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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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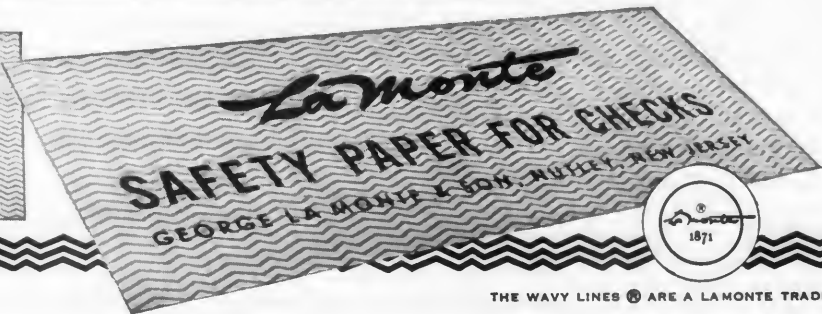


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Just a Minute

1954

THE Government's financial house-keeping plans are always top news around the first of the year, and never more so than at the opening of 1954.

Therefore our cover men for January are Budget Director JOSEPH M. DODGE, custodian of the world's largest public purse, and Assistant Director ROWLAND R. HUGHES.

That December Cover

FEW BANKING covers have attracted more attention than GRAHAM HUNTER'S December Christmas card drawing. Some of the comments came from tongue-in-cheek sharpshooters who raised sundry questions.

For instance, CHARLES F. ZIM-

MERMAN, board chairman of the First National Bank, Huntingdon, Pennsylvania, wanted to know:

"(1) How could the mill-wheel turn by water-power even if there were no ice?

"(2) What happens to the railroad train after it crosses the bridge—if it does cross it?

"(3) Who carried all that snow into the covered bridge?

"(4) How in the heck could a guy get four Christmas trees into or onto the back end of a sleigh?

"(5) The fellow 'out sleighing' with his best girl at the bottom of the picture holds a whip that is entirely too long! He sure couldn't use it on his 'pacer'. Most hosses are trotters. But the one up near the old mill seems to be a bit confused."



"Look at all those nice New Year's Resolutions!"

It's This Way, Chollie . . .

FAIR questions—and this is how we answered 'em:

"The water-wheel, Charlie, is one of those that works just the opposite from any water-wheels you have ever seen; in other words, it runs backwards.

"Regarding the tracks, there are not one, but two explanations. One



HARRIS & EWING

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

Our cover photo shows Federal Director of the Budget Joseph M. Dodge seated at his desk in Washington, as he talks to Assistant Director of the Budget Rowland R. Hughes. Mr. Dodge is a former president of the American Bankers Association. They have been working for months on what may be accurately described as the most momentous budget in our history

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*Is depreciation
"anybody's
guess?"*

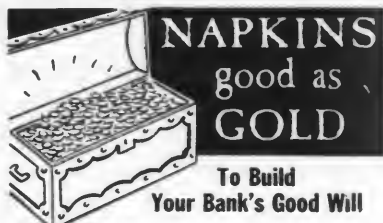
Depreciation is an important and measurable element in determining costs, profits, and taxes. Through property analyses and remaining life studies, the factor of variance in measuring depreciation may be reduced to a very narrow range.

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is that the tracks disappear on the other side of that little hill. Another explanation is that this town is the end of the line—it certainly looks like it!

"The day it snowed there was quite a wind, and it blew in plenty under the covered bridge.

"The load of Christmas trees is tied together with a stout cord, which you cannot see, and the whole thing is lashed firmly under the seat.

"The horses are all three-gaited, including the one by the mill, who is coasting with his two rear feet."

"All the Horses Are Pacers"

FROM PENSON H. LARRICK, cashier of the Farmers & Merchants State Bank of Darlington, Indiana, came this commentary:

"Kindly extend to Mr. Graham Hunter my appreciation for the excellent picture on the December issue of BANKING.

"I am interested in race horses and could not help but notice that all the horses shown in the foreground are on a pace. This to me is very unusual. The horse in the right background is on a 'break,' the manner in which some of my pacers act when the starter says 'Go!'

"This letter is not written in a spirit of criticism, but just to mention an unusual circumstance."

"It's Still a Beautiful Picture"

DR. A. S. HARPER, a dentist in Oelwein, Iowa, wrote:

"I am admiring the beautiful cover on the December BANKING.

"However, the road leading up to the church has me puzzled! Where did it come from? Also the railroad—where does it go? I am also greatly surprised to see the mill pond below the dam, instead of above the dam.

"It's still a beautiful picture."

We hope the patients liked it, too, Doc.

P.S. from G.H.

WE PHONED MR. HUNTER, read him the letters, and asked:

"How come?"

It is, of course, impossible to report whether Mr. H. blushed. But we can report that he emitted a couple of well-chosen "H-mms" and "well-wells." Then he said:

"Tell 'em for me I just wanted to see whether folks really look at a Christmas card. I know, now, that they do!"

How about that?

P.S. from BANKING

SEE MR. HUNTER'S January drawing on Very Important Customers, page 41.

(CONTINUED ON PAGE 6)

"Certainly I went to stenographic school? Did you ever go to dictation school?"





THAT'S A TRANSISTOR, invented at Bell Telephone Laboratories. This tiny electronic device can do many things that vacuum tubes can do and more besides. Though little larger than a coffee bean, it can amplify electric signals 100,000 times.

She's Holding a Five-year-old Granddaddy

The *Transistor* was announced only five years ago but it is already the daddy and granddaddy of many promising offspring. All of the growing uses of this tiny electronic device stem from its invention at Bell Telephone Laboratories.

Seldom has there been an invention with such exciting possibilities in telephony and in other fields. A recent issue of *The Reader's Digest* calls it "The Fabulous Midget" and reprints these

words from an article in the *Science News Letter*: "In less than half a century, the electronic tube has changed the world. The effect of the transistor on our lives may be equally potent."

The Bell System, in accordance with its established policy of making all of its inventions available to others on reasonable terms, has licensed forty companies to make and sell transistors. These include makers of advanced

equipment for defense, as well as radios, television sets, computing machines, hearing aids and electronic apparatus.

One of the first uses of the *Transistor* in telephony was in the new electronic equipment which enables telephone customers to dial Long Distance calls from coast to coast.

We can already see the time when it will bring many other improvements in both Local and Long Distance service.

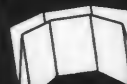
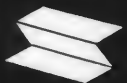
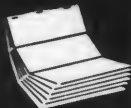
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(CONTINUED FROM PAGE 4)

If he's omitted any—well, we're always glad to get letters!

