be explored and their results

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widely circulated to you and other savings bankers include a study of the advanced methods for increasing the operating efficiency of savings banks. Also scheduled are studies on the personnel and officers of savings banks. Finally, the organization and objectives of mutual institutions in the modern political, economic, and social environment need study reappraisal and this, too, will receive the attention of the national association.

"Through its research efforts and its cooperation with other groups studying the nation's financial system and its capital needs, the national association will be better able to represent the industry before legislative committees and business and civic groups. The results of much of this research will be of particular significance to the pursuit of the goal of geographic extension of the mutual savings banking system which will be pressed forward with new vigor in the years immediately ahead. And we will be paying particular attention in the coming year to research that will lead to the drafting of an ideal thrift statute."

Housing and Mortgages

Housing Starts in First Half '58 Show Increase

NEW nonfarm housing starts in the first half of 1958 totaled 530,400 which compares with 513,600 in the same period of 1957. This represents an increase in the first six months of 1958 of over 3%. Included in this 6-month figure of 530,400 nonfarm housing starts are 36,000 public units. Public starts in the same period of 1957 numbered 28,300.

The new nonfarm starts during June totaled 115,000, compared with 99,900 in June 1957. The seasonally adjusted annual rate of private housing starts, based upon the June figure, is estimated at 1,090,000. Pri-

vate starts for 1957 totaled 992,800.

These figures are based upon preliminary estimates published by the U. S. Department of Labor's Bureau of Labor Statistics.

New Construction About Same as 1st Half of 1957

THE dollar value of new construction put in place rose seasonally in June to nearly \$4.4-billion, bringing the total for the first half of 1958 to \$22.1-billion—about the same as the figure for the comparable 1957 period, according to preliminary estimates prepared jointly by the U. S. Departments of Labor and Commerce.

These estimates reflect a 3% rise in public construction from the first six months of 1957, due primarily to expanded activity in highways and public housing (mostly Capehart projects for the armed services). Private construction thus far in 1958, at 15.5-billion, was off only slightly from the total for the first half of 1957, despite a sharp drop in industrial construction outlays.

New Mortgage Debt Study

AS a result of a study entitled "The Volume of Mortgage Debt in the Postwar Decade," an analysis of mortgage markets is now permitted by more detailed data on the types of residential property secur-

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ing the nation's mortgage debt and by the separation of nonfarm mortgage data for residential and non-residential properties.

This study was made by Saul B. Klamann, economist, National Association of Mutual Savings Banks. It covers the period 1945-56 and provides the most complete and consistent set of statistics yet available on total amounts of mortgages outstanding on different types of properties and on the holdings of these mortgages by the main groups of investors, particularly the various types of financial institutions.

The *Mortgage Debt* study was published by the National Bureau of Economic Research, Inc., 261 Madison Avenue, New York 16, N. Y., and is priced at \$2.

Prefab Homes Industry Optimistic About Outlook

MAKERS of manufactured homes enter the second half of 1958 optimistic that the period will be the best in the industry's history. Orders for the first half of 1958 were far above the same period for 1957, leading producers reported in a survey made by the Home Manufacturers Association, industry trade organization.

Counting up orders on hand, they predicted a big jump in production and sales for the remainder of the year.

The boom has been in the \$13,500-and-under houses.

The second-half demands are expected to push the production of manufactured homes to a new record level in excess of 100,000 units during 1958, a 15% increase over the 1957 volume. The 1957 shipments (93,546 units) accounted for one of every nine single-family home starts on a nationwide basis.

Cooperative Housing Trend

COOPERATIVE housing has experienced a minor boom in the United States since the end of World War II, according to an article in the June 1958 issue of *Construction Review*—a joint publication of the Departments of Labor and Commerce. The article points out, however, that, "housing cooperatives continue to provide only a very small part of the new housing supply."

In analyzing the recent upswing in cooperative housing the article notes that more than 100,000 cooperative housing units were in existence in 1958, of which "45,000 units have been financed with federally insured (FHA) mortgages since 1950." An additional 22,000 cooperative units were built under various New York State laws. Still another 22,000 units were in war housing developments which were purchased from the Public Housing

Authority by mutual or cooperative corporations, many with large veteran membership.

\$1-million Is Allocated to Buy Mortgages for VHMCP

Howard J. Stoddard, president, Michigan National Bank, Lansing, has announced that the bank's board of directors has approved a yearly allotment of \$1,000,000 for the purchase of FHA mortgages for the Voluntary Home Mortgage Credit Program. Under this allotment, the Michigan National Bank has agreed to consider applications from the entire state of Michigan.

Mr. Stoddard said that it is hoped that through this allocation, the VHMCP will be given added impetus where it is most needed—in small cities and the more remote areas of the state, where the demand has far exceeded the supply for mortgage loans.

It is the hope of the VHMCP that the action by the Michigan National Bank may encourage other mortgage lenders to take a similar course and participate as actively as possible in the VHMCP, according to Mr. Stoddard.

Pension Fund Investment

THE rapidly growing pension and retirement funds of this country, which are estimated to have about \$1¼-billion for investment this year, have so far invested in mortgages only sparingly but if road-blocks which have prevented them from doing so can be removed they will participate more heavily, according to Charles L. Jacobson, Jr., commissioner of the Wisconsin Investment Commission.

"There is a way to reduce the cost of public pension or retirement plans to the taxpayers, or to increase retirement benefits to the employees and, at the same time, to open up new investment funds for mortgages, real estate and corporate securities," he said.

"These desirable results can be attained, first, through increased public awareness of some of the archaic programs for investing the money that accumulates in public pension funds and retirement funds for school teachers and other public employees; and second, through a determination to improve these programs and practices," he said.

Nonfarm Mortgage Picture

THE estimated volume of nonfarm mortgages of \$20,000 or less recorded in April totaled \$2,022,000, or 1% less than the volume for the same month of last year, according to the Federal Home Loan Bank Board. With the exception of

commercial banks and miscellaneous mortgages, which were up 8% and 2%, respectively, all types of lenders contributed to the decline. The greatest decline, 9%, was shown for both individual lenders and insurance companies.

Type of mortgage	(amounts in millions)				Percent of Total		
	April		1st 4 months		Apr. 1958	1st 4 months	
	Amt. 1958	% Chg. from 4/57	Amt. 1958	% Chg. from 1957		1958	1957
S. & L. assns.	\$ 787	-1	\$2,756	-3	39	37	37
Ins. cos.	106	-9	425	-9	5	6	6
Comm. bks.	355	+8	1,357	+*	19	18	18
Mut. svq. bks.	103	-6	383	-9	5	5	6
Individuals.	278	-9	1,081	-8	14	15	15
Miscellaneous.	363	+2	1,369	-3	18	19	18
Total.	\$2,022	-1	\$7,371	-4	100	100	100

*Less than 0.5%.

Instalment Credit

Reserve Held Taxable In Year of Sale

AN accrual-basis trailer sales partnership is taxable in the year of sale on a dealer's reserve retained by finance companies to which the partnership sold its trailer finance contracts, according to a decision handed down by Judge Schnackenberg in the U. S. Court of Appeals, 7th Circuit.

The U. S. Tax Commissioner, Tax Court, and Seventh Circuit Court say that the dealer must accrue the sale price, like any other merchant, at the moment a car or trailer is sold [Baird, CA-7, 6/20/58].

As the Seventh Circuit Court expressed it, the dealer "completed the transaction of the sale of a trailer at the time the down payment was made, either in cash or trade-in allowance, or both, and the purchaser executed and delivered to it notes and a chattel mortgage or conditional sales contract. The (dealer) thus acquired a complete enforceable right to receive the remainder of the purchase price at the times specified in the retail paper. The circumstance that the (dealer) was or was not financially able to retain the paper and collect it as it became due does not preclude the fact that its entire profit on the transaction accrued at that time regardless of when received. Therefore, no portion of the profit is rendered non-taxable at that time by the subsequent act of the (dealer) in selling the retail paper to a finance company in a transaction which left a part of the sales price of the paper temporarily retained as security by the finance company."

It is expected that a conflict created by this decision will take the question to the Supreme Court. Judge Schnackenberg's ruling has reversed a trend of decisions in similar cases in the Third, Fourth, Fifth and Eighth Circuit Courts which viewed the agreement as a single 3-party transaction from the outset. These four Circuit Courts held that

the dealer should be allowed to exclude from income the amount held in reserve until released by the finance company.

Marine Finance Exhibit

AT the 67th annual convention of the Illinois Bankers Association, held in Chicago this past May, Evinrude Motors, Milwaukee, the nation's oldest outboard motor manufacturer, presented to bankers their ideas on "Profit Opportunities for Banks in Marine Financing."

A 4-man team, supplied with Evinrude's brochure on marine financing, discussed the possibilities of this fairly new field with bankers, against a backdrop of typical family boating scenes and Evinrude motors at the Evinrude booth.

Between 500 and 600 bankers visited the booth. An attendance gift of a 5½ HP Evinrude motor was presented to H. W. Lindhorst, Chicago National Bank, and runnerup gifts of a model boat and motor kit went to I. Frank Green, Commercial National Bank, Peoria, and Charles H. Sheesley, State Bank of Orion.

An Evinrude exhibit is also scheduled for the A.B.A. Convention in September.

New Credit Card To Be Released

AMERICAN Express will inaugurate a new international credit card in October, offering a unified charge account for hotel, motel, restaurant, travel, car rental and other services in the U. S. and countries throughout the world. Accounts will be handled under an advanced method of centralized billing to facilitate payment and record keeping.

Among services covered will be accommodations, food, and beverages at thousands of hotels and motels throughout the U. S. and overseas; meals, beverages and entertainment in restaurants and night clubs; transportation services,

including air, rail, steamship and bus tickets purchased through any American Express office; hotel and motel reservations throughout the world; sightseeing tours and other travel services; drive-yourself and chauffeur-driven car rental arrangements; and purchases at florists, gift shops and specialty stores.

The company is completing arrangements for other services which will be announced later.

Application forms for the American Express credit card will be available August 1. Subscription cost for card holders and other details will be announced shortly.

Interest Rates Halved, Loan Volume Rises 1,100%

FROM June 23 to June 28, loan rates were slashed in half by Lake County National Bank, Painesville, Ohio—in an experimental "help the economy" drive. Loan volume rose from \$45,000 during the week previous to \$506,000.

Half-interest rates were charged on loans made for the purchase of boats, automobiles, major appliances and home improvements in Lake County. Rates varied according to the reason for the loan.

Auto Delinquencies Hold Steady

AUTOMOBILE delinquencies occurred at about the same rate in May as they did in April, according to the monthly report on regional delinquencies released by the Instalment Credit Commission of the American Bankers Association. The percentage of direct loans that are delinquent held steady at about .85; that of indirect loans went down from 1.59 to 1.50 by May 31.

Region by region, the picture was similar, with most sections holding even or showing declines in percentage.

Total figures reported for May 31, 1957, were as follows: direct, .69; indirect, 1.23.

• NEWS •

Instalment Credit Controls— To Be or Not To Be?

SENATOR Harry F. Byrd's questionnaire on the financial condition of the nation, sent to economists, bankers, professors and others, drew some comments from respondents on the much-discussed matter of instalment credit controls, stand-by or otherwise.

Dr. E. Sherman Adams, deputy manager in charge of the American Bankers' Association Economic Policy Commission, had this to say about it in the questionnaire he returned:

"We should avoid new controls unless they promise to have important stabilizing results. It would certainly be foolish to put credit in a straitjacket of excessive regulation and to leave undone other things that need urgently to be done. On the other hand, if careful study indicates that additional credit controls are really needed, we should adopt them."

Comments made by other economists included the following:

Professor Henry C. Wallich, Yale University: "Regulation of consumer credit and housing credit may become desirable if boom conditions such as experienced in 1955 should recur. It is particularly important that credit terms be tightened and shortened in good times, so that in bad times we have something to relax. In our present recession, we are handicapped by the fact that automobile instalment terms are already so long that they can scarcely be lengthened."

Professor Richard A. Lester, Princeton University: "Consumer credit, especially instalment credit, suffers from marked fluctuation—expanding more percentage-wise than disposable income in booms (as between 1954 and 1957). In a recession, the large consumer debt has an unfortunate effect on the consumption of new consumer durable goods, and therefore, on industrial production and investment. How

the Federal authorities could or should exercise more control over consumer debt is a problem, but adjustments in the amount of down-payments and length of them, as in housing and stockmarket margins, is a type of measure that might be possible."

Personal Loans Up In Last Quarter

CONSUMER goods and repair and modernization loans have shown a seasonal decrease, approximately, and personal loans were even up slightly during the last quarter, according to the *Quarterly Review of Consumer Credit* published by Credit Life Insurance Company, Springfield, Ohio.

"Not since 1954 have payments exceeded credit extended in the overall picture, but in this case personal loans extended credit in excess of the repayments and that by a fairly narrow margin," according to the report.

Instalment Credit Growth Spurs Legislative Interest

AS instalment credit grows in relationship to gross national product, legislative regulatory authorities are becoming more concerned with enacting credit legislation designed to protect the consumer from abuses that might be perpetrated upon him, according to J. Andrew Painter, chairman of the New York State Bankers Association's Committee on Instalment Credit.

In a report before the 62nd annual convention of the Association, Mr. Painter noted that "Our gross national product, which in 1952 was \$345 billion, increased to \$434 billion in the year 1957. During the same period, new extensions of instalment credit rose from \$30 billion in 1952 to \$42 billion in 1957."

There is, Mr. Painter, added, prospect for a steady increase in legislative interest.

Fifty Banks Offer Charge Account Service

ABOUT FIFTY of the nation's banks, nearly all of them members of the Charge Account Bankers As-

sociation, are now operating charge departments, according to Loren L. Baumann, manager of the charge account department at Marine Midland Trust Co. of Southern New York, Binghamton, and president of the Charge Account Bankers Association.

The basic function of a bank charge department, Mr. Baumann explained, is to purchase sales checks from affiliated merchants at a discount. Retail customers are then billed by the bank, and the bill includes purchases made in any or all of the affiliated stores. Individual banks offer 30-day charge accounts, 90-day budget accounts, revolving credit accounts, or a combination of all three.

Midland Shopper Credit Service, for example, at Marine Midland Trust, offers something called a Universal Charge Account. This offers the customer the privilege of paying his bill without a service charge if he pays within 30 days of the billing date. If the customer wishes to extend payment time, he pays according to a chart on his statement, and a service charge is levied.

Interest rates on this service vary, but in general, run from 6% to 8%.

Instalment Purchases— Altered, Not Halted

A SURVEY by Standard Financial Corporation of 12,640 customers of 124 department stores throughout the nation reveals that the consumers have maintained their volume of "soft-goods" instalment purchases. The decline in instalment buying has been confined almost entirely to "big-ticket" hard-goods credit exceeding a year. The consumer is continuing to buy on instalment, but selectively.

While the average consumer isn't exactly spending money freely, he is saving it, and his savings have increased against the day when he'll need a down payment for something big, according to the study released by Standard Financial. Savings increased by \$13.6 billion last year, covering savings deposits, savings-and-loan accounts, bonds and life insurance reserves. This is the fourth straight year that the gain in such savings amounted to more than \$13 billion.

CALENDAR

1958 AUGUST 1958	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1959 JANUARY 1959
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
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American Bankers Association

- Aug. 9 A.I.B. Southeastern Regional Conference, Roosevelt Hotel, New Orleans, La.
- Sept. 21-24 84th Annual Convention, Chicago, Ill.
- Oct. 9-10 Western Regional Trust Conference, Statler Hotel, Los Angeles, Calif.
- Nov. 6-7 Mid-Continent Trust Conference, Statler Hotel, St. Louis, Mo.
- Nov. 17-18 National Agricultural Credit Conference, Sheraton - Fontenelle, Omaha, Nebr.
- 1959
- Jan. 22-23 National Credit Conference, La Salle Hotel, Chicago
- Jan. 25-27 Regional Savings and Mortgage Conference, Sheraton-Gibson Hotel, Cincinnati
- Feb. 9-11 Midwinter Trust Conference, Waldorf-Astoria, New York City
- March 2 National School Savings Forum, Roosevelt Hotel, New York City
- March 2-4 Annual Savings and Mortgage Conference, Roosevelt Hotel, New York City
- March 9-11 Instalment Credit Conference, Conrad Hilton Hotel, Chicago

State Associations

- Aug. 17-22 Pennsylvania Bankers Association, Summer School, Bucknell University, Lewisburg, Pa.
- Sept. 4-6 Savings Banks of Maine, The Balsams, Dixville Notch, N. H.
- Sept. 8-11 Vermont-New Hampshire School of Banking, Univ. of N. H., Durham, N. H.
- Sept. 11-13 Savings Banks of Massachusetts, Poland Spring House, Poland Spring, Maine
- Sept. 19-20 Savings Banks of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.
- Oct. 1-3 Savings Banks of New York, Lake Placid Club, Lake Placid
- Oct. 2-3 Western Secretaries Conference, Sun Valley, Idaho
- Oct. 12-13 Nebraska, Cornhusker Hotel, Lincoln
- Oct. 13-14 Savings Banks of Connecticut, Mountain View House, Whitefield, N. H.

- Oct. 17-18 New Hampshire, Mountain View House, Whitefield
- Oct. 19-21 Kentucky, Brown Hotel, Louisville, Ky.
- Oct. 19-22 Iowa, Fort Des Moines Hotel, Des Moines
- Nov. 13-15 Arizona, Pioneer Hotel, Tucson
- Dec. 7-9 Southern Secretaries Conference, Sir Walter Hotel, Raleigh, N. C.