University of Banking

A RECENT issue of the *Journal*, newsy little monthly published by the Union & New Haven Trust Company of New Haven, Connecticut, is devoted entirely to "The University of Banking," the story of the American Institute of Banking.

The take-off is from a local angle—a brief word picture of the Yale campus. "However," continues the article, "'seats of learning' are no longer restricted to a single locale; in the case of at least one industry the 'campus' is nationwide. We refer to the 'University of Banking,' the American Institute of Banking, familiarly known as the A.I.B."

The account is factual, covering the Institute's beginnings, growth, curriculum, teaching methods, and supplemental opportunities for personal and educational development. The story of New Haven Chapter is also told.

What Week Is This?

THE Chamber of Commerce of the United States has published the 1954 edition of *Special Days, Weeks and Months*, listing more than 400 business promotion events, legal holidays and religious observances, with the dates, purpose, and sponsor of each.

(CONTINUED ON PAGE 11)

"What picture is showing? Why don't you advertise?"



Hopper

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Bank Building Corporation
OF AMERICA

Operating outside continental U.S. as: BANK BUILDING CORPORATION, INTERNATIONAL



Find the vice-president who just found a lost letter in his own desk

(CONTINUED FROM PAGE 6)

It's designed to help businessmen in their promotion plans with national celebrations, and also to support occasions like Fire Prevention Week, American Heart Month, March of Dimes, and Easter Seal Appeal.

Also listed are such events as Sadie Hawkins Day, National Laugh Week, and National Leave Us Alone Week.

Bankers are pardonably partial to their own Know Your Bank Week. This one, frequently promoted by state bankers associations, is widely observed these days. It has no special place in the calendar, but can be set down for any convenient period.

Fred Kent's Big Job

SPEAKING of "Bankers in Government Service" (as we did in last month's article), none of them has worked more unstintingly *pro bono publico* than FRED I. KENT, director of Bankers Trust Company, New York, and chairman of the A.B.A. Commerce and Marine Commission.

During World War I MR. KENT was director, Division of Foreign Exchange, Federal Reserve Board, a job that made him "czar," to borrow a label supplied by the newspapers, of international exchange for the Allies. From his offices in Washington and New York—he virtually commuted between the cities for two years—MR. KENT licensed all companies doing foreign exchange business and controlled all items in that field which went through Government departments.

He had the authority to say "No"

to any transaction which he felt was against the interests of the United States, and he made all the rules and regulations.

After the war he was told by a high Treasury official that his service had figured heavily in the victory, and that never was a difficult task more skillfully handled. The head of the French High Commission felt that this banker had saved the lives of 500,000 men by depriving Germany of large sums of money, and that he had thus helped end the war sooner than would have been possible otherwise.

MR. KENT also handled a series of transactions that kept Italy in the war. And by allotting silver production of the United States, Canada, and Mexico, he provided support for India's rupee.

All in all, you see, MR. KENT, like many others not mentioned in the article, was a "banker in Government service," too.

Banker Kent



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Maturing Australia

AUSTRALIA and New Zealand Bank, Limited, has published an appraisal of the continent's prospects in the light of its postwar expansion. The little book, "Australia's Continuing Development," is a sequel to "Industrial Australia" which the bank issued in 1949.

The new brochure points out that although the country no longer depends so heavily on overseas capital, there has been dollar borrowing from the International Bank for Reconstruction and Development, due to the urgent need for promptly obtaining capital equipment for important projects. A substantial proportion of the national income has been reinvested at home in recent years; however, says the book, "Australia's rapid development and her full contribution to British Commonwealth needs inevitably require more capital than her own people can reasonably be expected to provide."

She continues to look to her traditional source, the United Kingdom, "to maintain the flow of investment funds," but "investment from the United States and other countries will also be welcome."

Correspondent Banking

THE Reserve City Bankers Association *Bulletin* refers to the cor-

respondent banking service survey published in our October and November issues.

Editor JOSEPH J. SCHROEDER recalls the RCBA 1945 survey, to which the A.B.A. Country Bank Operations Commission contributed, and compares some of the statistics revealed by the two studies.

Wish We Could!

A BANKING reader, sending his subscription for one year, writes:

"I am only 75, but if you could assure me of 78 I would subscribe for three years!"

J. L. C.

When you tell your troubles to some one, you should be willing to listen to his.

No one gives out advice with more enthusiasm than an ignorant person.

The line between self-confidence and conceit is very important.

Some persons are like wheelbarrows. They stand still unless they're pushed.

There is a difference between having an aim in life and just shooting at random.

"Banking as a Career" was the theme of an exhibit by the Manufacturers National Bank of Detroit at the fifth annual Career Carnival held at Michigan State College. More than 12,000 students visited the carnival to seek answers about the future from more than 80 business organizations. The bank display provided interested college people with specific facts about the possibilities offered by banking





1. Kalistron dado. Maternity Ward, St. Vincent's Hosp., Bridgeport, Conn. Arch.: Fletcher Thompson.



Wall Center, U. S. A. — that's what they're calling United States Plywood Corporation. Among the wall coverings described below, you will find a solution to almost any wall problem — problems, for instance, like these:

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2. Kalitex on bedroom wall Hotel Roosevelt, N. Y. C.

1. **Kalistron** A transparent vinyl "coat of armor" shields this rich wall covering . . . its color is fused to the underside. Virtually impervious to scratches, scuffs, stains, rough-house. A damp cloth cleans it. 33 colors. Ideal in hospitals, theatres, restaurants, schools — wherever traffic is heavy — and careless.

2. **Kalitex** Gives more protection than any other wall covering at anything like the price. Made much like Kalistron, with the same vinyl-protected beauty. Its rough textured pattern is distinctively different. Super in hospitals, hotels, public buildings, etc.



4. Randomwood used in a home in Chappaqua, N. Y. Contractor: Joseph Cerrone.

3. **Flexwood** Genuine wood panelling in flexible form. Hence, you can curve it, wrap it around posts, get stunning matched grain effects over wide areas. Meets any fire code requirement. Over 25 million feet installed on new construction and alteration jobs. Every installation guaranteed. Widely used in banks, offices, public rooms, etc.

4. **Randomwood** Similar to Flexwood except the shading of the wood varies, giving an interesting "random" effect. Use it where imagination is high but budget is low. Hangs easily, like wallpaper. For a whole room or a dramatic single wall, in homes, small offices, anywhere. First cost is last cost for years.

Marketed Jointly by United States Plywood Corporation and The Mengel Company

3. Teak Flexwood law office of Miller & Burstein, Bridgeport, Conn. Architect: Victor Civkin.



UNITED STATES PLYWOOD CORPORATION
 Dept. K79, 55 West 44th St., New York 36, N. Y.
 (In Canada: Paul Collet & Co., Ltd., Montreal)

Please send information on products checked:

Kalistron Flexwood
 Kalitex Randomwood

Name _____
 Address _____
 City _____ State _____



**"At 65,
I Get My
Money Back..."**

... Yes, all the money I'm now paying for life insurance will be returned in full ... plus dividends!"