Other Organizations

- 1959
- Feb. 4-6 Eastern Secretaries Conference, Skytop Lodge, Skytop, Pa.
- Apr. 27-29 25th Annual Convention, Independent Bankers Association, Sheraton Hotel, Philadelphia, Pa.
- July 7-19 FPRA School of Financial Public Relations, Northwestern Univ., Chicago Campus
- July 14-19 Univ. of Ill. Small Homes Council, annual short course for mortgage lenders, Urbana, Ill.
- July 27-Aug. 9 NABAC School for Bank Auditors and Comptrollers, Univ. of Wisc., Madison
- Aug. 10-22 School of Consumer Banking, University of Va., Charlottesville
- Aug. 19-22 Bank Study Conference, Univ. of Ala., University, Ala.
- Aug. 24-Sept. 6 The School of Banking, Univ. of Wisc., Madison
- Aug. 27-Sept. 5 Pacific Coast School of Banking, Univ. of Wash., Seattle
- Sept. 17-19 Natl. Assn. of Supervisors of State Banks, Minneapolis, Minn.
- Sept. 28-Oct. 2 Financial Public Relations Association, Sheraton Hotel, Philadelphia, Pa.
- Oct. 6-9 Annual Convention, National Association of Bank Women, Atlanta Biltmore, Atlanta
- Oct. 13-15 International Systems Meeting, Hotel Penn-Sheraton, Pittsburgh, Pa.
- Nov. 3-5 NABAC annual convention, Statler-Hilton Hotel, Dallas, Texas
- Nov. 3-6 Mortgage Bankers Assn., Conrad Hilton Hotel, Chicago
- Nov. 30-Dec. 5 Investment Bankers Assn., Americana Hotel, Miami Beach, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
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**AT HOME OR ABROAD --
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**Branch
Construction**

(CONTINUED FROM PAGE 55)

built-in equipment, completed last year, amounted to approximately \$333,000, as itemized in Table II.

In planning for a branch office, a third possibility would be that the location offers such assurance of substantial new deposits that the cost of a permanent building is justified from the start. Such was the case when John Krepps, president of the Home Savings Bank in White Plains, and the trustees decided to establish a branch on North Broadway, about 1½ miles from the main office.

Owing to the residential character of the neighborhood, a Colonial design seemed appropriate, and a 1-story, free-standing brick building, with gabled slate roof and a cupola was erected. (Fig. 6.)

With the exception of a 10-ft strip across the back of the building, the entire main floor is open, the various areas being separated from the public space by the counter-screen and low rails (see plan, Fig. 7).

Working space, with counter for four tellers, occupies the south wing of the building; the mortgage department, with room for eight desks, is in the north wing (Fig. 8), while the enclosed rooms in the rear are assigned to appraisal and service.

The cost of this branch building, including built-in equipment, amounted to about \$139,000, as itemized in Table III.

Each Case Different

Of course there are no two branch offices which require the same layout, and the requirements of commercial banks are quite different from those of savings institutions, but the foregoing examples show what has actually been worked out to suit conditions in four locations in the New York Metropolitan Area. They indicate what kind of branch housing you can get for your money during these times of high costs.

Life begins at 40, but so do lumbago, bad eyesight, arthritis, and the habit of telling the same story three times to the same listeners.

A Matter of Life and Death

For years, bankers have recognized the value of credit life insurance in protecting installment loans. But accidents and sicknesses which are *not* fatal can also cause borrowers to fail to make their payments. Now you can protect your installment loan collections against disability as well as death of your borrowers, with Continental's PROTECTED PAYMENT PLAN.

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HOW DO YOU STAY UP TO DATE?

We were daydreaming the other day and this question popped into our mind . . . "Since we produce a uniform product, do we utilize uniform equipment in all our plants, and if not, why not?" A good question, we thought, so we decided to examine it.

In all essentials we found that we were quite uniform, but insofar as little gadgets were concerned, we were way off base. In our business, gadgets provide us with substantial savings. As far as basic machines and methods are concerned, we are limited almost to the same units as any other printer. On gadgets, however, we go to town, and the question we are toying with now is . . . "If they are so good, why aren't they uniform in all plants?"

Well, we found out that sometimes a gadget installed in the last plant had little resemblance to the original gadget installed in the first plant, due to continued refinements. At any given time,

therefore, quite a few of our gadgets would be considered outmoded. This is very sad indeed, because it seems that we are always throwing things away. The one compensation appears to be that this very obsolescence represents the difference between "getting" up to date and "staying" up to date.

What we are trying to say—if we don't run out of space—is that if we waited until we had nine perfect gadgets we might not have any gadgets at all, so by installing the first crude effort, and putting it to work, we save a few pennies, which makes us very happy. But then, as we develop refinements which permit us to save even more pennies, the initial saving appears inconsequential. Nevertheless, there is food for thought in this idea of introducing today's improvements today and adopting tomorrow's improvements tomorrow. By following this practice we never really are up to date, but on the other hand, we are never too far behind.

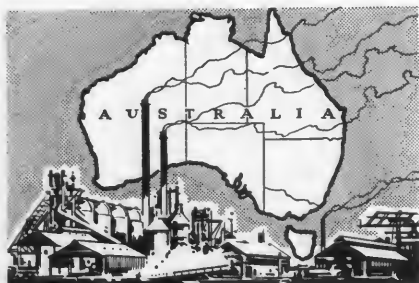
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United States investment in Australian industry already totals over 500 million dollars. With its rapidly expanding local market and proximity to South-East Asian markets, Australia continues to provide opportunities for industries.



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BANK OF NEW SOUTH WALES

ESTABLISHED 1817

Head Office: Sydney, Australia

International Division — John W. McEwen, Manager.

Farm Representatives

(CONTINUED FROM PAGE 75)

authority to farm representatives contend that extending farm credit is no different than extending other business credit and that the lending offices of the bank should handle both farm and nonfarm loans. They feel that the duty of the farm representative is to promote business and to aid in development of agriculture. Thus, he should not perform the lending function.

On the other hand there are those who feel that a specially trained man can be effectively used to make decisions on agriculture loans. They point out the advantage of increased farmer service in making loans in the field. Finally, they contend that farmers themselves expect the farm representative not only to be able to discuss their farm financial program, but also to make loans.

Financing Young Farmers

One of the most challenging responsibilities of the banker is that of aiding in allocating capital to its most productive use. Certainly the farm representative, whether he has lending authority or not, should be able to assist bank management in this area. Two special problems in capital allocation offer the farm representative opportunity to make real and lasting contributions to agricultural progress. First is the problem of the beginning farmer. Capital requirements have increased to the point that a total of \$40,000 to \$50,000 or more *per worker* is required in much of the corn belt for a commercial family farm.

At a time when many farm youth are finding employment elsewhere it is easy to overlook the importance of adequately financing those who remain in agriculture. Second, rapidly changing technology has created the problem of obtaining risk capital in agriculture. The farm representative can make a real contribution to technological progress by aiding his bank in extension of risk capital to at least a small number of good managers.

A number of farm men also spend a part of their time doing general bank work. Certainly, it is important for the farm man to have a general knowledge of banking. But the greatest value in allowing him to learn general banking is developing management potential.



THE CHASE MANHATTAN BANK

HEAD OFFICE: 18 Pine Street, New York

Statement of Condition, June 30, 1958

ASSETS

Cash and Due from Banks	\$1,952,817,255
U. S. Government Obligations	1,881,410,380
State, Municipal and Other Securities	486,435,411
Mortgages	159,107,549
Loans	3,588,362,258
Banking Houses	57,742,797
Customers' Acceptance Liability	207,257,685
Other Assets	69,283,652
	<u>\$8,402,416,987</u>

LIABILITIES

Deposits	\$7,438,170,443
Foreign Funds Borrowed	5,278,715
Reserve for Taxes	52,026,603
Acceptances Outstanding	\$233,257,385
<i>Less: In Portfolio</i>	<u>20,737,383</u>
Other Liabilities	212,520,002
Reserve for Contingencies	56,841,351
Reserve for Contingencies	17,935,050
Capital Funds:	
Capital Stock	\$163,625,000
(13,090,000 Shares—\$12.50 Par)	
Surplus	350,000,000
Undivided Profits	106,019,823
	<u>619,644,823</u>
	<u>\$8,402,416,987</u>

Of the above assets \$850,777,043 are pledged to secure public deposits and for other purposes, and trust and certain other deposits are preferred as provided by law. Securities with a book value of \$38,094,477 are loaned to customers against collateral. Assets are shown at book values less any reserves.

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have questions about
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in CANADA?

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OVER JUNE '57

*JUNE 30, 1958

Home Office
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*The Same to You,
"Western Banker!"*

FROM Harry Lutgens, publisher of *Western Banker*, San Francisco, comes a letter congratulating BANKING on its 50th anniversary. We'd like to share it with you:

"Fifty years is a significant time of life for anyone, regardless of whether it is people or a publication. It is a time to look back on accomplishments and to plan ahead for even greater accomplishments.

"For the many years that I have watched BANKING, it has been a period of real accomplishment—real service to the banks of the nation. I have closely watched BANKING as a model for my publication, and while our field is more limited and our content different, we have benefited greatly by its example.

"We do have one thing in common: both BANKING and *Western Banker* are the same age. BANKING was born in July 1908 and *Western Banker* saw the light of day in October 1908.

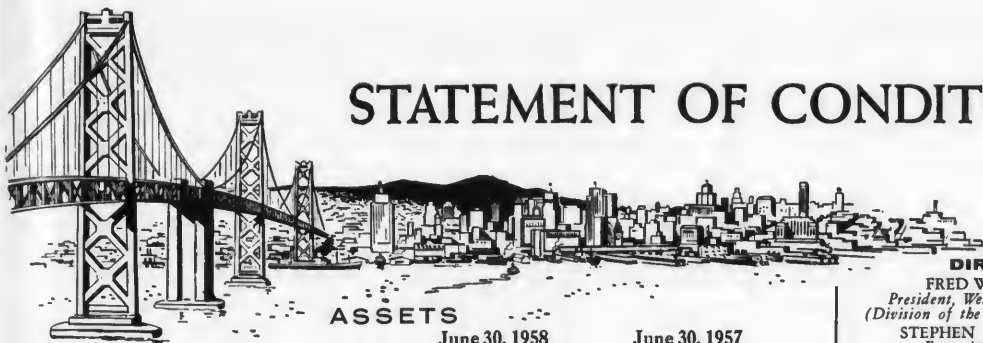
"Our wish is that BANKING may have many more years of success and service to the banks of the nation."

Russell H. Conwell
Author of Quotation

THE bank business development article, "Acres of Diamonds," in the June issue borrowed the title of America's most famous lecture, but incorrectly identified the author as Richard Conwell. We have been reminded many times that his name was Russell H. Conwell.

One correspondent, Harold W. Bennett, an attorney of Camden, N. J., wrote that "just yesterday" he had seen Mr. Conwell's signature on a marriage certificate and that he also had the signature on a Temple University diploma. Mr. Conwell was responsible for founding the Philadelphia institution, which is Mr. Bennett's alma mater.

"He was a great man," says our correspondent. "I had the privilege of talking with him personally. He gave many of us an opportunity for an education which we might not otherwise have secured."



STATEMENT OF CONDITION

ASSETS

	June 30, 1958	June 30, 1957
CASH AND SECURITIES		
Cash and Due from Banks	\$ 227,525,633.83	\$ 232,334,737.45
United States Government Securities	452,851,615.35	324,627,232.94
State and Municipal Securities	89,647,669.93	86,084,178.11
Other Bonds and Securities	10,005,012.77	9,924,057.72
TOTAL	\$ 780,029,931.88	\$ 652,970,206.22
LOANS		
Commercial Loans	\$ 343,009,164.56	\$ 359,487,022.12
Real Estate Loans	279,919,944.42	264,026,134.35
Automobile Installment Loans	86,357,330.16	92,783,821.57
Personal and Improvement Loans	62,359,131.91	62,260,588.45
	\$ 771,645,571.05	\$ 778,557,566.49
Less: Reserve for Possible Loan Losses	12,471,901.42	10,461,946.02
TOTAL	\$ 759,173,669.63	\$ 768,095,620.47
OTHER ASSETS		
Accrued Income Receivable	\$ 6,926,265.65	\$ 5,006,587.81
Stock in Federal Reserve Bank	2,490,000.00	2,490,000.00
Bank Premises and Equipment	18,699,481.51	17,408,231.71
Other Real Estate Owned	97,600.54	8,613.68
Customers' Liability under Letters of Credit and Acceptances	12,593,990.47	15,536,660.26
Other Assets	2,039,909.09	5,982,181.15
TOTAL	\$ 42,847,247.26	\$ 46,432,274.61
TOTAL ASSETS	\$1,582,050,848.77	\$1,467,498,101.30

LIABILITIES

DEPOSITS		
Demand Deposits	\$ 656,552,605.65	\$ 648,049,875.43
Time Deposits	595,041,594.18	537,980,267.91
United States Government Deposits	51,495,039.25	36,362,257.21
Other Public Deposits	123,478,740.00	106,847,599.38
TOTAL	\$1,426,567,979.08	\$1,329,239,999.93
OTHER LIABILITIES		
Dividends Payable	\$ 1,209,990.00	\$ 1,209,990.00
Income Collected in Advance	12,213,548.20	11,440,429.46
Letters of Credit and Acceptances	12,593,990.47	15,536,660.26
Accrued Interest, Taxes, Other Expense	13,730,261.00	6,793,648.64
TOTAL	\$ 39,747,789.67	\$ 34,980,728.36
CAPITAL ACCOUNTS		
Capital Stock	\$ 40,333,000.00	\$ 40,333,000.00
Surplus	42,667,000.00	42,667,000.00
Undivided Profits	32,735,080.02	20,277,373.01
TOTAL	\$ 115,735,080.02	\$ 103,277,373.01
TOTAL LIABILITIES	\$1,582,050,848.77	\$1,467,498,101.30

72 Offices in 47 Communities



California's Oldest National Bank

On June 30, 1958, securities carried at \$267,825,271.43 were pledged to secure trust deposits, United States Government and other public deposits, as required by law. On June 30, 1957, securities so pledged amounted to \$215,255,141.19.

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President, Western Greyhound Lines
(Division of the Greyhound Corporation)
- STEPHEN D. BECHTEL, JR.,
Executive Vice President,
Bechtel Corporation
- OTHMAR BERRY,
President, Berry Oil Company
- CLYDE H. BRAND,
Downey, Brand, Seymour & Robwer, Attorneys
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Vice President, C. Brewer & Company, Ltd.
- WM. HERBERT CARR,
Vice President—Finance,
California Packing Corporation
- HARRY D. COLLIER,
Member, Executive Committee
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Chairman of the Board
- ADRIEN J. FALK,
Retired President,
S&W Fine Foods, Inc.
- R. G. FOLLIS,
Chairman of the Board,
Standard Oil Company of California
- WALTER A. HAAS,
Chairman of the Board, Levi Strauss & Co.
- PAUL E. HOOVER,
President and Chief Executive Officer
- ERNEST INGOLD,
President, Ernest Ingold, Inc.
- PAUL B. KELLY,
First Vice President
- JOSEPH A. MOORE, JR.,
President, Moore Dry Dock Company
- LAURENCE H. ODELL,
Vice President, W. R. Grace & Co. (N.Y.)
- DAVID PACKARD,
President, Hewlett-Packard Company
- WILLIAM PFLUEGER,
Executive Vice President
- GEORGE A. POPE, JR.,
President, Pope & Talbot, Inc.
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- MRS. HELEN C. RUSSELL
- PORTER SESNON,
President, Porter Estate Company
- RANDOLPH SEVIER,
President, Matson Navigation Company
- EMMETT G. SOLOMON,
Vice President, Provident Securities Co.
- J. F. SULLIVAN, JR.,
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Twentieth Century-Fox Film Corporation

Market Research

(CONTINUED FROM PAGE 57)

parative County Data for Pennsylvania (a cooperative publication of the Bureau of Community Development, the state's Department of Commerce, and the Pennsylvania State Planning Board) is still the latest of its kind available. Its contents cover an interesting range of subjects. The state Department of Commerce advises that it will publish a Pennsylvania market study in the near future.

The Pennsylvania Department of Internal Affairs issues an annual publication, *Pennsylvania Industrial Statistics by Counties*. The 1958 edition contains 1956 statistics.

Statistics on births and marriages for localities are published monthly by the National Office of Vital Statistics of the Department of Health, Education and Welfare. The data are presented separately for 35 cities and 69 counties.

The Census Bureau compiles, from time to time, information on population and its characteristics; also housing data and their characteristics. The age of property by census tracts

may be used in developing modernization loans. The mortgage loan department may also benefit from analysis of census tract data to discover movements of population, trends in residents' incomes, changes in residents' occupations, etc.

In many states, colleges and universities are good sources of regular or occasional market information. In North Carolina, for instance, there is the Research Triangle of North Carolina, consisting of the University of North Carolina, Duke University, and the N. C. State College. Honorary chairman of the board of the Wachovia Bank & Trust Co., Robert M. Hanes, is president of the Governor's Research Triangle Committee, Inc. The Institute of Statistics has branches at two of the three colleges mentioned above.

At Syracuse, N. Y., Syracuse University's College of Business Administration operates a business research center. This center, which recently completed a 2-year banking survey for the New York State Superintendent of Banking, has published several studies useful to banks in particular areas.

The same business research cen-

ter undertakes contract jobs for private industry. It has under way a community-attitude survey for a chain of supermarkets and this year completed a nationwide market analysis for certain chemical products. Sponsors receive comprehensive reports, together with plans for carrying out recommendations.

Information on business research bureaus in various parts of the U. S. may be obtained from Edgar Z. Palmer, secretary-treasurer, Associated University Bureau's of Business and Economic Research, University of Nebraska, Lincoln 8.

As we have seen in this article, from a few examples mentioned, a great deal of local economic information may be obtained by banks in their own localities. An article in *BANKING* for May 1958 indicated corresponding sources of information for banks in rural areas. A bank wishing to keep abreast of changes in its local banking market should arrange to receive all pertinent information and study it systematically for signs of any significant changes which have a bearing on banking operations.

HERBERT BRATTER

MAIN STREET (Continued)

(CONTINUED FROM PAGE 30)

FRANKLIN SAVINGS BANK, New York City, opens addition to subway office at 42nd Street Station of the 8th Avenue IND subway line.

BANCO NACIONAL, Havana, starts construction on new \$8,500,000 building.

VALLEY NATIONAL BANK opens 12th branch in Phoenix area, Central Avenue and Jefferson Street.

THE BANK FOR SAVINGS, New York City, observes 139th anniversary.

FIRST NATIONAL BANK, Paonia, Colo., opens new bank building, observes 55th anniversary.

PEOPLES NATIONAL BANK AND TRUST COMPANY of Langhorne, Pa., merges into CENTRAL PENN NATIONAL BANK OF PHILADELPHIA, pending approvals.

CROCKER-ANGLO NATIONAL BANK, San Francisco, starts work on what will be its third Fresno office, Blackstone and Shields Avenue. Target

date to complete: sometime this fall.

CHASE MANHATTAN opens its 100th office in the New York metropolitan area, East End Avenue and 83rd Street, Manhattan.

Merger proposed, pending approvals: COMMERCIAL STATE BANK

AND TRUST COMPANY of NEW YORK and BANK OF NORTH AMERICA. New name would be COMMERCIAL BANK OF NORTH AMERICA.

NATIONAL BANK OF COMMERCE, Seattle, Wash., purchases FARMERS AND MERCHANTS BANK of DEER PARK, Spokane County.

50-Year Man Honored

Left to right: William A. Mitchell, president, The Central Trust Company, Cincinnati, who was honored by the officers and directors of his bank at a dinner held at the Queen City Club commemorating his 50 years in banking; Charles W. Dupuis, board chairman, who presided; and Lucien Wulsin, president, Baldwin Piano Co., and a director of Central Trust, who presented Mr. Mitchell with an appropriately inscribed silver bowl, gift of the officers of the bank



who presented Mr. Mitchell with an appropriately inscribed silver bowl, gift of the officers of the bank



Detroit's skyline forms a backdrop for another chapter in the city's steady growth—the rising Convention Hall in Civic Center.

Service Responsibility Experience

As the oldest bank in Michigan with 109 years of continuous service, The Detroit Bank and Trust Company offers many important advantages to individuals, industries, and institutions in the broad scope of its services—developed through unequalled experience and a policy of sound banking and trust practices.

For banking at its best, take advantage of the spirit of service, the sense of responsibility, the experience of The Detroit Bank and Trust Company.

THE DETROIT BANK AND TRUST COMPANY

MEMBER FDIC



STATEMENT OF CONDITION AS OF JUNE 30, 1958

RESOURCES

Cash and Due from Banks.....	\$167,360,791.72
United States Government Obligations.....	367,562,952.24
State and Municipal Securities.....	100,364,561.86
Corporate and Other Securities.....	876,886.45
Loans and Discounts.....	\$186,794,514.43
Real Estate Loans	141,271,425.41
Federal Reserve Bank Stock.....	1,631,400.00
Bank Properties and Equipment....	8,431,282.40
Accrued Interest and Prepaid Expenses.....	4,561,466.83
Customers' Liability on Letters of Credit.....	102,183.67
Other Assets.....	209,876.18
Total.....	\$979,167,341.19

LIABILITIES

Demand Deposits:	
Individuals, Corporations and Others.....	\$449,151,870.43
U. S. Government.....	27,793,177.57
Other Public Funds.....	40,050,861.35
	\$516,995,909.35
Savings and Time Deposits.....	380,383,477.23
Total Deposits.....	\$897,379,386.58
Unearned Interest.....	4,497,556.24
Accrued Expenses and Taxes.....	5,664,488.14
Liability on Letters of Credit.....	102,183.67
Other Liabilities.....	304,592.39
Capital Stock (\$10.00 par value).....	\$ 18,378,500.00
Surplus.....	36,000,000.00
Undivided Profits	12,516,180.13
General Reserves	4,324,454.04
Total.....	\$979,167,341.19

United States Government Securities in the foregoing statement with a par value of \$86,085,000.00 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,717,042.36.

The **FIRST** NATIONAL CITY BANK of New York



Head Office: 55 Wall Street, New York

78 Branches
in Greater New York

72 Overseas Branches,
Offices, and Affiliates

Statement of Condition as of June 30, 1958

ASSETS

CASH AND DUE FROM BANKS	\$1,825,609,083
UNITED STATES GOVERNMENT OBLIGATIONS	1,500,873,223
STATE AND MUNICIPAL SECURITIES	434,348,869
OTHER SECURITIES	125,705,651
LOANS	3,965,541,628
CUSTOMERS' ACCEPTANCE LIABILITY	111,022,634
FEDERAL RESERVE BANK STOCK	18,600,000
INTERNATIONAL BANKING CORPORATION	7,000,000
BANK PREMISES, FURNITURE AND EQUIPMENT	39,924,542
ITEMS IN TRANSIT WITH BRANCHES	9,660,709
OTHER ASSETS	18,146,624
<i>Total</i>	<u>\$8,056,432,963</u>

LIABILITIES

DEPOSITS	\$7,132,710,136
LIABILITY ON ACCEPTANCES AND BILLS	116,096,503
DUE TO FOREIGN CENTRAL BANKS	499,300
RESERVES:	
UNEARNED INCOME	32,590,865
TAXES AND ACCRUED EXPENSES	58,906,371
DIVIDEND	8,280,000
CAPITAL	\$240,000,000
(12,000,000 Shares—\$20 Par)	
SURPLUS	380,000,000
UNDIVIDED PROFITS	87,349,788
SHAREHOLDERS' EQUITY	707,349,788
<i>Total</i>	<u>\$8,056,432,963</u>

Figures of Overseas Branches are as of June 25.

\$838,308,165 of United States Government Obligations and \$36,997,285 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

Member Federal Deposit Insurance Corporation

Affiliate of The First 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 \$33,998,127

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Trustee, George F. Baker Trust

CHARLES M. BRINCKERHOFF
President, The Anaconda Company

PERCY CHUBB, 2nd
Partner, Chubb & Son

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Vice-President, Phelps Dodge Corporation

R. GWIN FOLLIS
Chairman of the Board, Standard Oil Company of California

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Senior Vice-President

JOSEPH P. GRACE, JR.
President, W. R. Grace & Co.

JOSEPH A. GRAZIER
President, American Radiator & Standard Sanitary Corporation

HARRY C. HAGERTY
Financial Vice-President, Metropolitan Life Insurance Company

H. MANSFIELD HORNER
Chairman, United Aircraft Corporation

KEITH S. McHUGH
President, New York Telephone Company

ROGER MILLIKEN
President, Deering, Milliken & Co., Incorporated

EDWARD S. MOORE, JR.
Executive Vice-President, National Biscuit Company

CHARLES G. MORTIMER
President, General Foods Corporation

ALEXANDER C. NAGLE
20 Exchange Place

CHARLES C. PARLIN
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President

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Chairman of the Board

WILLIAM C. STOLK
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REGINALD B. TAYLOR
Williamsville, New York

ALAN H. TEMPLE
Executive Vice-President

LEO D. WELCH
Vice-President, Standard Oil Company (New Jersey)

ROBERT WINTHROP
Robert Winthrop & Co.

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President

RICHARD S. PERKINS
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DeWITT A. FORWARD
Senior Vice-President

J. ED. WARREN
Senior Vice-President

GRANT KEHN
Executive Vice-President and Assistant to the Chairman

J. HOWARD LAERI
Executive Vice-President

GEORGE S. MOORE
Executive Vice-President

ALAN H. TEMPLE
Executive Vice-President

THOMAS R. WILCOX
Executive Vice-President

GEORGE A. GUERDAN
Vice-President and Cashier

U.S.-Canadian Economic Relations

THE Federal Government of Canada will have to undertake a huge financial program in its current fiscal year ending March 31 next.

It announced a record refunding program of over \$6-billion to lengthen more than 40% of the total outstanding securities. This program is voluntary as to conversion, but holders of present bonds are offered higher interest rates as well as cash bonuses.

The deficit in the public accounts is estimated at nearly \$650,000,000. Indeed, some financial authorities think the deficit may be even greater, as supplementary expenditures are expected to rise and revenues may fall below the estimates.

While economic conditions in Canada have improved markedly in some fields, notably in construction, they have worsened in others, and corporation taxes collected by the government are running about 20% below those of last year. In any event, recourse will probably have to be made to American investors, for the total requirements seem beyond Canada's own resources.

The Canadian Government served blunt notice on the United States that it regards the present trade relations between Canada and the United States as completely unsat-

isfactory and in urgent need of "energetic corrective measures." In his budget address in the House of Commons the Minister of Finance dealt with the problem in greater detail and in stronger language than has yet been used by any member of the new Conservative government. The minister pointed out that, over the past five years, Canada's deficit in trade with the United States averaged more than \$1,000,000,000 annually. He forecast a very much smaller deficit in 1958, because Canadian imports from the United States had been reduced while the level of exports had been maintained. These huge deficits, accompanied by heavy increases in long-term indebtedness to the United States, carry serious long-term implications.

Vulnerable to U. S. Changes

The heavy concentration of Canadian trade on the United States—a concentration which he suggested that the Canadian Government had been trying with some success to correct—"means that the Canadian economy is vulnerable to changes in the United States economic and political climate and to shifts in its trading policies." It was apparent, the minister said, that there was urgent need "for vigorous ac-

tion of a constructive nature." Canada intended to press for wider access on reasonable terms in the United States market. "... And we will continue to oppose with all the means at our disposal any threat to impose greater obstacles against Canadian exports to that market."

The minister added significantly: "We will encourage the United Kingdom, the Commonwealth, and other overseas countries to seek out wider opportunities to supply Canadian import requirements in the expectation that much can be achieved on the basis of normal market forces. At the same time, we will continue to foster the growth and diversification of efficient Canadian industries so that a constantly larger supply of our requirements may be met economically from domestic production."

While Canada has been a dumping ground for much American distress merchandise, notably textiles, she has had to depend on the U. S. for new capital to develop much of her natural resources.

Not "Adverse" or "Deplorable"

Considered from this angle, the increase in imports was not a matter to cause regret, alarm, or consternation. It was merely another facet of Canada's burgeoning expansion. It was not an adverse or deplorable situation, but an indication of growth. Certainly, the events justify the view that the adverse balance of trade was not a matter to have been "viewed with alarm." This view is supported by the facts of the case. The imports were made possible by an inflow of American capital for the very development that was taking place.

While there is much room for better understanding in American-Canadian trade and political relations, particularly on the American side, Canada herself could do more to achieve economic independence by producing more foodstuffs (except citrus fruits) now imported from the United States, and by supplying more venture capital for natural resource development. These changes would require a marked shift in the economy of Canada.



WIDE WORLD

At the Ottawa conference on Canadian-U. S. relations, Prime Minister John Diefenbaker talks with President Eisenhower and Secretary of State Dulles. One as yet unclarified topic was sales to Communist China by Canadian subsidiaries of U. S. firms. Joint defense plans were furthered

Automation

(CONTINUED FROM PAGE 46)

plished automatically either with the semi-automatic machines or a computer by using the punched paper tape as the transaction input.

When using the semi-automatic machines, an automatic statement sheet feeder inserts the sheet in the machine for posting. In the case of the automated Post-tronic demonstrated at a private showing in Dayton, every statement sheet is entered into the poster and only those

for which there is activity are retained in the machine, the balance picked up and the items posted. The Burroughs Corporation states that their automatic statement sheet reader will scan account numbers and insert in the poster only those sheets on which there is activity.

STEP XVI—Returns and Other Rejects

Despite the fact that posting can be largely automated, there seems to be no short-cut to the process of examining rejects and ascertaining whether checks which overdraw ac-

counts should be returned or paid. This, of course, will be a problem only for those banks with a large number of individual accounts. It is easy to conjecture that we will merely program the computer or the semi-automatic machine to stop each time there is an overdraft and that at that time a decision can be made as to whether or not the checks should be returned or paid. However, with centralized branch operations, the problem becomes complicated.

STEP XVII—File Checks

After the posting operation is completed, checks would be filed in the usual manner. One procedure which might prove desirable is to have the signature cards inserted in plastic check guides so that signature paying can be done simultaneously with filing.

Activity Levels to Justify Automation

From the above description, it should be evident that so-called fully automatic bookkeeping systems neither eliminate manual operations entirely nor are they simple. However, if volume is large enough, complete automation of checking accounts will save money for the bank which installs such a system. At present prices, it would seem that a bank should have daily activity of 15,000, possibly 20,000 items, to justify a fully automated system with semi-automatic machines. Fifty thousand items per day or more may be required to justify on a cost basis a fully automated system utilizing a computer.

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At T.I. all title policy orders receive prompt attention from America's largest staff of title experts, backed by 65 years experience... and supplemented by complete land records in 15 California counties.

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Branches and subsidiary companies in fifteen California counties.

Through local newspaper ads, Title Insurance is selling the benefits of owning property... important benefits like Entertaining and Hobbies and Flowers and Relaxation.

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T.I.'s fast, low-cost, dependable title service is made possible by America's largest staff of title specialists, *complete* land records in 15 California counties, and 65 years of title service experience.

Remember—the best safeguard for buyers and sellers is a Title Insurance and Trust Company policy.

"You can be sure when T.I. insures"



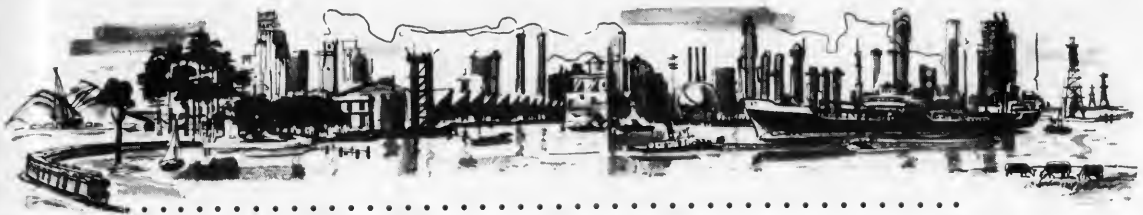
America's Largest Title Company

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433 SOUTH SPRING STREET, LOS ANGELES 54 • MADison 6-2411
(Branches and subsidiary companies in fifteen California counties)



"Of course I know the value of \$10! That's why I asked for \$20!"



STATEMENT OF CONDITION
Condensed Statement of Condition as of June 23, 1958

RESOURCES:

Cash and Due from Banks		\$251,896,965.91
U. S. Government Bonds	\$183,249,946.51	
Municipal Bonds and Warrants	19,292,258.99	
Federal Reserve Bank Stock	1,500,000.00	
Other Investments	4,089,941.19	208,132,146.69
Loans and Discounts		210,571,712.41
Federal Funds Sold		12,000,000.00
Bank Premises	8,746,410.00	
Furniture and Fixtures	1.00	
Other Real Estate	26.00	8,746,437.00
Interest on Securities and Other		
Income Earned—Not Collected		1,822,637.47
Customers' Liability on Letters of Credit		8,815,701.64
TOTAL RESOURCES		\$701,985,601.12

LIABILITIES:

Capital Stock		\$ 25,000,000.00
Surplus		25,000,000.00
Undivided Profits		3,260,673.92
TOTAL CAPITAL ACCOUNT		\$ 53,260,673.92
Reserve Accounts		3,569,971.27
Liability on Letters of Credit		8,815,701.64
DEPOSITS:		
Individual	\$486,395,689.01	
Banks	135,850,611.07	
Government	14,092,954.21	636,339,254.29
TOTAL LIABILITIES		\$701,985,601.12

MEMBER
 FEDERAL DEPOSIT INSURANCE
 CORPORATION



FIRST CITY
 NATIONAL BANK OF HOUSTON

Financing College

(CONTINUED FROM PAGE 37)

here to the manner in which he may in Maine or Massachusetts, but he may start with his freshman term. He may, on promissory notes as needed for each term during the school years, borrow not more than \$500 his freshman year, \$750 his second, \$750 his third, and \$1,000 in his fourth and graduate years. Monthly repayment of capital starts three months after graduation, and may extend over a period of up to six years. The interest rate is 4%.

Individual banks have come up with some answers to this serious

need for practical financing of education. The Indiana National Bank of Indianapolis offers parents or guardians, with students as co-signers, something called "College Educations Assured," which is actually two plans. One, a prepayment plan, allows up to \$4,000 to be paid off in advance in 46 monthly payments. This, a sort of self-enforced saving program, does not involve interest. Under the second plan, the bank pays into the student's account at his college the cost of room, board, and fees, or whatever portion of this the parent wants to finance through the bank. The college must be one that has agreed to participate in the plan. Then, the parent or student makes monthly payments.

minimum \$45, to the bank over a period of six years. The interest, 5%, a service charge of 50 cents, and an insurance payment are included in this monthly amount.