Under the new family security "insurance or money-back" plan offered by one of North America's leading life companies, the **SUN LIFE ASSURANCE COMPANY OF CANADA**, you can buy a policy which provides life insurance protection for your family until you are 65 and guarantees that, if you live to 65, all the money you paid will be returned to you in full ... plus accumulated dividends.

- OR... these proceeds at age 65 can be
- (a) used to provide an annuity;
 - (b) left on deposit with a guaranteed rate of interest;
 - (c) used to purchase a paid-up policy for the original sum assured, with a balance which can be taken in cash or as a guaranteed income.

Call the Sun Life representative in your district for more information about the Sun Life "money-back" plan, or mail the coupon below.

COUPON To the **SUN LIFE OF CANADA**

8th Floor, 607 Shelby St., Detroit 26, Mich.

Without obligation, I would like more details of the new Sun Life "money-back" plan.

Name

Address

.....

Age

A Correspondents' Conference

ON MONDAY, November 30, Chicago's First National Bank buzzed with extracurricular activity, as it was host to 1,412 bankers (and 662 wives) from 44 states and five foreign countries—all guests at the bank's seventh annual correspondents' conference.

For two jam-packed days, this group participated in serious discussions of banking problems from internal operations to the world scene. The group was divided into three separate audiences for the sessions held in meeting rooms of the Morrison Hotel, adjoining the First National. This conference school, operated on classroom principles with a precision timetable of rotating lectures to the three audiences, crams into a few hours the essence of a major bank's view of current economic and banking problems.

These conferences, started seven years ago, were initiated on a very modest scale with invitations to a small group of bankers from one or two neighboring states. The first meetings were more in the nature of "bull sessions," with the bank's key officers analyzing the future perspective of banking and business from their departmental viewpoints. Each year the size and scope of the conference expanded. Now it takes on the aspects of a major convention, but the guests are by no means convention-minded. They attend a work

session—and shirt-sleeve clinic—with a heavy schedule of formal lectures, panels, and personal consultation periods with the bank's officers. In addition to a number of outstanding authorities on economics and banking, the agenda lists talks by 25 bank officers.

The value of the conference is quickly summed in the opinion of one guest who said, off-side: "We need the big city bank viewpoint on many things to temper our perspective of banking on Main Street."

The purpose of the conference as expressed by Homer J. Livingston, president of the First National Bank, and vice-president of the American Bankers Association, is "aimed at making the banking structure stronger, and to alleviate causes for outside interference." It also identifies Chicago as an agricultural and industrial center and one of the top banking capitols of the world.

The conference this year added a new note with the introduction of discussions on monetary and fiscal policies and world affairs to give background and understanding to issues confronting the banking system generally. Herbert V. Prochnow, vice-president, recently returned from a tour of Asia, discussed impressions of the Far Eastern situation and counseled United States leadership in that area to inculcate

(CONTINUED ON PAGE 16)

Speakers' table at the dinner meeting of the correspondent bank conference of the First National Bank of Chicago



"Successful season due to modernization of our store..."

says R. C. Moen, Moen Photo Service, La Crosse, Wisconsin



PITTSBURGH PRODUCTS used in this smart-looking photo service shop include: Ivory Carrara Structural Glass for facia and bulkhead with laminated wine Carrara name sign; Polished Plate Glass for open-vision windows; and a Herculite Tempered Plate Glass Door in a Pittsburgh Free-Standing Door Frame. Architect: Frank J. Fuchs, La Crosse, Wisconsin.

• This is a typical experience. Many merchants and dealers of all kinds have reported great improvements in their businesses after the installation of a Pittsburgh open-vision store front. An attractive, up-to-date store front attracts new customers and pleases old ones — definitely widens the trading area for businesses of all types.

That's why modernization pro-

grams like this one are good investment risks for your bank. When you loan money to progressive merchants for such remodeling projects you are opening the way to profitable business for your bank.

The remodeling of your bank building, or your bank-owned or -managed properties will prove to be good investments, too. Depositors are attracted by a pleasing, modern-

looking bank building. Good-looking rental properties attract new tenants, keep present tenants happy, increase your revenues.

Why not get more information on remodeling with Pittsburgh Products? Send for a free copy of "How To Give Your Store The Look That Sells." It's full of ideas and suggestions on store modernization. Send in the convenient coupon.

**Store Fronts
and Interiors
by Pittsburgh**



Pittsburgh Plate Glass Company
Room 4121, 632 Fort Duquesne Blvd., Pittsburgh 22, Pa.

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

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City State.....



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PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED



Luckily for us our safe was cracked

*When we checked over its contents
we discovered a much larger "hidden" loss*

(Typical of what could happen in any office)

When yeggs blew our safe they gave it such a heavy charge that our accounting records came out of the blast in pretty bad shape.

Our regular bookkeeper was home sick at the time, so we had to go to work ourselves on the job of straightening things out. That's how it happened that we discovered some alarming discrepancies—evidence that a trusted employee had

gotten away with thousands of dollars of our firm's money.

What made this discovery such a stroke of luck for us was this: *we caught it in time.*

Our Blanket Fidelity Coverage was sufficient to cover the loss that had already occurred. But if we had not caught the embezzler when we did, we might have suffered heavily.

Of course you are fully protected against loss caused by dishonesty of your own employees. But how about your borrowers? Would an embezzlement leave them in such a position that they could not meet their commitments to you?

No one can tell when a man, even a "good" man, may crack under temptation, a moral strain too great for him to resist—especially when he has access to books that can be "juggled."

For *your* protection, as well as theirs, you should urge all your customers to guard against such danger. Suggest they consult their Hartford Accident and Indemnity Agent or their insurance broker for full information about Blanket Fidelity Coverage—"Dishonesty Insurance." Or write us for a free descriptive booklet.

Year in and year out you'll do well with the

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(CONTINUED FROM PAGE 14)

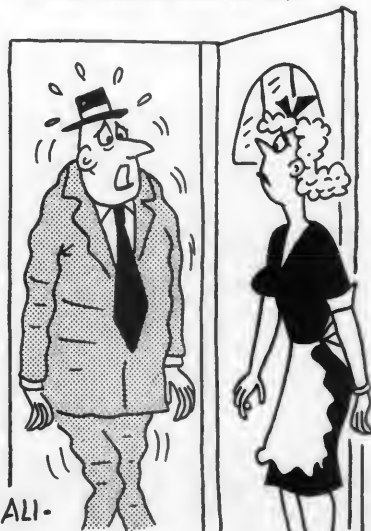
ideals of democracy. "All Asia," he said, "is aflame with the idea of independence."