The Hartford (Conn.) National Bank & Trust Company has an arrangement whereby the parent or guardian of a student may obtain separate personal loans for each college year, charging \$4 for each \$100 borrowed, so that there is interest only on the amount for each year rather than on the total for four years. The proceeds may be paid directly to the borrower or to the college. Prepayments may be made in order to accumulate funds, and this plan may be extended to cover preparatory school or graduate school.

FIELD CHAMPION
PAGE'S SHURIRIDGE LIZ



Dependability

MARK OF A CHAMPION

This champion Gordon Setter gets things done. And done right. He's loyal, strong, thoroughly dependable.

In banking, too, you need a correspondent you can depend on. That's why more than 1500 banks look to Commerce Trust for unexcelled correspondent service.



Commerce Trust Company

KANSAS CITY'S OLDEST AND LARGEST BANK
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Nationwide Public Service

Thousands of students will be able to start, continue, and complete professional training only if they can be aided by plans such as these. The Massachusetts plan, in its first year and a quarter of operation, has granted 2,087 loans, totaling \$900,470.35. The average loan here has been \$413.16. Not one of these loans is delinquent, and 29 of them have already been repaid, which is some indication of the soundness of this type of loan. This is also an excellent way for a bank to start a customer relationship. In terms of public relations, it is a sincere, so-called way to cement them. What better approach to public relations than public service? Long-term education loans to parent or student are a public service on a nationwide level, an opportunity for commercial banks to serve our people and economy in still another way.



"Now don't think I'm forging! I always write my name shaky when someone's watching me!"

MODERN PUBLIC RELATIONS START AT THE TOP

... with Acousti-Celotex Ceilings

Your customers will like doing business in the quiet, comfortable atmosphere created by a modern ceiling of Acousti-Celotex tile. And they'll be favorably impressed with its smart, distinctive appearance.

Your employees will also respond to the "comfort of quiet" it imparts. This new freedom from distracting noises does much to promote alertness and clerical efficiency.

Your bank deserves the most striking improvement today's modernization dollar can buy... an impressive, practical ceiling of Acousti-Celotex tile. It will probably cost much less than you think.

Your Acousti-Celotex distributor is a member of the world's most experienced acoustical organization. Call him for the finest in installation skill and dependable service.

Shown: Random Pattern Cane Fiber Tile*, always repaintable with no loss of sound absorption. One of a wide range of Acousti-Celotex acoustical products.

*U.S. PAT. NO. D 168,763



ACOUSTI-CELOTEX

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Sound Conditioning

Products to Meet Every Sound Conditioning Problem... Every Building Code
The Celotex Corporation, 120 S. La Salle St., Chicago 3, Illinois
In Canada: Dominion Sound Equipments, Ltd., Montreal, Quebec

—MAIL NOW FOR MORE INFORMATION!—

The Celotex Corporation, Dept. CC-88
120 S. La Salle St., Chicago 3, Illinois

Without cost or obligation, please send me your booklet, "Sound Conditioning in Banks," and the name of my nearest Acousti-Celotex Distributor.

Name _____ Title _____

Bank _____

Address _____

City _____ Zone _____ State _____



Motor Banking

(CONTINUED FROM PAGE 40)

definition, the vast majority of facilities are the drive-up type, and the second largest group reporting in this survey is classified as drive-thru. Terminology is difficult to pin down, and your reporter is rather leary of offending the technical experts. While there is a marked preference by builders for the island arrangement, there are often many physical restrictions to connecting such facilities with the main bank building. Annex type installations also involve the same physical limitations.

Walk-up installations poll an interesting figure. While most of these are coordinated with drive-in facilities, a good many are separate units adjoining parking lots, permitting the customer a greater range of service. Sidewalk teller services, which are in the same category, have strong appeal for people in a hurry. A good many banks make arrangements with local traffic authorities to cap parking meters during banking hours so as to serve the motorist on the fly. While this report is limited to standard walk-up windows, snorkles at the curbing, and other innovations like "commuter" service banking, we find many evidences of the ingenuity of banks in their efforts to bring service to the convenience-conscious customer.

Coffee Coming Up!

There is one story of customer service which has intrigued your reporter. An up-state New York bank had a little difficulty enticing a teller to be happy with his post in the basement end of a curbside snorkle. A young lady volunteered for the job, and, to keep her happy, the bank installed in the narrow cubicle all the conveniences of home—make-up mirror and other sundries, including a hot plate and coffee pot. She was not on her toes one morning when a grumpy, ill-tempered customer tried to get her attention from his car—in fact, he was severely critical (to put it mildly) when she finally greeted him through the intercom. Without a second thought, she routed a steaming cup of coffee up the chute, with the pleasant suggestion: "Maybe this will help you feel better, sir!" He promptly

snapped into a better humor, later parked his car, and congratulated the president of the bank on the snorkle service.

The type of layout, according to the poll, strongly favored the in-line window installation, but this does not necessarily prove it may be best under all circumstances. Many of these are older installations, and many were installed in this fashion due to the physical characteristics of the building. If the approach is narrow and there is not sufficient distance from the main thoroughfare entrance to the first window, there is the problem of "stacking up" waiting cars. Experts on drive-in banking are partial to the "in-line with offset" type of installation. This arrangement makes possible a closer centering of windows and sets up a radius of turn that routes a car around the one still being serviced, whether it is at the first or any other window in the line. It is, in effect, a modification of the sawtooth arrangement, which involves the problem of reverse gearing to pull out and pass another car.

Advantages of "Island Type"

Generally, we are told by our building consultant that, if space permits, the ideal planning arrangement for maximum car handling is the island type of installation. The circular type has equal advantages, but there can be some difficulty routing traffic to give each window an equal play. In some states legislation requires that island and annex units be attached to the main building via overpass or underpass or pneumatic tube connection. The more one examines some 1,400 questionnaires, the more it is apparent that accommodations must be tailor-made.

According to the charted tabulation of returns, almost twice as many banks favor the newer bay-type window. This design gives the teller greater vision in the lane of approaching and departing cars. It blends well with any style of architecture. The flush type is used to conserve drive-way space. But here again the individuality of the bank and the over-all planning of an installation point up the fact that our simple statistics are a tally rather than a vote.

The physical dimensions of drive-ins are changing with every new model released by the Motor City,

and there will probably never be a set standard as long as people can exercise their taste for either elongated Continental Mark IVs and Cadillacs or ground-hugging foreign cars. Manufacturers of drive-in equipment and design-conscious builders are always making allowances on the drawing boards for installations that will accommodate each extreme.

Some 1,021 answering banks prefer the manually operated drawer, and the most probable reason is that this type is far more flexible to use than the electrical type, which is subject to a cycling action. However, so many improvements are constantly being made on new equipment that a statement like this by a reporter may be proved wrong by new models already in production.

The constant 2-way speaker system, according to replies, is better than 3-to-1 favored over the manual type unit. It comes closer to the normal conversational contact between customer and teller.

It can be assumed that preference for tinted and clear glass relates to location of the windows and their exposure to sun or headlight glare. Tinted glass is a feature designed for the comfort of the teller.

Weather Protection

Most of the operations reported in this survey are protected by some type of overhanging canopy. Obvious reason is protection against the unpredictable elements which affect the service of what is, actually, outdoor banking. A number of banks have cautioned against installing inadequate canopies as a protection against sunglare and storms or setting them too low for the clearance of truck-driving customers, who will average a fair percentage of traffic.

The chart tallies an almost 2-to-1 preference for the 2-drawer window unit over the 4-drawer type. The reason involves an operational preference which is beyond the scope of this study.

On the final point, charted on page 39, we come to the conclusion that there are few handicaps of location which cannot be overcome with good planning and architectural skill. The overpass and underpass, the conveyor and pneumatic tube systems, and the 366 other methods banks have devised to offer this service should be proof that motor banking has come a long way.



ABOVE, LEFT—The streamlined Gentilly branch of Hibernia National Bank, New Orleans, features drive-in windows on both sides. (Bank Building & Equipment Corp.) RIGHT—Island Park branch of Meadow Brook National Bank, West Hempstead, N. Y., uses bay-type drive-in window to afford teller clear view in all directions



LEFT—This small circular drive-in office of the First National Bank, Little Rock, typifies the new styling in branches designed to appeal to the auto trade. RIGHT—Patrons of the Citizens National Bank of Abilene, Tex., use this triple island installation by driving through the two-story building, which is annexed to the skyscraper main quarters down the block



BELOW, LEFT—Kingsport (Tenn.) National Bank sets an island in its driveway to control traffic from drive-up facilities. RIGHT—A 4-level 300-car garage provides free parking for customers of the National Bank of Commerce Building, San Antonio. Motorists leave cars with attendants and step directly into the bank's elevator-escalator lobby



Equipment Trust Data Processing

(CONTINUED FROM PAGE 42)

balance cards, giving effect to the current month's payment, as well as the payment that will be made in the following month, are prepared for use in the next month.

(5) Proceeds of sale and the out-of-service date of a car being removed from service are punched into the record card prior to the preliminary run. The computer determines the number of months the

unit was under lease, total amount of amortization paid and the unamortized balance. The proceeds of sale are then automatically deducted from the unamortized balance to arrive at a deficiency to be paid by the lessee, or a refund due to the lessee.

(6) If a deficiency exists, a code record is created and stored and the income on the deficiency is developed at a pre-determined add-on rate and recorded.

(7) The computer's memory is cleared of the information developed in the preliminary run and these

records are then combined with the anticipated balance cards for the month along with outstanding information on newly created units.

(8) The combined data are then passed through the computer distributing the income and amortization in accordance with a pre-determined schedule. It might be interesting to note that as many as five different distributions are made to interested parties, all on variable percentages.

We prepare, or have prepared, supplementary rental and amortization schedules in connection with each automobile. Copies are distributed for various purposes; one goes to the service bureau, which picks up all accounting information at the bank. The bureau is 10 miles away, but the trip, via freeway, takes less than half an hour.

Expanded Studies

Because of the excellent results experienced with our computer accounting, and because we have acquired worthwhile information and experience in the actual operation and programming, we are entering into further expanded studies to include other functions and departments of our bank. If it is determined we can economically use a computer in these other functions, we will undertake to do so. With continuing study, analysis, and appraisal, and the accumulation of information gained thereby, there will be an excellent basis of experience to aid in judgment when the day arrives to make a decision either for or against the purchase or rental of our own computer and its attendant installations.

We had some minor expense in connection with the conversion of the operation described above. On the other hand, this expense and the monthly charge is far offset by the fact that we have not made any large equipment investment and neither have we been faced with the problem of obtaining highly-skilled personnel to program and operate our own installation. Also, at this time it has not been definitely decided what type of computer would best fit our purposes.

We feel that under this present approach we have undertaken the most economical, feasible way. We have gained worthwhile experience, rather than just approaching the subject on a hypothetical basis.

CONDENSED

Statement of Condition

AT CLOSE OF BUSINESS JUNE 30, 1958

DIRECTORS

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ROY A. BRITT
President

MILO W. BEKINS

W. J. BOYLE

WALTER H. BUTLER

RALPH J. CHANDLER

DWIGHT L. CLARKE

ERNEST E. DUQUE

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G. HAROLD JANEWAY

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SAMUEL K. RINDGE

WILLIAM S. ROSECRANS

W. A. SIMPSON

EMERSON SPEAR

RON STEVER

KENNETH B. WILSON

RESOURCES

Cash and Due from Banks	\$108,058,172
United States Government Securities	157,108,990
State, County and Municipal Securities	25,374,945
Other Securities	504,174
Loans and Discounts (Less Reserve)	217,401,194
Federal Reserve Bank Stock	660,000
Stock in Commercial Fireproof Building Co. — Head Office Building	348,500
Bank Premises	4,898,786
Furniture and Fixtures	1,975,089
Other Real Estate Owned	1
Customers' Liability under Letters of Credit and Acceptances	2,167,675
Earned Interest Receivable	1,813,190
Other Resources	742,862
TOTAL	\$521,053,578

LIABILITIES

Capital Stock	\$ 7,000,000
Surplus	15,000,000
Undivided Profits	8,309,074
TOTAL	\$ 30,309,074
Reserve for Taxes, Expenses, Etc.	2,333,084
Discount Collected—Unearned	4,377,320
Letters of Credit and Acceptances	2,167,675
Other Liabilities	151,257
Deposits	481,715,168
TOTAL	\$521,053,578

Head Office: Fifth & Spring Streets, Los Angeles
Hill Street Office: 736 So. Hill Street
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Member Federal Deposit Insurance Corporation
Established 1890

IRVING TRUST COMPANY

NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1958

ASSETS

Cash and Due from Banks	\$ 482,534,142
Securities:	
U. S. Government Securities	470,710,908
Securities Issued or Underwritten by U. S. Government Agencies	48,616,627
Stock in Federal Reserve Bank	3,240,000
Other Securities	16,490,223
	<u>539,057,758</u>
Loans:	
Loans Guaranteed or Insured by U. S. Government or its Agencies	27,718,073
Loans Secured by U. S. Government Securities	178,968,375
Other Loans	748,956,730
	<u>955,643,178</u>
Mortgages:	
U. S. Government Insured F.H.A. Mortgages	19,471,414
Conventional First Mortgages on Real Estate	377,387
	<u>19,848,801</u>
Banking Houses	16,535,423
Customers' Liability for Acceptances Outstanding	47,998,371
Accrued Interest and Other Assets	7,905,461
Total Assets	<u>\$2,069,523,134</u>

LIABILITIES

Deposits	\$1,862,648,379
Taxes and Other Expenses	13,880,390
Dividend Payable July 1, 1958.	2,040,000
Acceptances: Less Amount in Portfolio	50,431,698
Other Liabilities	5,889,751
Total Liabilities	<u>1,934,890,218</u>

CAPITAL ACCOUNTS

Capital Stock (5,100,000 shares—\$10 par)	51,000,000
Surplus	57,000,000
Undivided Profits	26,632,916
Total Capital Accounts	<u>134,632,916</u>
Total Liabilities and Capital Accounts	<u>\$2,069,523,134</u>

U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to \$207,474,831.

DIRECTORS

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FRANCIS L. WHITMARSH <i>President, Francis H. Leggett & Company</i>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

New Home

(CONTINUED FROM PAGE 44)

mond Koontz, president of Diebold, Incorporated. Today it's a 32-foot hole in a choice piece of Manhattan real estate. In the excavation is being built a strong-room, 55½ by 58¾ feet, that will withstand 1,640 pounds of pressure per square foot, equivalent to submergence in 27 feet of water. Potential danger comes from the bank's proximity to the Hudson and East rivers and many water mains, as well as the possibil-

ity of flooding from fire fighting.

The welded steel plate walls will be enclosed in a 30-inch concrete shell, with a 30-inch air space between. Entrance will be through two water and air-tight doors, guarded by bandit barriers.

The interior provides five work areas, including three storage "libraries" for the securities handled by the bank. Each of these rooms will have a "librarian" who will receive and deliver the stocks and bonds. The shelving was designed by the bank to allow flat and wing bonds, and stocks as well, to be stored to-

gether by account. Outside the vault is an examination room for auditing and bookkeeping.

The Storage System

As you know, wing or flat bonds can be stacked together and coupons cut in batches. Coupons for the narrower book bonds, however, must be clipped singly because they are stapled in sheets on top. Storing both kinds by account has been difficult because of the size difference.

The trust company thus describes its new filing method:

"Book bonds will be housed in open end, open top envelopes (14¼" by 10¾") which come in two widths (1¾" and 5¼"). Wing bonds will be stacked in perfect registration to allow electric cutter to clip out 50 coupons at a time.

"All bonds will be divided in wrappers by interest periods. Each period is identified by a different colored wrapper. Code numbers and letters, indicating the account and interest dates, are stamped on each wrapper. As an example, a wrapper might be stamped 137485 JJ. The numbers indicate the account number and the letters indicate January and July interest dates. When the coupon cutters are working on January coupons, they need only pull out the colored wrapper pertaining to January bonds. Under other systems, all the bonds had to be pulled out and the January bonds separated for clipping. In other words, the colored wrapper eliminates the 'finding' time.

"The trust company clips about 1,500 coupons an hour every working day. The new system will reduce the time required to clip a coupon by 20%."

NEWS

New NABAC Manual

The National Association of Bank Auditors and Comptrollers has published a new manual, "Stop Payment Orders—Policies and Procedures."

Effective Letters

The Pennsylvania Bankers Association has published a new educational manual, "Letter Writing and Internal Communications." The first section is a guide to writing effective business letters. The second covers internal communications.