Dr. Earl L. Butz, head of the department of agricultural economics, Purdue University, predicted the extension of the present farm price support program through 1954, while emphasizing that the future of agriculture is not "on the rocks." Gordon S. Rentschler, professor of economics at Princeton University, foresaw a rise in interest rates if inflationary pressures renew their threat, and regardless of the size of the Federal deficit. If business volume continues to decline, he said, interest rates will drop somewhat even if the Treasury enters the market as a large borrower.

Heyward T. Denyes, general vice-president, Industrial National Bank of Detroit, urged increased rates in instalment loans to a realistic level to absorb reasonable losses. Leo Wolman, National Bureau of Economic Research, cautioned against the assumption that the next few years will provide the right climate for an uninterrupted business advance or the maintenance of full employment. The effect of Government intervention remains the big question in the face of current business adjustment, which shows signs of being more extensive and stubborn than any since the postwar period.

Frank S. Townsend of the Con-
(CONTINUED ON PAGE 19)

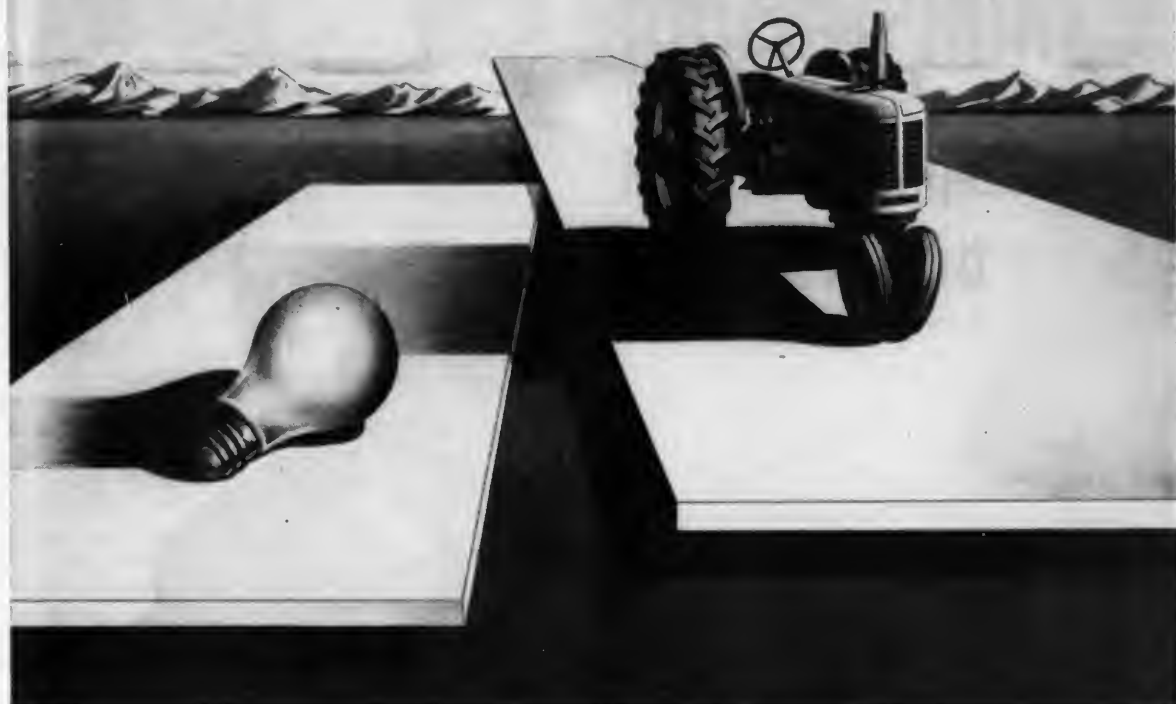
"Horrible day! The Boss's office is being repainted, and he worked at the desk behind mine all day!"



-All-

BANKING

WHAT DO THESE HAVE IN COMMON?



They are both good collateral when secured by a LAWRENCE FIELD WAREHOUSE RECEIPT

And there are countless other commodities which are Grade A collateral when covered by a Lawrence receipt. Bank officers throughout the United States, Canada and Mexico welcome inventory loans secured this way since each Lawrence warehouse receipt is backed by the *integrity* of the Lawrence Warehouse Company — a continuously successful operation for forty years.

In addition, each Lawrence receipt is backed by legal liability and fidelity bonds

totaling \$1,000,000 at *each* of the more than 2500 Lawrence field warehouse locations. Such comprehensive coverage affords unsurpassed *security* for banks and other receipt holders.

Consider, too, Lawrence *facility* — typified by the exclusive Lawrence-IBM Commodity Collateral Report for loan officers. Electronically compiled, this record keeps the banker always up to date on inventory values, while reducing the cost of servicing commodity loans.

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NATIONWIDE FIELD WAREHOUSING

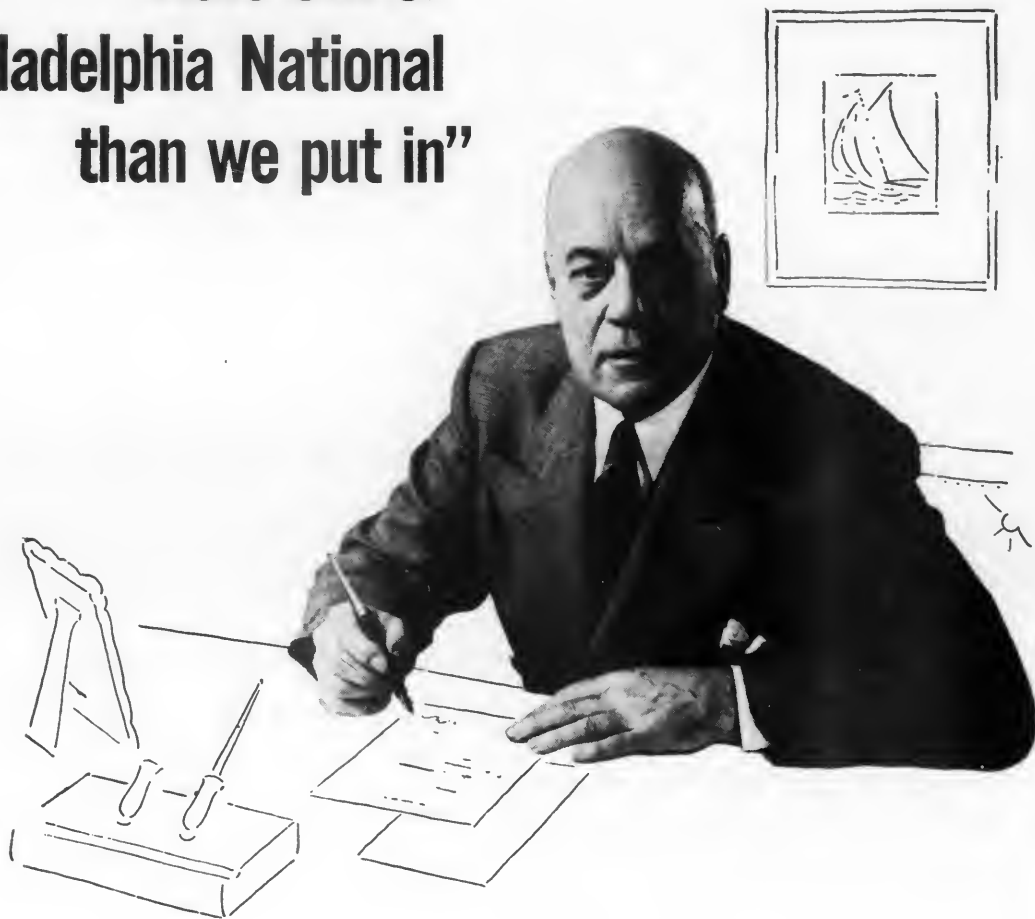
37 Drumm Street, San Francisco, California

100 N. La Salle St., Chicago 2, Ill.

• 79 Wall Street, New York 5, N.Y.

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more out of
Philadelphia National
than we put in”**



*When it comes to service,
you're never overdrawn at Philadelphia National.*

THE PHILADELPHIA NATIONAL BANK

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Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 16)

necticut General Life Insurance Company, discussing new business potentials, underscored the need of an active selling attitude in all dealings with the public—to sharpen the selling edge of banking services, as he put it.

One special conference feature that commands top billing is the symposium of the bank's lending division officers. This session opens broad discussions on many diversified industries. Here, in open forum, a bank whose trade area is dominated by one particular industry can relate his problems to the broad view of that industry generally, and the situations affecting allied fields.

Another feature of the conference is the "Bank of Tomorrow"—a display of machines and electronic equipment and their adaptations within the First National Bank. Here are units, some still in the testing stage, which hold promise for revolutionizing internal operations, with a tremendous step-up in mechanized production and a corresponding decrease in cost. One such unit is now being tested on First National Bank travelers checks. The imprinting of these checks carries a code of gold dots which identify the issuing bank, check number and amount, and other information. The cancelled checks are restored to original condition in a hydraulic press and passed through an electronic machine which automatically creates a duplicate of the information on a punch card.

The conference schedules some entertainment features to brighten the day's work, but work is what keeps increasing the attendance records year to year.

JOHN J. McCANN

"Isn't there something else you can talk about in your sleep besides the bank's correspondents' conference?"



January 1954

"Inside line in an instant!" RCA MODERNPHONE

Here's the fast, modern way to handle inside calls—at the push of a button. With Modernphone on your desk, you can have access to every executive, every department, at any instant. You leave your switchboard free for outside calls—get your party instantly even when your switchboard is at its busiest.

Check these important Modernphone advantages:

- Operates for pennies per year
- Does not broadcast your message
- Helps cut switchboard load
- Provides up to 30—or more—lines
- No complicated procedure to learn
(Just push a button for your party, and talk)

Let a 10-minute demonstration convince you

In just ten minutes, an RCA Modernphone distributor can place a Modernphone on your desk, and let you check Modernphone's speed.

RCA **RADIO CORPORATION of AMERICA**
SOUND PRODUCTS CAMDEN, N. J.

**FOR LITERATURE,
FOR A DEMONSTRATION,
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 Please send me information on RCA Modernphone
 Please have an RCA Modernphone Distributor give me a demonstration

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 COMPANY _____
 ADDRESS _____
 CITY _____ ZONE _____ STATE _____

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

Scribbles and Doodles

THE GREENPOINT SAVINGS BANK in Brooklyn, New York, has a 170-foot fence around its construction project and is protecting it from subway art through the addition of three painted "blackboards" which are labeled for "Scribbles and Doodles."

The property adjoins the bank's main office and is the site of an addition to that office.

The big fence contains a number of painted announcements explaining what the bank is up to. The "blackboards" were painted there in the hope that the usual art work and chalked messages might be confined to the space supplied for them. And the idea has worked pretty well.

It was feared at first that uninhibited comments might be encouraged, but very few have appeared, and these are erased regularly by the bank's maintenance men. Most of the material consists of caricatures of teachers, complaints about too much homework, and the publicizing of the Johnny-likes-Lucy type of love affair. With the exception of Hallowe'en night, few marks have appeared elsewhere on the fence, and the fence-writers seem to appreciate the bank's thoughtfulness.

R. STEWART RAUCH, JR., has been named executive vice-president of Philadelphia Saving Fund Society.

Heard Along



W. R. Reitz



L. M. Campbell



Peter M. Moffitt



Judge Sheehan

These promotions have been made at the Oil City (Pennsylvania) National Bank: W. R. REITZ, chairman of the board; L. M. CAMPBELL, president; M. B. MITCHAM, trust officer. MR. MITCHAM is an alumnus (Class of '53) of The Graduate School of Banking.

FIRST NATIONAL BANK of Jacksonville, North Carolina, not yet one year of age, will open a branch on January 2 in the New River shopping center. The branch will have drive-in facilities.

J. D. ZELLERBACH, president of Crown Zellerbach Corporation, San Francisco, has been elected a director of the Canadian Bank of Commerce, Toronto. He's a United States delegate to the United Nations and was formerly administra-

tor of Marshall Plan aid in Italy. His company has extensive interests in Canada.

The Hanover Bank, New York City, has assigned PETER M. MOFFITT to its out-of-town division to augment its representation in Illinois, Indiana, Minnesota, and Wisconsin.

When BARTHOLOMEW A. SHEEHAN retires on January 20 as Judge of the Camden County (New Jersey) Court, he will become vice-president of the Camden Trust Company in charge of its trust department.

Address of Distinction

BANK vaults are now in operation where a short time ago stood one of the most famous wine cellars in New York City. IRVING TRUST COMPANY has opened a branch in the new 380 Madison Avenue Building at the corner of 46th Street—the site for some 40 years of the Ritz-Carlton hotel. To celebrate the opening, the bank has published "A Sentimental Portfolio for Old Friends and New Neighbors," which is devoted principally to memories of the famous hostelry, but manages at the same time to put across the bank's story. The branch was formerly located just a block away, at Park Avenue and 46th. William B. Plate is vice-president in charge of the office.