STATEMENT OF CONDITION AT CLOSE OF BUSINESS

JUNE 23, 1958

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 77,750,336.21
UNITED STATES GOVERNMENT SECURITIES.....	64,249,316.57
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	10,231,650.62
OTHER BONDS, NOTES AND DEBENTURES.....	746,271.95
STOCK FEDERAL RESERVE BANK.....	\$10,000.00
LOANS AND DISCOUNTS.....	119,419,252.53
DEMAND LOANS ON GOVERNMENT SECURITIES.....	12,000,000.00
INCOME EARNED—UNCOLLECTED.....	868,248.08
BANKING HOUSE AND GARAGE PROPERTY.....	3,712,972.03
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	264,400.00
OTHER RESOURCES.....	26,498.06
TOTAL.....	<u>\$289,778,948.05</u>

LIABILITIES

CAPITAL ACCOUNT:	
COMMON STOCK.....	\$ 8,500,000.00
SURPLUS.....	8,500,000.00
UNDIVIDED PROFITS.....	2,989,577.12
RESERVE FOR CONTINGENCIES.....	3,299,786.51
RESERVE FOR DIVIDEND DECLARED.....	212,500.00
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	268,150.30
RESERVE—TAXES, INTEREST, EXPENSES, ETC.....	1,754,112.89
LETTERS OF CREDIT ISSUED.....	264,400.00
INCOME COLLECTED—UNEARNED.....	1,230,061.98
DEPOSITS:	
INDIVIDUAL.....	\$198,126,394.18
BANK.....	48,715,598.66
U. S. GOVERNMENT.....	6,685,226.69
OTHER PUBLIC FUNDS.....	9,233,139.72
TOTAL.....	<u>262,760,359.25</u>
TOTAL.....	<u>\$289,778,948.05</u>

U. S. Government and other securities carried at \$32,304,934.26 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



SECURITY-FIRST NATIONAL BANK

LOS ANGELES, CALIFORNIA

STATEMENT OF CONDITION

JUNE 30, 1958

RESOURCES

Cash and Due from Banks		\$ 556,300,209.50
U.S. Government Securities	\$ 1,291,502,640.63	
State and Municipal Securities	143,301,217.99	
Other Bonds and Securities	<u>14,732,433.57</u>	1,449,536,292.19
Loans (less reserves)		1,152,556,501.71
Earned Interest Receivable		10,417,741.69
Customers' Liability under Acceptances and L/C		10,024,658.78
Bank Premises and Equipment		23,925,662.21
Other Assets		<u>737,036.49</u>
TOTAL		\$3,203,498,102.57

LIABILITIES

Capital	\$ 73,500,000.00	
Surplus	73,500,000.00	
Undivided Profits	<u>69,884,265.39</u>	\$ 216,884,265.39
Reserves for Interest, Taxes, etc.		26,283,966.11
Interest Collected—Unearned		12,035,443.73
Acceptances and Letters of Credit Liability		10,024,658.78
Other Liabilities		1,560,405.75
Deposits—Time	\$ 1,173,461,933.18	
—Demand	<u>1,763,247,429.63</u>	<u>2,936,709,362.81</u>
TOTAL		\$3,203,498,102.57

Securities carried at \$448,312,533.88 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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Over 200 Offices and Branches Serving Southern California • Member Federal Deposit Insurance Corporation



Washington

(CONTINUED FROM PAGE 36)

House Speaker Sam Rayburn of Texas, for instance, would work magic. It would spring the bill right out of the interminable amendments

threatening it in the House Banking and Currency Committee, shoot it through the Rules Committee and get it to the floor pronto, where there are more than enough votes to pass it.

That is why BANKING went

straight to Mr. Sam for its June issue. A number of others are reported to have contacted him since—without learning more than we did.

In a story in *The Washington Post and Times-Herald*, Representative Wright Patman of Texas, arch-foe of the bill, was reported to concede readily his delaying tactics. The *Post* story cited Mr. Patman's fears that any bill, even a good one from his point of view, once out of committee, will be adopted by the House, and in the conference with the Senate the offensive (to Mr. Patman) sections will be restored.

That is a pretty good estimate of the situation by a shrewd adversary. It points up the curious anomaly that two men, Mr. Patman and Representative Abraham J. Multer of New York, by adroitly using the rules of the House, can seemingly thwart the will of the House.

But, barring a sudden and active interest in the bill by the House leadership, the Financial Institutions bill is almost dead for this session. If Congress goes home sometime this month without passing it, the bill will be officially dead.

What this will mean is difficult to say at this time because many matters are contingent upon the fate of the Financial Institutions Bill. To its advocates the prospect is not inviting, because it means a renewal of the long and tedious process of re-submitting the bill next January in an unknown political climate. At this stage of the game there is no zest for the fight.

Home Loan Guarantee Corporation Act

Opposition to the proposed "Home Loan Guarantee Corporation Act" on the grounds that it would virtually duplicate the FHA mortgage insurance program and would discriminate against national and state banks was voiced at a Capitol Hill hearing by John A. Reilly, chairman of the Subcommittee on Housing and Mortgage Financing, Committee on Federal Legislation, of the American Bankers Association.

Mr. Reilly, who is president of the Second National Bank of Washington, testified for the A.B.A. before the Subcommittee on Housing of the House Committee on Banking and Currency. The proposed "Home Loan Guarantee Corporation Act," H.R. 10637, would establish a new home mortgage guarantee program, with



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MIT

Dividend Announcement

Massachusetts Investors Trust

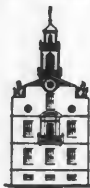
DECLARES ITS

135th Consecutive Dividend

10 cents a share, from net income, payable July 25 to shareholders of record June 30, 1958.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



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a new Federal agency to carry it out under the supervision and regulation of the Federal Home Loan Bank Board.

"The FHA mortgage insurance program already serves the purposes that this new insurance proposal is designed to serve," Mr. Reilly said. "It appears to us that a major feature of the new proposal is that it would enable eligible mortgage lenders to obtain the guarantee without having the mortgage subject to a fixed interest rate.

"It hardly seems consistent, however, to provide one home mortgage guarantee program with a free interest rate, even though the guarantee is of a percentage of the loan rather than the full loan, when all other Government insured or guaranteed loans must bear a fixed interest rate.

"We have on a number of occasions called attention to the advantages of a free interest rate on FHA insured and VA guaranteed mortgages. Freeing the interest rate would assure a sufficient flow of private funds for mortgage purposes consistent with the demand for housing. It would be a forward step in

eliminating discount prices for mortgages.

"We believe that this would be a better approach than to establish a new insurance program which is designed specifically for one group of mortgage lenders."

Minimum Salaries for Exempt Employees

The American Bankers Association emphasized its view that the proposed minimum salary requirement for exempt executive, administrative, and professional employees will cause undue hardship for many banks and recommended a modification, in a statement filed with the Wage and Hour Division of the U. S. Department of Labor. The A.B.A. pointed out that its recommendation did not, however, change its basic position that a salary requirement is not a fair test of executive or administrative status.

The Association stated that the continuation of uniform salary requirements at the new higher levels will further aggravate the difficulties that have confronted small business enterprises.

The Association pointed out that

the smaller banks disburse for "salaries, wages, and fees" a larger amount per \$100 of current operating earnings than larger banks.

Referring to a report prepared by the FDIC with the cooperation of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, and made a part of the A.B.A. statement filed with the Wage and Hour Division, the A.B.A. stated:

"A review of this data indicates that the proposed increases in the salary requirements for exempt employees will have the greater impact on the small unit bank located in a rural area having an agricultural economy. Banks in this category are frequently the only source of financial service to the farmer and rural merchant. To force a further increase in salary costs by increasing salary requirements for exempt employees would seriously aggravate the present situation. It will increase the economic pressure to liquidate or to sell to larger institutions. This, at a time when many persons in and out of Government are expressing concern over the future of small country banks."

Statement of Condition

June 30, 1958

RESOURCES

Cash and Due from Banks	\$106,246,969.64
U.S. Government Securities	70,872,318.69
State, Municipal and Other Securities	46,543,242.17
Loans and Discounts	155,843,385.67
Accrued Income Receivable	984,258.78
Banking Houses	5,265,480.52
Other Assets	357,362.83
	<u>\$386,113,018.30</u>

LIABILITIES

Deposits	\$347,562,180.26
Unearned Income	3,460,180.05
Accrued Federal and State Taxes on Income	1,561,641.91
Other Liabilities	2,467,149.69
Dividend Payable in July, 1958	414,000.00
Reserve for Contingencies	438,576.72
Capital Funds:	
Capital Stock . . . \$11,500,000.00 (920,000 shares) (Par \$12.50)	
Surplus	13,000,000.00
Undivided Profits	5,709,289.67
Total Capital Funds	<u>30,209,289.67</u>
	<u>\$386,113,018.30</u>

LESTER E. SHIPPEE, *Chairman*
JOHN B. BYRNE, *Chairman of the Executive Committee*

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-  **PROOF** *of correct balance computation and extension.*
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"NEW DIMENSIONS / in complete bank automation"

Bank Leaders Sponsor Ad Campaign

ONE hundred sponsors for the national cooperative bank advertising program have been named in all 48 states, the District of Columbia, Alaska, Hawaii, and Puerto Rico, Morris R. Brownell, Jr., chairman of The Foundation for Commercial Banks, has announced.

"We are proud to have these leaders, representing all sizes of banks from the smallest to the largest, to spearhead the drive to enlist the

support of commercial banks in their states and territories," Brownell said. "Their active participation gives assurance of the success of our efforts on behalf of this program for banking."

Sponsors represent banks with deposits from \$1,700,000 (George A. Wright, president, Bank of Elgin, Neb.) up to \$9,000,000,000 (S. Clark Beise, president, Bank of America N.T. & S.A., San Francisco).

The 12-man board of trustees of the Foundation met in New York to complete plans for the campaign to sign up banks throughout the country as contributing supporters of the program. Sponsors named were:

Connecticut: Gibbs Lyons, chairman of the board, The National Bank & Trust Company of Fairfield County, Stamford, and George H. Stebbins, president, The Simsbury Bank and Trust Company.

Idaho: James Byers, president, Bank of Idaho, Boise, and J. G. Bickmore, executive vice-president, Idaho Bank & Trust Company, Pocatello.

Maine: Reginald H. Sturtevant, president, Livermore Falls Trust Company.

Massachusetts: Edward L. Clifford, president, Worcester County Trust Company.

Michigan: Hebert W. Corey, president, Bank of Stephenson.

Nebraska: Ellsworth Moser, president, First National Bank of Omaha.

Nevada: S. L. Butterfield, president, Bank of Nevada, Las Vegas.

New Hampshire: Marston Heard, president, Amoskeag Trust Company, Manchester, and Philip H. Butterfield, president, Concord National Bank.

New Jersey: Norman Brassler, executive vice-president, County Bank and Trust Company, Paterson, and J. M. Featherer, executive vice-president, Penn's Grove National Bank and Trust Company.

New York: Hubert C. Brown, president, First National Bank of Glens Falls, and Harold J. Marshall, president, National Bank of Westchester, White Plains.

Oregon: E. C. Sammons, president, The U. S. National Bank of Portland.

Rhode Island: H. P. Freeman, president, Rhode Island Hospital Trust Company, Providence.

Utah: George S. Eccles, president, First Security Bank of Utah, Salt Lake City.

Vermont: Edmund P. Shaw, vice-president and treasurer, Killington Bank & Trust Company, Rutland, and Luman B. Howe, president, Montpelier National Bank.

Puerto Rico: Rafael Carrion, Jr., president, Banco Popular De Puerto Rico, San Juan.



CONDENSED STATEMENT OF CONDITION, JUNE 30, 1958

ASSETS	
Cash on Hand and in Banks	\$ 221,976,274.24
United States Government Securities	359,415,593.10
State, Municipal and Other Securities	99,087,114.67
Stock of the Federal Reserve Bank	2,700,000.00
Loans and Discounts	763,326,750.14
Bank Premises	3,595,688.40
Other Real Estate	1.00
Other Assets	6,444,597.52
	\$1,456,546,019.07

LIABILITIES	
Capital Stock	\$ 20,000,000.00
Surplus	70,000,000.00
Undivided Profits	13,536,379.42
	Capital Funds \$ 103,536,379.42

DEPOSITS	
Commercial and Savings	\$1,297,400,574.75
Estates and Corporate Trust	39,465,077.79
	Total Deposits 1,336,865,652.54
Accrued Taxes, Interest, etc.	13,470,412.93
Other Liabilities	2,673,574.18
	\$1,456,546,019.07

United States Government Securities carried at \$133,906,216.40 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.

66 CONVENIENT OFFICES

Northern Ohio:
Painesville • Willoughby • Bedford • Solon
Berea • Lorain and
Everywhere in Greater Cleveland

COMMERCIAL • SAVINGS • TRUSTS

Largest branch banking system between New York and California

715,778 SAVINGS AND CHECKING DEPOSITORS

Member: Federal Deposit Insurance Corporation

Federal Reserve System

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Smart bankers shop to get the most for their quarters

It's a banker's business to know how to invest profitably. The wisdom of examining all the facts and weighing all alternatives is second nature to him in everything he does. That's why so many apply the same rule in starting a new quarters project. It just makes good sense to shop around for the designer and planner who'll give him the most for his money. And when you do this, you'll naturally want to talk to the people who've done more jobs of this type than anyone else

... Bank Building Corporation. This organization has completed over 3,300 projects and has a reputation for designing quarters for the most profitable operation—at no extra cost!

Regardless of the scope of your project you'll find it will pay to consult our experts on the best possible approach to it. Better yet, visit our headquarters—see everything that's new in bank planning and equipment at first hand. No obligation.



Send now for your complimentary copy of "The Truth About Costs". A revealing study of the facts you should know about new quarters' planning—before signing any contract.

Bank Building  *Corporation*

ST. LOUIS, 1130 Hampton Avenue

NEW YORK • CHICAGO • SAN FRANCISCO • ATLANTA • AUSTIN

Bank Building Corporation, U.S. and Foreign Building Corporation, International • Subsidiary: Design, Inc.

PR Clinic-in-Print

What You Need Are The Facts, Ma'm!

QUESTION: We are very desirous of increasing our business in the commercial and industrial field. We have numerous competitors, each one of which advertises it is the best bank for the industrial firm. Is there something unique we can do to di-

rect the attention of industry to our bank?

Answers:

HIRE two or three sales-minded new business representatives from well known local commercial and industrial businesses, who have had positions in credit and finance in their respective companies. They have had the opportunity to judge

IN May and June, under this same title, **BANKING** printed several questions posed by Allan Herrick, advertising manager of the Security-First National Bank, Head Office, Los Angeles. We also printed Mr. Herrick's answer to each question with an offer to pay for and print other solutions sent in. Here are some of those we have received.

banking and bankers from the other side of the fence and can talk shop with businessmen in terms that the businessman appreciates. All too frequently, representatives calling on industry are not prepared to discuss problems from the businessman's standpoint; and, not having been in business, they cannot see the many services a bank can perform for the individual prospect. In short, hire businessmen to talk to businessmen.

ROBERT G. HARROP, JR.,
General Credit Manager,
A. O. Smith Corp., Milwaukee

IT takes more than advertising or a unique gimmick to attract the attention of industry to a bank. The fact that your competitors advertise they are the best bank for industrial firms does not prove that they are.

Advertising can be of some assistance, but an intelligent officer call program is more productive. Have your officers make a study of the various commercial and industrial fields in your area. They should be able to converse intelligently on the subject.

Next, make a complete study of the commercial or industrial firms you wish to contact. Where do they stand within the industry? Do they have good management? Are their research facilities adequate? Do they discount their bills, and other general credit information? Be prepared to discuss a loan, should the subject arise.

After gathering all of the facts, fit one or two of your bank's services into the picture. For example, the industrial firm may manufacture some type of machinery which would lend itself to the instalment financing through your bank.

Now, armed with the facts, make the call. The manner in which your officer presents the bank's story could prove to the commercial and

(CONTINUED ON PAGE 126)

CHEMICAL CORN EXCHANGE BANK

Founded 1824

165 Broadway, New York

Condensed Statement of Condition

At the close of business June 30, 1958

ASSETS

Cash and Due from Banks	\$ 785,702,794.41
U. S. Government Obligations	655,794,931.24
State, Municipal and Public Securities	394,332,511.66
Other Bonds and Investments	17,730,089.06
Loans	1,527,904,211.67
Banking Premises and Equipment	21,749,425.22
Customers' Liability on Acceptances	74,991,776.25
Accrued Interest and Accounts Receivable	13,001,821.30
Other Assets	2,312,600.08
	<u>\$3,493,520,160.89</u>

LIABILITIES

Capital Stock (\$10. par) \$ 63,765,900.00	
Surplus	186,234,100.00
Undivided Profits	41,527,217.64
	\$ 291,527,217.64
Reserve for Contingencies	10,130,621.42
Reserves for Taxes, Expenses, etc.	18,588,169.33
Dividend Payable July 1, 1958	3,666,591.14
Acceptances Outstanding (Net)	77,404,975.58
Other Liabilities	6,048,359.66
Deposits	3,086,154,226.12
	<u>\$3,493,520,160.89</u>

Securities carried at \$327,688,923.95 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

Convenient Offices Throughout Greater New York

Every Banking and Trust Service at Home and Abroad

Charter Member New York Clearing House Association
Member Federal Reserve System Member Federal Deposit Insurance Corporation

HARRIS Trust and Savings BANK



Organized as N. W. Harris & Co. 1882. Incorporated 1907

115 W. MONROE STREET

CHICAGO 90

STATEMENT OF CONDITION

DIRECTORS

June 23, 1958

RESOURCES

Cash on Hand and Due from Banks	\$156,654,330.22
U. S. Government Securities	197,716,062.09
State and Municipal Securities	71,430,075.79
Other Bonds and Securities	6,303,788.37
*Loans and Discounts	317,718,162.60
Federal Reserve Bank Stock	1,050,000.00
Customers' Liability on Acceptances	9,170.65
Accrued Interest and Other Resources	3,416,532.68
Bank Premises	7,000,000.00
Total	\$761,298,122.40

*Includes \$31,650,000 Federal Reserve Funds Loaned.

LIABILITIES

Demand Deposits	\$605,838,615.77
Time Deposits	92,076,439.45
Total Deposits	\$697,915,055.22
Dividend Payable July 1, 1958	487,500.00
Acceptances	9,170.65
Reserves for Taxes, Interest, etc.	7,806,715.49
General Contingency Reserve	7,633,341.51
Capital	\$ 15,000,000.00
Surplus	20,000,000.00
Undivided Profits	12,446,339.53
Total Capital Funds	47,446,339.53
Total	\$761,298,122.40

United States Government Obligations and Other Securities carried at \$109,709,706 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

EDWIN C. AUSTIN
Sidley, Austin, Burgess & Smith
BURTON A. BRANNEN
Senior Vice President

WESLEY M. DIXON
President, Container Corporation of America

ROBERT W. GALVIN
President, Motorola, Inc.

DAVID GRAHAM
Financial Vice President Standard Oil Company (Indiana)

FRED G. GURLEY
Chairman of Board The Atchison, Topeka and Santa Fe Railway Company

NORMAN W. HARRIS
Room 2001, Harris Trust Bldg.

STANLEY G. HARRIS
Chairman, Executive Committee

CHARLES C. JARCHOW
President, American Steel Foundries

WAYNE A. JOHNSTON
President, Illinois Central Railroad

WILLIAM V. KAHLER
President Illinois Bell Telephone Company

EDWIN A. LOCKE, JR.
President, Union Tank Car Company

ERNEST S. MARSH
President, The Atchison, Topeka and Santa Fe Railway Company

JOHN L. McCAFFREY
Director International Harvester Company

F. B. McCONNELL
Chairman of Board Sears, Roebuck and Co.

JAMES L. PALMER
President, Marshall Field & Company

WILLIAM A. PATTERSON
President, United Air Lines, Inc.

CHARLES H. PERCY
President, Bell & Howell Company

JOHN G. SEARLE
President, G. D. Searle & Co.

DONALD P. WELLES
Senior Vice President

KENNETH V. ZWIENER
President

(CONTINUED FROM PAGE 124)
 industrial firms in your area that
 your bank is the right bank.
 RICHARD C. SIMKINS, *Vice-president*
 Union Bank and Trust Company
 Grand Rapids, Mich.

In Your Opinion, Mr. Banker . . .

QUESTION: Newspaper men in our town have followed the practice of asking our bank officers to express an opinion on every conceivable

subject from the death of a prominent citizen to Sputnik. Officers of my bank are becoming irritable on the subject. How can I solve this and still retain the goodwill of the newsmen?

Answer:

As part of its progressive public relations program a bank should anticipate community interest in the bank's attitudes regarding current and long-range questions in the financial field.

Rather than wait for the press to

seek out bank officers in an effort to get opinions, the bank should, as opportunities arise, provide the press with appropriate release material on financial topics which may effect the community.

Many current government moves to help stimulate the economy need explanation for the average layman. A bank can serve the community as financial spokesman, rebuilding confidence through understanding—confidence that will help rekindle prosperity.

L. V. HAGGERTY
 Saddle River, N. J.

The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement of Condition—June 30, 1958

RESOURCES

Cash and Due from Banks.....	\$ 76,393,510.88
United States Bonds.....	114,285,048.03
State and Municipal Bonds.....	9,814,451.85
Other Bonds and Securities.....	4,647,016.62
Loans and Discounts.....	156,256,121.97
Banking Premises Owned.....	4,449,659.34
Customers' Liability Under Acceptances.....	44,329.47
Income Accrued Receivable and Prepaid Expense.....	1,587,685.29
Other Resources	509,847.05
TOTAL.....	\$367,987,670.50

LIABILITIES

Capital Stock (\$25.00 Par Value).....	\$ 11,875,000.00
Surplus	13,125,000.00
Undivided Profits	4,603,995.40
TOTAL CAPITAL FUNDS.....	\$ 29,603,995.40
Reserve for Dividends, Interest, Taxes, etc.....	5,555,955.99
Liability Under Acceptances.....	44,329.47
DEPOSITS:	
*Commercial, Bank and Savings.....	314,171,813.11
U. S. Government.....	18,555,143.81
Other Liabilities	56,432.72
TOTAL.....	\$367,987,670.50

*Includes \$5,964,690.08 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law of the State of Ohio, Section 1107.12 is a preferred claim against the assets of the Bank.

DIRECTORS

FERRIS M. ANGEVIN Vice President and Treasurer The Cincinnati Milling Machine Co.	WALTER E. HUENEFELD President, The Huenefeld Co.
H. TRACY BALCOM, JR. President, The Geo. Wiedemann Brewing Co.	LOUIS L. KAUFMAN Sec. and Treas., Wm. J. Herbert Realty Co.
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SANFORD M. BROOKS Exec. Vice Pres., The Tool Steel Gear & Pinion Co.	WILLIAM L. McGRATH President, The Williamson Co.
CHARLES H. BURCHENAL President, The Cambridge Tile Mfg. Co.	WILLIAM H. MOONEY President, Cincinnati Development & Mfg. Co.
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E. WEBSTER HARRISON Partner, Harrison & Co.	HAROLD T. SIMPSON President, Printing Machinery Co.
CORNELIUS J. HAUCK President, The John Hauck Co.	LEONARD S. SMITH, JR. Chairman of Board The National Marking Machine Co.
G. CARLTON HILL President	CLIFFORD R. WRIGHT President, The Cincinnati Equitable Insurance Co.
JOHN B. HOLLISTER Taft, Stettinius and Hollister	

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

Personal Contact Beats Buckshot

QUESTION: A competing bank is moving to a new section some distance away. We think many of their customers will prefer to transfer to us rather than move. What is the best method of reaching these people?

Answer:

Use a billboard. It is a mass medium which can be aimed at a special geographic location. You can call attention to your close-at-hand location and invite the opening of new accounts. The closer the message is to the opportunity to act, the more effective it will be. Mass mailings to prospects, using the special telephone directory which lists by address, might be effective but the problems of selection of valid prospects and skipping present clients are formidable. With the billboard, selection of prospects is automatic and present clients are reminded of the convenience they are currently enjoying.

CHARLES G. JONES
 Assistant Manager
 Advertising Department
 Northwestern Mutual
 Insurance Company
 Seattle, Wash.

We suppose the reason a rock 'n roll musician jumps around is that it's harder to hit a moving target.

If you can look interested when you are bored, your social success is certain.

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition June 30, 1958

(Figures of Overseas Branches are as of June 24, 1958)

RESOURCES

Cash and Due from Banks	\$ 1,631,183,927.79
United States Government Securities and Securities Guaranteed by the Government	2,260,498,347.35
Federal Agency Securities	151,107,046.98
State, County, and Municipal Securities	754,724,106.65
Other Securities	161,901,216.09
Loans Guaranteed or Insured by the United States Government or its Agencies	1,315,150,219.95
Other Loans and Discounts	4,147,829,437.70
Bank Premises, Fixtures, etc.	123,001,199.63
Customers' Liability for Acceptances	167,143,137.67
Accrued Interest and Other Resources	67,308,169.16
TOTAL RESOURCES	\$10,779,846,808.97

LIABILITIES

Capital	\$ 160,000,000.00
Surplus	290,000,000.00
Undivided Profits and Reserves	145,652,781.06
TOTAL CAPITAL FUNDS	\$ 595,652,781.06
Reserve for Possible Loan Losses	95,485,915.95
DEPOSITS { Demand	\$4,450,084,439.60
{ Savings and Time	\$5,362,327,095.99
	9,812,411,535.59
Liability on Acceptances	169,534,573.64
Reserve for Interest, Taxes, etc.	106,762,002.73
TOTAL LIABILITIES	\$10,779,846,808.97

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)

A wholly-owned subsidiary

Condensed Statement of Condition June 30, 1958

Home Office—New York, N.Y. Branches: Duesseldorf, Singapore, Paris, Beirut, Guatemala City

(Branch figures are as of June 24, 1958)

RESOURCES

Cash and Due from Banks	\$195,838,327.42
United States Government Obligations	2,125,000.00
Other Securities	19,541,637.29
Loans and Discounts	134,808,809.45
Customers' Liability for Acceptances	36,193,143.14
Accrued Interest and Other Resources	3,393,373.39
TOTAL RESOURCES.	\$391,900,290.69

LIABILITIES

Capital	\$ 34,000,000.00
Surplus	6,800,000.00
Undivided Profits	2,117,760.56
TOTAL CAPITAL FUNDS	\$ 42,917,760.56
Reserve for Possible Loan Losses	2,128,116.49
Deposits	307,184,085.22
Liability on Acceptances.	37,146,910.78
Reserve for Interest, Taxes, etc.	2,523,417.64
TOTAL LIABILITIES	\$391,900,290.69

COLOMBIA



Efficient Services through

BANCO DE BOGOTA

Oldest established and largest Bank in Colombia
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service

TOTAL ASSETS:

More than 800 Million Pesos
(Approximately US. \$160,000,000)

TOTAL COLOMBIAN FOREIGN BUSINESS:

	Imports	Exports
1956:	US. \$ 655,000,000	US. \$ 607,500,000
1957:	US. \$ 403,080,000	US. \$ 449,628,000

(excepting gold exports)



120 BRANCHES

BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

DO YOU NEED

precision-made machine
and hand posting
passbooks

Samples and Prices on Request

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio

A Dollar Bill
Will Bring You
Five Months of

BANKING'S NEWSLETTER

(Regularly \$3.50 a Year)

BANKING'S NEWSLETTER

12 East 36th Street, New York 16, N. Y.

42 Banks and Branches Join A.B.A.

FORTY-TWO banks and branch offices in 20 states joined the American Bankers Association during May and June, according to the monthly reports of Frank W. Thomas, chairman of the Association's Organization Committee. The newly organized banks in this group of members are:

ARIZONA:	First National Bank of Arizona; 29th Street Office, Yuma-Valley National Bank, Payson and Luhrs Building offices, Phoenix; Southern Arizona Bank & Trust Company, Broadway-County Club Office, Tucson.
CALIFORNIA:	Greenfield State Bank, Greenfield Office, Bakersfield; State Center Bank, Kingsburg Branch, and First National Bank of Ontario, Montclair Office, Ontario.
CONNECTICUT:	Hartford National Bank & Trust Company, Farmington Village Office.
FLORIDA:	First National Bank of Melbourne; Deerfield Beach Bank.
IDAHO:	Bank of Idaho, Lewiston Orchards Office, Lewiston.
ILLINOIS:	Little Fort Bank & Trust Company, Waukegan.
IOWA:	South Des Moines National Bank, Des Moines.
LOUISIANA:	Calcaisieu - Marine National Bank, South City Branch, Lake Charles.
NEW HAMPSHIRE:	New London Trust Company, New London; Hampton National Bank.
NEW JERSEY:	The Midland Bank, Bergen Mall, Paramus.
NEW YORK:	Bank of North America, Kings Highway Office, Brooklyn; First National Bank & Trust Company, Community Office, Bay Shore.
OKLAHOMA:	North Side State Bank, Tulsa.
OREGON:	First National Bank of Portland, Rockwood Branch, Portland.
SOUTH CAROLINA:	Williamsburg State Bank, Kingstreet.
TEXAS:	Lockhart National Bank.
WASHINGTON:	National Bank of Commerce of Seattle, Capitol Hill Branch; The Old National Bank of Spokane, Benton City Branch.



*Statement
of
Condition*

Republic National Bank

of Dallas

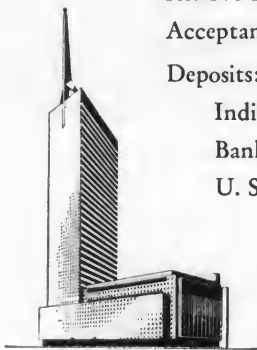
JUNE 30, 1958

Resources

Cash and Due from Banks	\$236,781,342.42
U. S. Government Securities	150,842,055.77
State, Municipal and Other Securities	9,958,875.28
Stock in Federal Reserve Bank	2,610,000.00
Loans and Discounts	454,976,199.28
Bills of Exchange and Commodity Loans	13,215,897.86
Bank Building and Equipment	24,625,082.24
Acceptances and Letters of Credit	17,378,130.10
Other Assets	1,565,084.51
TOTAL	\$911,952,667.46

Liabilities

Capital	\$ 35,771,400.00	
Surplus	51,228,600.00	
Undivided Profits	5,615,577.76	\$ 92,615,577.76
Reserve for Contingencies	12,033,539.00	
Reserve for Taxes, et cetera	5,922,366.12	
Acceptances and Letters of Credit	17,378,130.10	
Deposits:		
Individual	\$539,548,143.07	
Banks	204,004,354.80	
U. S. Government	40,450,556.61	784,003,054.48
TOTAL		\$911,952,667.46



CAPITAL FUNDS OVER \$90,000,000
LARGEST IN THE SOUTH

REPUBLIC
National BANK of Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Banks Find Theatre-Screen Ads Successful

APPARENTLY the theatre-screen has proved to be a successful local advertising medium for small and medium-sized banks, according to the results of a spot-check conducted by BANKING. Many reported having used the theatre-screen to reach local audiences for 10, 15, and as long as 20 years.

Comments varied from enthusiastic endorsement of the medium through more detailed descriptions of techniques and campaigns employed by banks in its use. To quote a few of the bankers who were interviewed:

"We have our ads read by a lot of people from the surrounding communities . . . while waiting for the main feature, people *do* read the message."

"We have used theatre-screen advertising in excess of 10 years. The messages are usually based on general banking, with the exception of loan solicitations. There is consider-

able emphasis on savings deposits."

". . . we have been using colored slides . . . reflecting some of the services of our bank . . . more recently, we have been publicizing our new facility, customer parking and drive-in banking. We are reaching a certain segment of our people in the area who are not reached by other means."

Some Figures

In line with all this, here are some statistics supplied by the Theatre Screen Advertising Bureau. More than 25,000 local advertisers will use this medium this year. About 159,000,000 people per month attend conventional movie theatres and drive-ins. There are about 14,500 4-wall theatres and 4,500 drive-ins in the U.S.

And, more pertinent to the individual bank considering this medium, costs range from \$5 to \$7 per thousand viewers, depending upon

the length of the film; most run from 40 to 90 seconds. The "average" theatre seats approximately 900 people, and the "average" drive-in accommodates some 850 automobiles, averaging between three and four persons per vehicle.


Many techniques are available. Black-and-white, color, slides or moving film, and perhaps wide-screen, are among the choices for the theatre-screen advertiser.

A bank's personnel, facilities, and way of doing things can be demonstrated pictorially in such a way as to make them seem familiar and friendly to the potential customer. The ways in which the bank's services can benefit the customer can also be demonstrated visually.

Costs in this medium, as estimated by the Bureau, are not high, and would seem to indicate that a fairly intensive campaign would not be too expensive for the small or medium-sized bank.

FUND

OF EXPERIENCE



You depend on your Chief Teller because he has *experience*. Enjoy the same confidence when you buy Bankers Blanket Bonds. See National Surety Corporation for a reliable **FUND OF EXPERIENCE** that can save you time and serve you better. Be certain! Be protected by . . .

NATIONAL SURETY CORPORATION
Bankers Blanket Bonds—Available through independent agents and brokers



The

FUND

Insurance Companies

FIREMAN'S FUND INSURANCE COMPANY • HOME FIRE & MARINE INSURANCE COMPANY
 FIREMAN'S FUND INDEMNITY COMPANY • NATIONAL SURETY CORPORATION

Central Bonding Offices:
 3333 CALIFORNIA STREET, SAN FRANCISCO
 4 ALBANY STREET, NEW YORK
 Branch Offices in Principal Cities in America

Dwelling and Homeowners Policies

(CONTINUED FROM PAGE 51)

tion involved the burning down of an underinsured garage on a homeowner's property. To rebuild the garage cost almost three times as much as the owner collected from his insurance company.

People do not recognize the growing value of their real and personal property. Where a bank knows that a customer is not adequately insuring his home or the contents, to which he is adding year after year; it is a service to call the matter to the customer's attention.

A point worth noting is that most standard fire policies are written to protect on an actual cash value basis, i.e., the depreciated value of the property destroyed. Under a "broad" or "special" form comprehensive dwelling policy, if at least 80% insurance is provided for, a loss within the policy limits is paid for at replacement cost. A similar feature may be endorsed to the basic comprehensive dwelling policy in most states.

A bank should advise a homeowner to carry not less than 80% protection; and if the home is in an isolated area without a good fire department and hydrants, 100% should be recommended.

Premium Accrued

Under the standard fire insurance policy, some banks for many years have followed the practice of accruing the premiums. This means that, when, at the end of three or five years, as the case may be, a policy expires, the bank has on hand the premium needed to renew the policy. There is no reason why this practice cannot be followed with equal ease where the insurance is provided in a comprehensive dwelling policy. That policy shows on its face the amount of premium attributable to fire and extended coverage and to other coverage, such as casualty.

The premium may be accrued on the entire comprehensive policy or just on that part relating to the dwelling. The periodic amount needed for the purpose may be included with the mortgage payment. Thus the reserve for the next insurance premium may be built up. In the case of the homeowners policy, however, a

little arithmetic will be necessary, as a single premium is charged for the complete package.

Banks concerned over their possible liability for failure to renew, through oversight, a comprehensive dwelling or homeowners policy may insure this potential exposure under a new form of errors and omissions insurance which also covers loss to the mortgagee interest.