CHARLES A. VAN WINKLE, president since 1916 of the Rutherford (New Jersey) Trust Company, has been named "Citizen of the Year,

This section of the 170-foot fence around the construction project of the Greenpoint Savings Bank, Brooklyn, shows one of the three "blackboards" thoughtfully provided for "Scribbles and Doodles"



Main Street



L. J. Schrewe



E. C. Anderson

1953" by the Rutherford Chamber of Commerce.

EDW. C. ANDERSON and LEONARD J. SCHREWE have been promoted to vice-presidencies at the First National Bank in St. Louis.

Receives Army Award

U. S. TRUST COMPANY, New York City, has received the Army's Certificate of Appreciation for its "patriotic cooperation" in granting time off to employees last summer for participation in training duty with active reserve units.

Benjamin Strong, president of the bank, accepted the scroll. Presentation was by Col. Isadore Hornstein, Commanding Officer of the 1006th Army Reserve Unit of Newark, New Jersey.

COMMERCIAL NATIONAL BANK of Santa Ana, California, has started construction of its second branch office. It will include two drive-in windows.

The Bank of Rogers Park, Chicago, has changed its name to THE FIRST COMMERCIAL BANK. The bank was organized to serve a neighborhood, and through the change in name "acknowledges all Chicagoland as its neighborhood," the bank says. The new name "more accurately expresses the nature of our business," according to Harold H. Stout, president.

A Certificate of Management Excellence has been awarded the

CITIZENS AND SOUTHERN NATIONAL BANK, Atlanta, by the American Institute of Management. The award was for outstanding accomplishments in research and development which have made it a "symbol of progressive and modern banking throughout the Southeast."

Rooftop "Drive-On"

STATE BANK & TRUST COMPANY OF WELLSTON, St. Louis, is constructing a new bank building which will feature "Drive-On" (not "Drive-In") banking. Customers may drive to the roof of the building to transact their banking business—or may park on the roof and descend to the lobby via automatic elevator.

The bank had outgrown the building it occupied for 10 years and the new building will quadruple the available space as well as providing for this novel feature.

MARK KEMPER, chairman of the executive committee of the Bank of Chicago, has been elected to the citizens board of the University of Chicago.

JOHN H. GRIER, vice-president of The First National Bank of Chicago,



A. E. Bradshaw, *right*, president of the National Bank of Tulsa and state chairman of the Savings Bond program for Oklahoma, and R. K. Lane, president of the Public Service Company of Oklahoma and bond chairman for the Tulsa district, examine a scroll of appreciation awarded to Mr. Bradshaw for his 12 years of service in the bond program. The scroll bears the signatures of state bond officials and W. Randolph Burgess, national director

retires as of December 31. MR. GRIER had been in charge of the bank's Government bond trading department since 1934, and taught Government securities as a member of the faculty of the Central States School of Banking at Madison, Wisconsin.

CLAIR M. FISHER, for 26 years with the trust department of the Camden (New Jersey) Trust Company, has joined The First-Mechanics National Bank of Trenton, (CONTINUED ON PAGE 24)

Members of the staff of Newark (Delaware) Trust Company line up at mobile unit for chest X-rays during statewide drive against tuberculosis



ANNOUNCING

**Sensational new addition to the Recordak line
combines these 7 time-saving, dollar-saving features**

1 Fronts and backs of documents are recorded simultaneously at 40-1 reduction, which is the highest ratio available today. This enables you to put over 29,000 check-size images on a 100-ft. roll of 16mm. Recordak Microfilm. All documents up to 11 inches wide can be photographed with maximum film economy.

2 New, high-precision automatic feeder handles over 500 checks per minute . . . over 200 letter-size documents. *As accurate as it is fast*, this built-in feeder has a separating device that all but ends possibility of documents overlapping. An electric counter shows you the exact number of pictures taken.



3 Gives you 3 methods of recording to match varying requirements

- (1) Duplex—the fronts and backs of documents are recorded simultaneously side by side on the film.
- (2) Duo—the fronts of documents are recorded down one side of the film, then up the other.
- (3) Standard—the fronts of documents are recorded across the full film width.

4 Exposes 2 rolls of 16mm. film simultaneously — you'll find this a wonderful convenience and saving when extra film copies are desired for vault storage, branch offices, other departments, etc.



5 Choice of 5 reduction ratios—ranging from 40-1 (for maximum film economy) to 18-1 (for largest pictures). This increases your scope still further . . . and you can change from one reduction to another by simply interchanging the lens kits in the built-in film unit.

6 Uses 35mm. film as well as 16mm. film . . . an advantage that will be especially appreciated when large side-by-side pictures are desired of the fronts and backs of accounting forms, statistical records, and other material containing numerous closely spaced entries.

7 Greater convenience for your operator. She can concentrate on large volume production—all controls are at her finger tips . . . easily reached from a sitting position. Documents are returned in correct sequence to a receiving tray above desk level. There is ample space for assembling documents prior to microfilming . . . plenty of leg room, too.



The Recordak Supermatic Microfilmer boasts attractive, all-metal design . . . is approximately 4 ft. high . . . requires less than 12 sq. ft. of floor space.

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Write today for full details on the Recordak Supermatic Microfilmer. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Ave., New York 22, N. Y.

THE RECORDAK SUPERMATIC MICROFILMER



RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

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with **STEEL-STRONG**

AUTOMATIC WRAPPERS

Mistakes are Impossible!

**BECAUSE AMOUNTS
AND WINDOWS ARE
ALWAYS IN REGISTER!**



**NONE OTHER
IS SO ACCURATE**

Wrap all coins from 1c to \$1.00 so accurately... they're made in a special machine that affords this unusual precision... any chance of error is eliminated! Patented Red Windows, revealing amount and denomination, afford ease of visibility. Whip all competition for quality, accuracy. America's No. 1 seller!



**"STEEL-STRONG"
"KWARTET"
COIN WRAPPERS**

**1 WRAPPER WRAPS
4 DENOMINATIONS
IN 1/2 SIZE PACKAGES**

A single wrapper designed to wrap pennies, nickels, dimes and quarters in HALF SIZE packages. Tapered edge. Printed in 2 colors. Made of quality Kraft stock for greater strength.

SEND FOR FREE SAMPLES

The C. L. DOWNEY CO.

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NAME.....

ADDRESS.....

MAIN STREET (Continued)

New Jersey, as vice-president and trust officer. JOHN J. ROGERS, formerly of Bankers Trust Company, New York City, also has joined First-Mechanics as assistant trust officer.

RICHARD R. HOLLINGTON has been elected president of the Ohio Bank and Savings Co., Findlay, Ohio, succeeding the late P. W. EWING who had headed the bank since 1912. MR. HOLLINGTON is the son of the late W. A. Hollington, who was president of the First National Bank of Findlay.

It took over 500 pounds of turkey for the special lunch for employees of UNION BANK & TRUST Co. of Los Angeles just before Thanksgiving. At the first of these annual parties, held in 1943, five turkeys sufficed.

WILLIAM P. ABBOTT, vice-president of the Central National Bank of Cleveland, has retired after over 42 years with the bank. He was active in the American Institute of Banking throughout his career and served as president of Cleveland Chapter in 1925-26. He and Mrs. Abbott have moved to their new home in Tryon, North Carolina.

OLD FARMERS AND MERCHANTS STATE BANK, Hillsdale, Illinois, held an open house to celebrate "a half century of business success."

E. ALLEN TEGARDEN, executive vice-president of the Bank of Illinois Valley, Cave Junction, Oregon, has been appointed to the board of directors, succeeding the late HARRY W. HOLMES.

FIRST NATIONAL BANK, Mobile, Alabama, has erected four electric signs on its building. Nearly half a mile of neon tubing is used, and the largest sign measures six feet wide by 68½ feet high.

BERTIE G. HALE, vice-president and auditor of The Bank of Georgia, Atlanta, received a gift from her fellow officers on her 25th anniversary with the bank. She's the only woman to hold office in the bank.

FIRST NATIONAL BANK OF NEVADA, Reno, published a 12-page rotogravure section to celebrate its golden anniversary. It was titled "over 50 years of Nevada banking history" and was replete with historic photos.

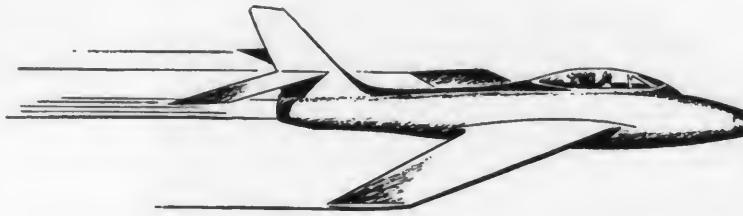
C. C. Simons

CHARLES COCHRAN SIMONS, vice-president of American Trust Company, San Francisco, died suddenly on November 17 at the age of 51.

MR. SIMONS entered banking with American Trust Company in 1923 after attending Stanford University. At the time of his death, he was vice-president and manager of the
(CONTINUED ON PAGE 27)

This window attracted passers-by to a hobby display of the work of the employees of The First National Bank of Arizona, Phoenix. The display lasted several weeks and was prompted by the thought that "any organization involving several hundred people is bound to have among them individuals with definite creative abilities"





Let Continental Illinois

Collection Service

save you time, money, and costly detail work

By sending your collection items to us—whether payable in Chicago or elsewhere—you can save yourself work and expense.

Picked up at the post office on arrival, Chicago items are presented on the same day, or the drawee is notified. Out-of-town items are forwarded by fastest available means.

Your record work is simplified by listing your collection items on one letter to us. You avoid handling remittance checks. You save postage. We do the tracing. Float is reduced to a minimum because we usually receive Chicago funds in settlement.

Continental Illinois National Bank and Trust Company of Chicago

LaSalle, Jackson, Clark and Quincy Streets

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Member Federal Deposit Insurance Corporation



Short waves travel long distances

London... Rome... Hongkong... Sydney... the whole wide world is the back yard of the family with a short-wave radio receiver.

Hallicrafters precision equipment, made in Chicago, is used in 89 countries and by 33 governments. A pioneer in the field of short-wave electronics, the company this year marks its 20th anniversary. The skills and experience that have made Hallicrafters a leading manufacturer in

short-wave radio stand behind its "new-dimension" television receivers as well.

For many years U. S. F. & G. has had a part in Hallicrafters' development by providing a variety of essential bonding and insurance coverages. Whether you produce precision equipment, sell goods or services, own your home or business; no matter what you do, there are U. S. F. & G. coverages to meet your needs.



Over ten thousand agents . . . there's one in your community.
Consult him as you would your doctor or lawyer.

U.S.F. & G.

CASUALTY-FIRE
INSURANCE

FIDELITY-SURETY
BONDS

United States Fidelity & Guaranty Company, *Baltimore 3, Md.*
Fidelity Insurance Company of Canada, *Toronto*



Harold Brummer



J. J. Cunliffe

MAIN STREET (Continued)

bank's office at 464 California Street.

MR. SIMONS was an alumnus of The Graduate School of Banking conducted by the A.B.A.

HAROLD BRUMMER and JOHN J. CUNLIFFE have been promoted to vice-presidents of Chemical Bank & Trust Company, New York City.

CHIEF RUNNING HORSE, a Cherokee Indian, recently donated to the Red Cross his 273d pint of blood in a blood donor day at one of the offices of the LINCOLN SAVINGS BANK, Brooklyn.

C. NELSON HACKETT, vice-president and trust officer of The Bank of California, N. A., San Francisco, has retired after more than 32 years with the bank. RALPH C. WHITSETT, JR., vice-president and trust officer, assumes MR. HACKETT's duties.

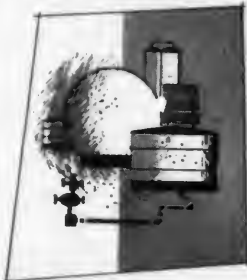
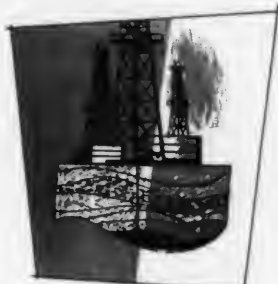
FARMERS NATIONAL BANK of Salem, Ohio, will open a branch in Hanoverton, Ohio, its third office. The building has been acquired and is being remodeled.

EDWIN J. WIGDALE was advanced to vice-president in charge of the investment division of First Wisconsin National Bank, Milwaukee, Wisconsin. H. J. SCEALES was elected assistant vice-president.

When two bankers in Watsonville, California, retire in January, they will have accumulated a combined 86 years of local banking experience. The two veterans are L. H. LOPES, chairman, and H. V. KADDERLY, president, of the Pajaro Valley National Bank and the Pajaro Valley Savings Bank. Their successors will be chosen at the annual stockholders' meeting on January 13.

ANGLO CALIFORNIA NATIONAL BANK, San Francisco, is opening a

January 1954



Have you business in VENTURA COUNTY?

Six of Security-First National's
140 Branches are here to serve you

It's likely that Ventura County—at the center of Southern California's rich coastal region—is in your active file.