In respect to perils, the comprehensive dwelling and homeowners policies are, in a general way, quite similar—that is, when comparing a given form of comprehensive dwelling policy with its counterpart in the homeowners group. Each is a package arrangement. By the use of endorsements and special forms about the same coverage may be provided in one as in the other, although the comprehensive dwelling policy is more flexible in this respect.

Chief Difference Between the Two Policies

Under each of these policies, a "\$50 deductible" is optional on some risks in most states (except, for example, those states requiring a mandatory \$50 deductible applicable to windstorm and hail). As mentioned early in this article, there are certain differences. One difference lies in the fact that the so-called homeowners "A" and "B" forms do not cover mysterious disappearance in most states, nor loss from an unattended automobile unless occasioned by the forcible entry into a locked vehicle. Neither of these two risks may be added by endorsement.

The chief difference between the comprehensive dwelling policy and the homeowners policy however is this: the limit of liability assumed by the insurance company under the homeowners policy with respect to appurtenant private structures, personal property on the premises, personal property away from the premises, and additional living expense is in each of these instances a certain percentage of the liability on the dwelling. The percentages are set forth in the manual. Thus, liability for appurtenant private structures is 10% of that for the dwelling; for



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personal property on the premises, 40% if Form "A" or Form "B" is used.

Homeowners Form "B" is comparable to the basic form of comprehensive dwelling policy in most states, but in a few states it compares with the "broad" form. For Form "B" a special building endorsement is available in some states to provide coverage similar to that provided by the "special" form of the comprehensive dwelling policy.

Form "C" of the homeowners policy provides fire and liability protection comparable to the other forms, but the personal property section provides coverage similar to that provided by a personal property floater written by inland marine insurance companies, rather than that provided by the household residence theft policy written by casualty insurance companies. The former is an "all risk" type of policy while the latter is limited to burglary and theft.

Summary

The homeowners policy is designed as a package of rigid proportions. It is designed to take care of all the essential insurance needs of the typical homeowner. The comprehensive dwelling policy is also a package, but one made up to order. The homeowner gets all his insurance at one time in a single document, but he has the opportunity to adjust the component coverages to suit his individual needs.

To change the simile, with a homeowners policy the insured eats "table d'hote," whereas with a comprehensive dwelling policy he dines "a la carte."

Banks may also note that in many states the comprehensive dwelling policy has been approved for tenants. It may be used by tenants who rent houses or apartments or by clients living in cooperative apartments.

HERBERT BRATTER



The most welcome visitor is the one who knows when to go.

Few persons have good enough sight to see their own faults.

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Business Development

(CONTINUED FROM PAGE 53)

originally the customer's account code, name of account or prospect, indication as to whether this name is a current account or a prospect, the initials of the responsible bank officer, the approximate size of the account balance, and the date of the last call. From these cards a tabulation is prepared which is circulated among the various soliciting officers for editing. In addition, these men indicate on the list the anticipated date of the next call by month and year. This editing alone proves most worthwhile, as it eliminates from the records those names which are no longer active, eliminates duplications of names, and permits the definite assignment of each customer or prospect to a specific new account representative.

Edited List

The edited list is returned to the tabulating department, where the necessary corrections are made and the date of the next anticipated call is recorded on each card. Duplicate cards are then prepared and forwarded to the new accounts secretary, who retains them in an alphabetical file.

Monthly the tabulating department selects from its file those cards representing calls scheduled for the coming month. These cards are sorted according to the responsible officer, and lists are prepared of each group. These lists are forwarded to the new accounts secretary, who selects from her file the cards for each name on each officer's list. The cards are then delivered

to the responsible officer to serve as his tickler of calls to be made. As each call is made, the officer making the calls inserts his initials on the card in the space provided, together with the date of the call and the date of the next anticipated call, as well as any changes necessary in the recorded data. This might include changes from prospect to customer or a change in the size of the account.

Tabulating

The officer then forwards the cards to the tabulating department, which updates its card file and records the call made. At the end of the month Tabulating prepares a list of delinquent calls for management review. In addition, reports are prepared periodically of the entire file, recording account identification, the responsible officer, the size of the account, the frequency of calls by month for the year to date, the date of the last call, the initials of the person making the call, and the date of the next call. Summary figures indicate the number of accounts called on and the number of those on whom no calls have been made.

Analysis and Supervision

This report permits management to analyze in short order the coverage obtained, the relationship of the call frequency to the size of the account, and the performance of the various individuals involved in the business solicitation program. This permits an over-all supervision which would not have been obtained under former methods, at any reasonable cost, if at all.



"There's nothing we can do about it, J. P. It's his property."



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Flannelboard Talks Widely Used

THE enthusiastic and constant use of the Massachusetts Bankers' Association's flannelboard program, *You and Your Community Bank*, by banks throughout the country in the last four years has resulted in the creation of a series of new flannelboard programs.

These include staff training, activity charges, trust services, public relations, and the workings of a state legislature.

The flannelboard on the state legislature is an excellent example of the series designed by the MBA in the last 4-year period.

Edward R. Tufts, executive secretary of the Massachusetts Bankers Association, created the legislative flannelboard three years ago. It was designed to help Massachusetts bankers understand the procedures of the legislative process in the Bay State.

This board has been shown by Mr. Tufts not only to bankers but to clubs, associations, and service organizations throughout Massachusetts. He has presented it at least 300 times.

Included in this figure is a command performance before the members of the Massachusetts General Court, as the state legislature is called in the Bay State. The president of the state senate had asked Mr. Tufts to show the program to all the newly elected members of the legislature.

This summer, Mr. Tufts gave the

flannelboard as part of the Banking and Government course at The Graduate School of Banking at Rutgers.

Basically, the legislative board traces the life of a bill from the time it is introduced until it is signed into a law by the governor of the Commonwealth. This process of legislation can be confusing to the average person, because of the complex series of committees, readings, and hearings a bill must pass prior to being signed into law.

The board in tracing a bill in simple, attractive symbols which are easy to understand, reduces the mysteries of legislation to a minimum.

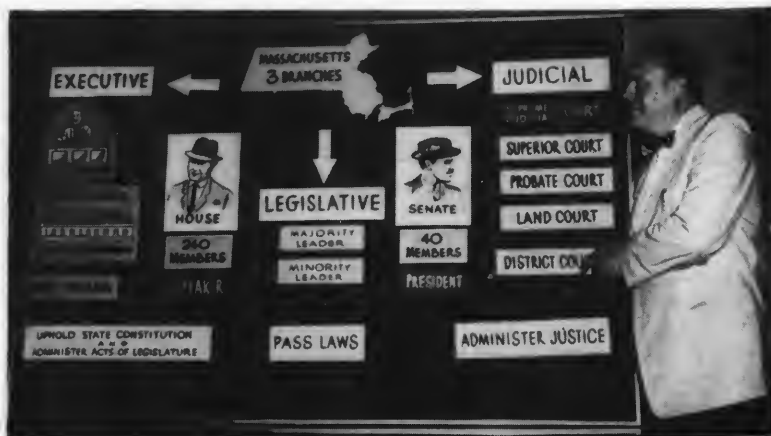
The staff training flannelboard, which is approximately a year old, depicts an iceberg. Above the water line, it is brought out in the presentation, are common mistakes, which are easily corrected. However, below the water line of the iceberg are mistakes that are not easily seen by a department supervisor and cannot be corrected as easily.

As one example, it is shown that, once a staff member reveals confidential records or some similar information, his mistake cannot be corrected. The damage is done.

The program has been presented a number of times to bank staffs, as well as to other organizations.

The public relations flannelboard was designed last year by Mr. Tufts and George A. Douglas, Jr., director

Edward R. Tufts, executive secretary of the Massachusetts Bankers Association, with his flannelboard presentation on the state legislature, which traces a bill from the time it is introduced until it is signed into law



of public relations for the Massachusetts Bankers Association. It is a basic public relations program for a bank.

In it, P. R. is compared with a modern, ranch-type house, with each part of the house a part of the public relations program. The foundation is personnel relations, with the front door "advertising" and the picture window "press relations."

"Customer relations," "community relations," and "stockholder relations" also are parts of the house, with the roof being "public relations."

Human relations and communications are also listed in the presentation.

Since its creation last year, the board has been presented approximately 50 times, with half of these presentations being to bank groups and the other half being to business, advertising, and related organizations and groups.

Mr. Douglas used the board this June in his lecture on public relations at the School of Banking at Williams College.

The flannelboard on activity charges was designed two years ago by Mr. Tufts to show the basic philosophy of service charges and how each account must stand on its own feet.

The presentation traces the history of activity charges and establishes the idea that an activity charge is fair to the customer and to the bank.

If you burn the candle at both ends, you may be able to make both ends meet.

Resting your chin in your hands when you think keeps your mouth shut so you won't disturb yourself.

If it took any effort to go from today to tomorrow, some persons would just stay in yesterday—and some do.

Bragging may not bring happiness, but no golfer who shoots a hole-in-one sneaks home through an alley.

The husband who brags about being the boss at home probably doesn't tell the truth about anything.

This board has been presented a number of times, including a presentation at the Vermont-New Hampshire Banking School.

The newest addition to the flannelboard series at the MBA is the one on the trust department of a bank. This one was created to show that the future management of one's estate is important. It develops the thought that, with sound planning, the future of one's children is insured.

The board brings out the importance of having a will and shows

how a banker, a lawyer, and a life underwriter play a vital role in estate planning.

Many of the bankers of Massachusetts are using *You and Your Community Bank* in bringing the banking story to the public.

Mr. Tufts and Mr. Douglas both are using this flannelboard, as well as the others, in their speaking program throughout the state.

It is a technique that holds an audience's interest and adds to the educational value of the message being delivered by the speaker.

Statement of Condition

As of June 30, 1958

Assets

Cash on Hand and Due from Banks . . .	\$124,714,615.85
United States Government Securities . . .	122,497,553.32
State and Municipal Securities . . .	40,125,457.69
Other Securities	21,506,663.86
Loans and Discounts (Less Reserve) . . .	284,892,620.21
Customers' Liability Under	
Letters of Credit and Acceptances . . .	16,979,571.38
Bank Premises	6,821,688.32
Other Real Estate	165,643.05
Accrued Interest	1,886,553.71
Other Assets	483,322.88
	<u>\$620,073,690.27</u>

Securities carried at \$123,957,596.98 in the above Statement are pledged to qualify for fiduciary powers, and for other purposes as required by law.

Liabilities

Deposits:	
Demand	\$317,775,982.97
Time	156,050,729.63
U. S. Government	40,101,301.33
Other Public	43,773,108.04
	\$557,701,121.97
Accrued Taxes, Interest, Etc.	2,632,857.60
Dividends Declared	417,511.25
Interest Collected Not Earned	2,274,749.33
Letters of Credit, Acceptances and Acceptances Sold With Our Endorsement	17,042,436.38
Capital Funds:	
Capital	\$12,846,500.00
Surplus	20,153,500.00
Undivided Profits	7,005,013.74
	<u>40,005,013.74</u>
	<u>\$620,073,690.27</u>

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U. S. Steel Offers Banks Display Program

AS AN important part of its new "Steelmark" campaign to increase consumer preferences for products made of steel, U. S. Steel

Corporation has developed a program in which banks are called upon to display merchandise made of steel, in cooperation with local

stores and distributors, so that customers can give items a complete looking over and comparison before going to a store to buy them. This program, called "Shoppers Showcase," includes promotion kits which will be offered to banks and their newspapers to help them develop these community-wide events to stimulate local business activity. As part of this plan for a series of bank exhibits of merchandise, there is provision for tie-in advertising from retailers, in addition to that of the sponsoring bank. The free offer from U. S. Steel includes display, advertising, and direct mail materials, ideas for the banks, and a complete mat service for their newspapers.

U. S. Steel suggests a four or more week program, under the theme of "Lighten Your Work, Brighten Your Leisure, Widen Your World." The first weekly display could be of small electrical appliances, obtained from local stores or distributors for display purposes, under the banner "Lighten Your Work." The second, do-it-yourself tools and hand tools, under the banner "Brighten Your Leisure with A Creative Hobby." The trend could include sports equipment, such as golf clubs, fishing rods, reels, outboard motors, picnic and barbecue equipment, all of steel, under the banner, "Widen Your World of Fun." The fourth could feature children's interests, with bicycles, toys of steel, etc., under "Widen Their World of Fun."

Also proposed is a program in which the bank displays all brands of the same steel item available at local stores for a week . . . such as toasters, vacuum cleaners, etc., so that potential customers can see, feel, and examine them before going to the local store for the actual purchase. Manufacturers' literature could be distributed also. This provides a constantly rotating display at the bank.

If there's anything parents haven't learned from their experiences, their children can fill them in.

Promotion Tools for Drive-in Banking?



ALL METAL
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Imprint at bottom on **BOTH SIDES**

✓ **AND THIS . . . THE COLORFUL,**

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MARSHALL PORT HURON SAGINAW

STATEMENT OF CONDITION

June 30, 1958

ASSETS

Cash and Due from Banks.....	\$ 54,187,153.66	
U. S. Government Securities.....	149,577,247.75	
U. S. Guaranteed Loans.....	79,585,881.72	\$283,350,283.13
Loans—Other.....		216,663,685.69
Bank Buildings and Equipment.....		8,754,300.91
Other Securities.....		1,882,532.04
Accrued Income.....		1,561,140.43
Other Assets.....		1,249,579.40
Total Assets.....		<u>\$513,461,521.60</u>

LIABILITIES

Deposits.....		\$465,533,390.49
Other Liabilities.....		4,940,452.67
Deferred Income.....		15,529,231.74
Capital (\$10 Par).....	\$ 10,000,000.00	
Surplus.....	10,000,000.00	
Profits and Reserves.....	7,458,446.70	27,458,446.70
Total Liabilities.....		<u>\$513,461,521.60</u>

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New Books

CORPORATE BOND QUALITY AND INVESTOR EXPERIENCE. By *W. Brad-dock Hickman*. Princeton University Press, Princeton, N. J. 536 pp. \$10. This is the second volume of the monumental series on corporate bond financing prepared under the auspices of the National Bureau of Economic Research. Of particular interest to investors is the detailed appraisal of the ability of investment agencies and other rating systems to forecast the relative risk of default of different issues. The analysis of the yields of bond issues with different investment ratings is also of importance to investors. The implications of this study are discussed in a booklet entitled *Long Term Corporate Bond Experience*, published by the Committee on Investments of the A.B.A. Savings and Mortgage Division.

LEGAL INSTRUMENTS OF FOUNDATIONS. By *F. Emerson Andrews*. Russell Sage Foundation, New York. 318 pp. \$4.50. Contains 58 documents from 49 foundations, also acts of Congress and state legislatures, operational documents, governmental forms.

HOW FEDERAL TAXES AFFECT LIFE INSURANCE AND ANNUITIES. Commerce Clearing House, Chicago. 96 pp. \$1.50. An explanation of the general principles of Federal income, estate, and gift taxation as they affect life insurance and annuity problems.

ECONOMICS. By *Paul A. Samuelson*. McGraw-Hill Book Company, New York. 810 pp. \$6.75. Fourth edition of an introductory analysis. The author is professor of economics at Massachusetts Institute of Technology.

STABILITY AND PROGRESS IN THE WORLD ECONOMY. Edited by *D. C. Hague*. St. Martin's Press, New York. 267 pp. \$5. Main addresses and discussions at the first open congress of the International Economic Association held in Rome in 1956.

YOUR BUYING GUIDE TO MUTUAL FUNDS AND INVESTMENT COMPANIES.

By *Leo Barnes*. American Research Council, Larchmont, N. Y. 120 pp. \$3.95. The 1958 edition includes objective comparisons of many investment companies, picks the "best buys" for various investment purposes.

A CRITIQUE OF THE UNITED STATES INCOME AND PRODUCT ACCOUNTS. Princeton University Press, Princeton, N. J. 587 pp. \$11.50. This volume contains the papers and discussion of the 1955 Conference on Research in Income and Wealth, and is a report of the National Bureau of Economic Research, New York.

INVESTMENT BANKING FUNCTIONS. By *Merwin H. Waterman*. School of Business Administration, University of Michigan, Ann Arbor. 186 pp. \$4. The evolution of the functions and their adaptation to business finance.

BUSINESS COMMUNICATION READER. By *J. Harold Janis*. Harper, New York. 369 pp. \$6. Sixty-two selections picked to acquaint the reader with "good writing about business, professional help in developing his own communication skills, and some rewarding reading on the business culture." Authors include Pope Leo III, Adam Smith, Sinclair Lewis, Corey Ford, Washington Irving, and several contributions by business organizations—The Hanover Bank, General Motors, U. S. Steel, Burroughs Corporation among them.

THE ECONOMICS OF INTERNATIONAL MIGRATION. Edited by *Brinley Thomas*. St. Martin's Press, New York. 502 pp. \$9. Twenty-four papers heard at a conference held by the International Economic Association.

INCOME GROWTH WITH SECURITY. By *Sherman F. Feyler*. Macmillan, New York. 189 pp. \$4.95. Subtitled "The Formula-Plan Solution," analyzes plans followed by mutual, endowment, and trust funds. The selection and timing aspects of investment, equalization plans, and variable-ratio plans are carefully considered.

MANUFACTURERS TRUST COMPANY

Head Office: 44 Wall Street, New York

113 OFFICES IN GREATER NEW YORK

Statement of Condition, June 30, 1958

RESOURCES

Cash and Due from Banks	\$ 811,773,366
U. S. Government Securities	881,730,311
U. S. Government Insured F. H. A. Mortgages	74,195,769
State, Municipal and Public Securities ..	207,288,517
Stock of Federal Reserve Bank	4,511,700
Other Securities	29,452,840
Loans, Bills Purchased and Bankers' Acceptances	1,346,429,346
Mortgages	25,735,401
Banking Houses and Equipment	23,039,432
Customers' Liability for Acceptances ...	63,630,974
Accrued Interest and Other Resources ..	11,814,375
	<u>\$3,479,602,031</u>

LIABILITIES

Capital (5,039,000 shares—\$10. par) ..	\$ 50,390,000
Surplus	100,000,000
Undivided Profits	65,781,116
* Reserve for Possible Loan Losses	48,440,136
Reserves for Taxes, Unearned Discount, Interest, etc.	28,301,485
Dividend Payable July 15, 1958	2,519,500
Outstanding Acceptances	65,612,360
Liability as Endorser on Acceptances and Foreign Bills	31,810,012
Other Liabilities	1,654,998
Deposits	3,085,092,424
	<u>\$3,479,602,031</u>

* Applicable to cover such future loan losses as may develop. None are at present known.

United States Government and Other Securities carried at \$116,580,621 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

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With so much being said and done these days on the subject of electronic data-processing, the Datamatic Division of Minneapolis-Honeywell has added another medium to explain the latest automation developments. It's a motion picture titled *Giant Step Forward*. As narrator, Lowell Thomas tells the dramatic story of how high-speed electronic machines are reducing many of the paperwork bottlenecks now plaguing American business. Available to potential users of data-processing equipment. Further information may be obtained by writing to the company in Newton Highlands, Mass.

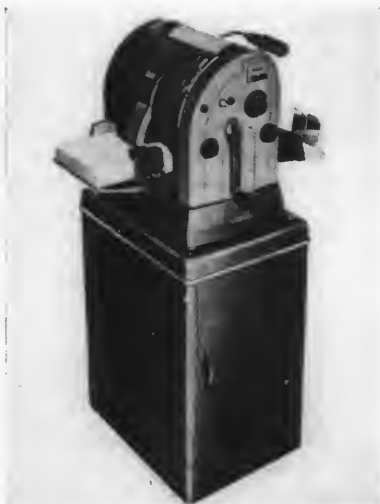
★ ★ ★

The mountains of data being produced by digital computers can be converted, automatically, into more meaningful graphs and curves. The Service Bureau Corp., an IBM subsidiary with 80 branch offices, now has available a new electronic machine which will do just that. Called a Dataplotter, the machine quickly



and accurately reads information from punched cards, then proceeds to plot the information into the more easily interpreted graph format. Available on an hourly basis through the local SBC office.

Rex Rotary Distributing Corporation recently announced a new series of twin-cylinder duplicators. The automatic, line-metered, continuous inking system, so well received on the previous model, has been made



exchangeable for quick, easy color changes on this Model D-280. Other advantages include rubber ink distributing rollers which save approximately $\frac{1}{3}$ on ink; an automatic, sealed ink cartridge which pre-selects ink density and number of copies, and, when empty, rings a bell so the operator can change cartridges while the machine still runs; and use of a sturdy silk screen in place of ink pads. New colors and design changes have also been added. Contact the corporation at 387 Fourth Ave., New York 1.

★ ★ ★

Latest addition to the line of desk and office equipment manufactured by Bert M. Morris Co., is their newest Satel-rite Ball Pen Desk Set. Designed to meet increasing needs for modernistic, "look of the future" styling, the Satel-rite is a handsome addition to desks designed in contemporary style. The company's address is 8651 West Third St., Los Angeles 48.

BOOKLETS

AVAILABLE for the asking are two new, informative offerings from Credit Life Associates, Inc., formerly Credit Life Agency, Inc. First, there's a Question and Answer manual designed to help sell credit life, accident and health coverage. Title: *Why Your Contract Should Include Credit Life, Accident and Health Protection*. Next, the first issue of *The Credit Checker*, has just been released. It's an up-to-the-minute report of trends, ideas, and information on the field of credit protection. To receive a copy of each, and to be placed on the complimentary mailing list, write to the company, Box 416, Grand Rapids, Mich.

★ ★ ★

A USEFUL public relations manual for the installation of electronic bookkeeping in banks stresses four phases of any conversion from manual to electronic accounting procedure. They are: (1) educating the employee before installation; (2) educating the customer before installation; (3) public and community promotion; (4) continuing educational programs after the equipment is installed. For a free copy of this *Handbook on Automation*, write United States Publishing Company, 1841 Meridian Street, Indianapolis 2.

★ ★ ★

Bank Applications for LeFebure Systems and Equipment is the title of this corporation's latest 40-page booklet. Thoroughly illustrated with photos, the reader is led from one department to the next and shown how LeFebure's products efficiently save time and manpower. Some of the bank's departments shown are bookkeeping, commercial loan, savings, auditing, and trust; lobby services, safety deposit and vault, and central information files are other areas covered. For your copy, contact the company in Cedar Rapids, Iowa.

AMERICAN TRUST COMPANY

San Francisco

Statement of Condition, June 30, 1958

RESOURCES		LIABILITIES	
Cash on Hand and in Banks	\$ 288,309,043.78	Deposits	\$1,617,490,234.91
U. S. Government Obligations	483,743,804.52	Acceptances Outstanding	1,335,633.83
State, County and Municipal Bonds	92,000,327.76	Reserve for Unearned Discount	14,515,827.92
Other Bonds and Securities	30,601,473.19	Reserve for Interest, Taxes, etc.	13,055,816.58
Stock in Federal Reserve Bank	2,400,000.00	Other Liabilities	3,663,070.54
Loans and Discounts	832,430,613.42	Capital Funds:	
Bank Premises and Equipment	17,711,560.76	Capital Stock	
Other Real Estate	1.00	(\$10.00 par value)	\$27,812,500.00
Customers' Liability under Acceptances	1,257,111.69	Surplus	52,187,500.00
Accrued Interest Receivable and Other Assets	14,825,231.36	Undivided Profits	33,218,583.70
Total Resources	\$1,763,279,167.48	Total Liabilities	\$1,763,279,167.48

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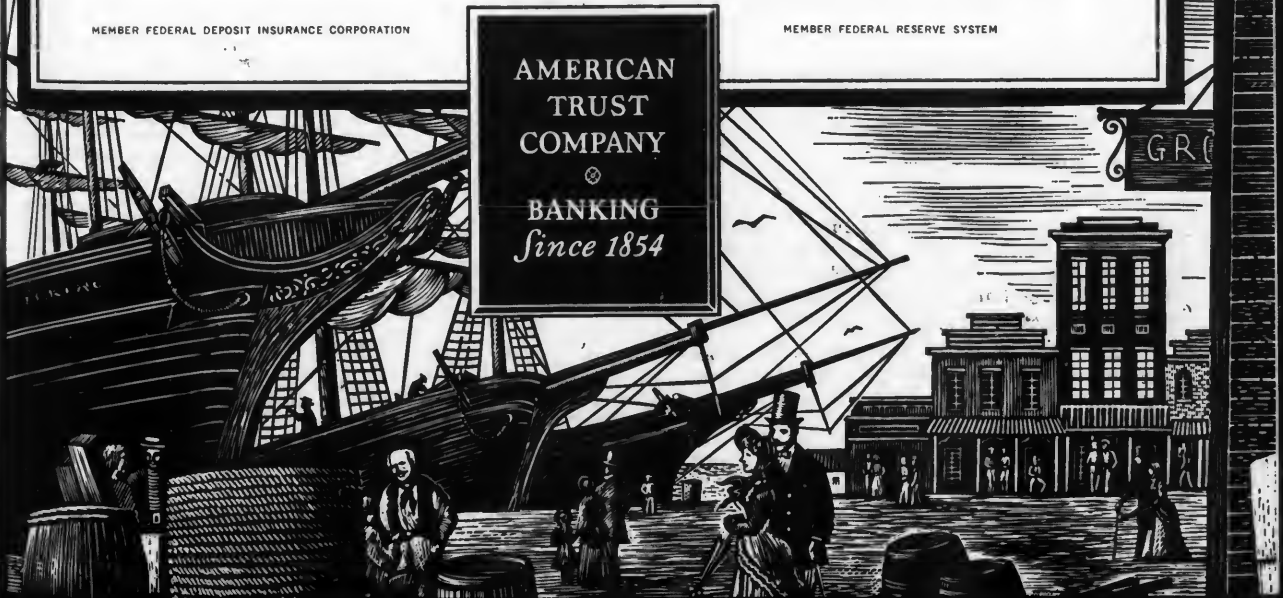
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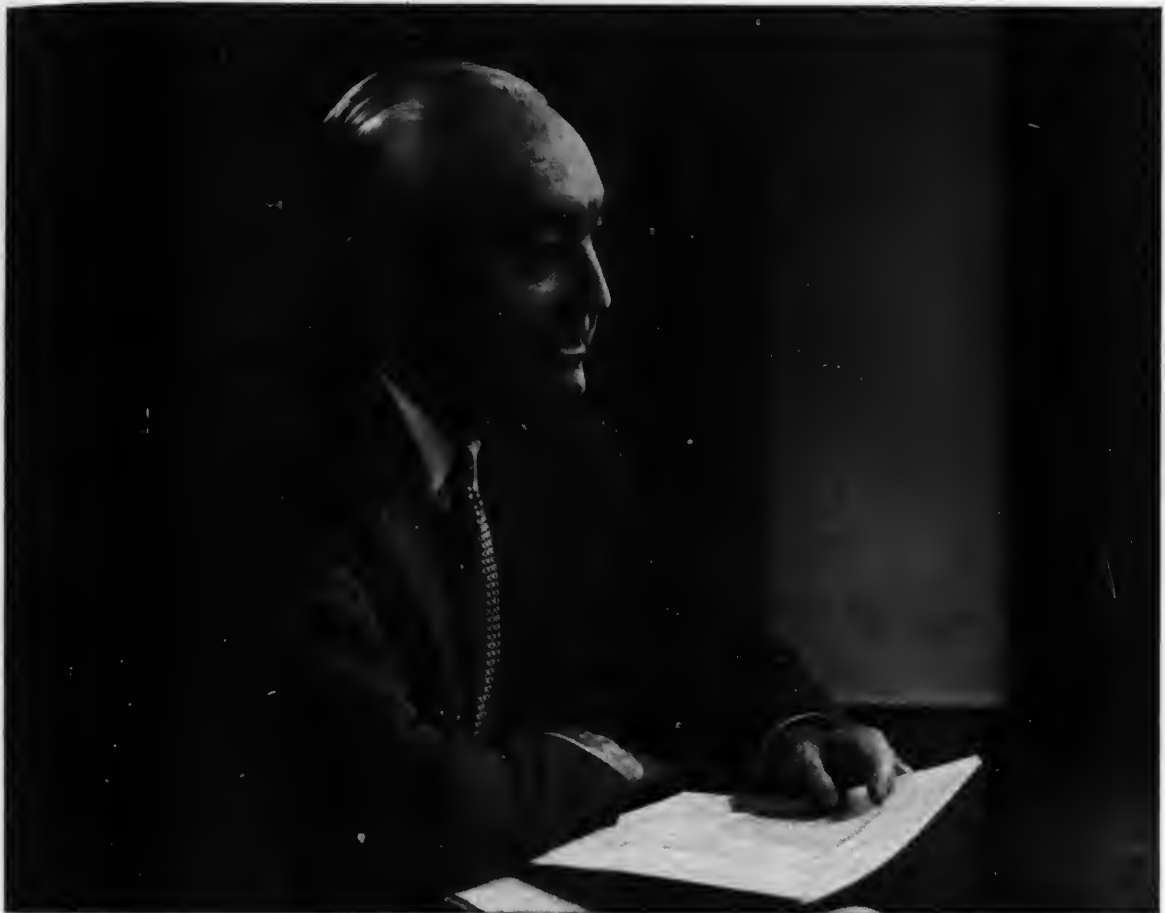
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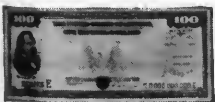
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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

models. The debt position of consumers eased much in the first six months, paving the way for a possible rise in borrowing on durable goods. The consumer price index is remaining quite steady.

The automobile people are preparing to make basic changes in car designs, although all of these will not appear in the pre-1959 offerings. The fat, showy vehicles that reflected the demand from millions of opulent customers in the years of the great boom, should give way to cars modeled for utility and adapted to particular uses. For instance, the long, wide, low types that you crawl into and lie down in may be comfortable for the highways of the open spaces but are a first class nuisance in cities or on any crowded main street in the nation.

Construction is expected to continue this summer and fall at a level comparable to last year, depending on the weather. Home building permits in nearly all cities have been increasing in dollar amounts and are now substantially higher than last year, even allowing for the rise in costs. (See complete summary on page 93.)

The total of new construction, including industrial, commercial, institutional, and public may be down a very small amount under last year, with the first two categories supplying all of the loss.

Personal income is running at an annual rate about a billion dollars higher than last year and the trend is moderately up. Much of this sustained volume is due to unemployment benefits, old age pensions, and other built-in inflators.

Employment seems to have steadied itself for the time being and the unemployment trend is about what might be expected for this season, when so many leave school and are added to the labor force. Incidentally, labor needs to do some serious soul-searching before the ever-increasing wages push some prices beyond the reach of millions of wage earners.

The inventory situation is slowly improving. The liquidation of business inventories continues, but at a slower rate. The trend is not likely to turn upward before December.

Next to the drop in business and investment, this has been the most aggravating element in the whole picture. In the space of a few months last winter we went from an accumulation rate of four to five billion dollars to a decumulation rate of \$10-billion.

The real question mark is the consumer, who has also been cutting his inventories of durables. The inventory-sales ratios are still very high in some manufacturing lines and, of course, in metals.

Farm prices have declined a little recently. This should bring a halt to rising food costs for city con-

sumers without hardship to producers, whose over-all income is about 10% better than last year.

Agriculture has had a good first half of the year and is likely to have a good second half. The low point in cattle and hog marketing was in the first six months and prices were better than they are likely to be the rest of the year. Crops are good and, of course, the farm machinery companies have shared in the general improvement.

The electric utility industry has probably done as well as any in demonstrating a recession-proof character. Kilowatt-hour sales are showing an increase over last year because of a gain of almost 10% in sales to residential customers. Sales to industry are off about 5%. It is expected that the remainder of 1958 will show a gain in total revenue of about 5% over the second six months of 1957, largely because the residential business is more profitable.

The railroad industry has not yet found a solution for its troubles. Except for materials and motive power, the rails have changed little in a half century, and operate in a regulatory atmosphere of lavender and old lace. Other modes of transportation, such as trucks, buses, and airlines, have moved in and are able to run small units at intervals warranted by traffic. In contrast, the rails are held to fixed schedules, high overhead, outdated and quaint regulations rooted in the Gay Nineties, multi-car trains, and labor practices that would make the angels weep.

Present rail earnings and prospects will never provide the basis for much-needed capital improvements and, unless the whole pattern is basically changed by legislation, the rails are engaged in a losing struggle for freight and passengers, with all that implies for the military and economic security of the nation.

Foreign Shadows

The condition of our foreign relations continues to cast a shadow across the business future. Former President Hoover's magnificent address at Brussels, telling the world about our national hopes and objectives, may help a little but did not reach enough people and does not begin to solve our problem.

The amount of our national wealth that has been distributed around the world in recent years is fantastic and seems almost a form of madness, considering how little we have to show for it. What we need is respect, not gratitude, and it seems only elementary logic that the methods that got us into this situation will not get us out. Whatever we have been doing, we should do something else.

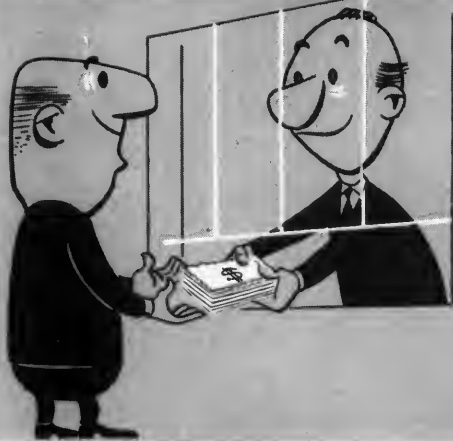
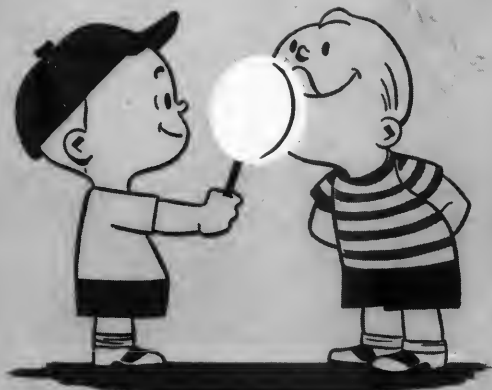
Years ago our relations with Mexico were in a hopeless state, and President Coolidge sent a quiet man by the name of Dwight Morrow down there to see what was wrong.

History records that by using words and actions, instead of dollars, he worked a miracle in restoring understanding with our neighbor to the south. General MacArthur did the same thing in Japan under different circumstances.

Perhaps more Morrows, Hoovers, and MacArthurs would do the trick, but where are they and where is the wisdom to use them?

WILLIAM R. KUHNS

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