It is the world's leading lemon-growing area—producing almost \$25 million-worth a year—and the world's greatest grower of lima beans. The orange crop is close to \$12.5 million.

From under lemon-gold trees comes black-gold petroleum—an annual 37.2 million barrels. Petroleum and natural gas production in 1951 topped \$108 million; total mineral production was \$110 million.

Security-First National Bank has served Ventura County since 1888. Today, it takes six Branches to do the job: Ventura, Oxnard, Santa Paula, Fillmore, Saticoy and Port Hueneme.

That's because population is now over 125,000. Building permits have totaled over \$20 million annually for the past four years. Retail sales (1952) were some \$149 million—over 5½ times the 1939 figure.

So we have facilities and experience to serve you in Ventura County. And, of course, one Correspondent account puts at your disposal the facilities of 140 Offices and Branches—providing complete, competent, streamlined Correspondent service from Mexico to mid-state Fresno, as well as throughout Metropolitan Los Angeles.

We would be pleased to serve you as Correspondent. Write:
Bank and Customer Relations Department.

RESOURCES OVER 1½ BILLION DOLLARS

MANAGING COMMITTEE

George M. Wallace, *Chairman*
Chairman Board of Directors

James E. Shelton
President

C. T. Wienke
Vice President

Chester A. Rude
Chairman Executive Committee

Paul D. Dodds
Vice President

Lloyd L. Austin
Vice President

SECURITY-FIRST
NATIONAL BANK
OF LOS ANGELES

MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

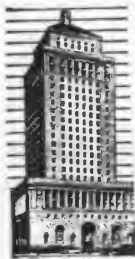
Big things are happening in
CANADA



....*Factory sites*

If you seek information for customers who plan to buy or build in Canada, consult the Business Development Department of the Royal Bank. We maintain a list of desirable factory sites and available premises and can answer your questions about labor, transportation, power, taxes, markets and similar subjects anywhere in Canada. Address your enquiries to—The Royal Bank of Canada, Business Development Department, Head Office, Montreal, Que.

Over 780 Branches in Canada, the West Indies, Central and South America, New York, London and Paris.



THE ROYAL BANK OF CANADA

New York Agency—
68 William Street, New York 5, N. Y.

**Total assets exceed
\$2,675,000,000**



Amelia Faiella



Ann H. Fallon

new branch in Stockton, its 35th office. It will occupy temporary quarters while constructing a new building.

Clinton Trust Company, New York City, has elected two women to officerships: AMELIA FAIELLA was made a vice-president; DORIS COLCLOUGH, assistant vice-president.

Newly promoted to assistant vice-president of Manufacturers Trust Company, New York City, ANN HENRY FALLON attains the highest rank held by any of the bank's 16 women officers. MRS. FALLON has been in personnel work for the last eight years; she has been with the bank since 1937.

PHILIPP E. LUEDERS has joined The Bryn Mawr (Pennsylvania) Trust Company to take charge of its public relations and customers' service activities.

The 34th office of VALLEY NATIONAL BANK, Phoenix, has been opened in San Manuel, Arizona.

The TORRINGTON (Connecticut) SAVINGS BANK has opened a new local branch with a drive-in window and parking facilities.

The newly organized BANK OF ENCINO, California, is owned and operated entirely by San Fernando Valley residents and is the only independent bank in its area.

Shareholders of the WASHINGTON UNION TRUST COMPANY, Washington, Pennsylvania, have approved the acquisition of their bank by PEOPLES FIRST NATIONAL BANK & TRUST COMPANY, Pittsburgh.

RICHARD W. HAVENS, staff economist and financial adviser of Electric Storage Battery Company, has been named president and chief executive officer of the Jenkintown

(CONTINUED ON PAGE 30)

What's in store for '54?



Today's business executives aren't the type to go in for crystal gazing. But the clear-as-crystal fact is that many of them are looking for answers to problems they've never faced before.

For, while productive capacity is at an all-time high, so are costs of materials and labor . . . of taxes and pension funds. Selling costs have also mounted. For the growth and decentralization of industry has brought the problems of increased travel time, more buying influences and more difficult access to plant personnel.

To maintain production at a profit-producing level, markets must be developed and protected. This calls for an aggressive sales program, properly coordinated with a consistent, effective program of business publication advertising.

Business Publications enable the advertiser to reach

—simultaneously and at pennies per call—the thousands of known and unknown buying influences who, in their search for products and services to fill their job needs, rely upon the business magazines edited for their specific industry or job interest.

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

Just released . . . McGraw-Hill's 1954 "Pulsebeat of Industry" discusses current trends and the outlook for 30 divisions of business and industry. We will be happy to send you a copy without cost or obligation. Write today for your copy.



McGRAW-HILL PUBLISHING CO., Inc.



330 WEST 42nd STREET, NEW YORK 36, N. Y.



HEADQUARTERS FOR BUSINESS INFORMATION



MAIN STREET (Continued)

(Pennsylvania) Bank & Trust Company. He succeeds WARREN T. LOCKER, who becomes chairman of the board.

Second French Honor

A. M. STRONG, vice-president of the American National Bank and Trust Company of Chicago, has been awarded the rank of "Chevalier de la Legion d'Honneur" by decree of the President of France.

This is the second honor bestowed on MR. STRONG by the French Government, he having previously received the Medal of Commercial Merit (Medaille du Merite Commercial) for his accomplishments and contributions to the development of international trade.

CAPITAL CITY STATE BANK, Des Moines, Iowa, recently celebrated its 75th anniversary. As the final event of the celebration it gave away 75 savings accounts totaling \$2,000.

PAUL M. PLUNKETT, partner in the law firm of McMahan and Plunkett, has been named general counsel and a director of Mercantile National Bank of Chicago.

JOHN R. EVANS, president of the First National Bank of Poughkeepsie, New York, was elected by member banks in Group 2 as a class A director of the Federal Reserve Bank of New York. MR. EVANS is

a member of the Economic Policy Commission of the A.B.A. and has in the past been active in other A.B.A. positions. LANSING P. SHIELD, president of the Grand Union Company, East Paterson, New Jersey, was re-elected by the member banks in Group 2 as a class B director.

The FIRST NATIONAL BANK of Wood River, Illinois, held open house on a recent Saturday and Sunday to show off its new banking quarters. An illustrated special supplement to the local paper issued the invitation to visit "the most modern and beautifully appointed banking house in the midwest—the bank you made possible for us to build."

Second Profession

D. R. JOSEPH E. HUGHES, president of The County Trust Company, White Plains, New York, recently celebrated his 25th year in banking. DR. HUGHES practised as a dental surgeon for 16 years before he became a banker. He entered banking in 1926 as an organizer of the First National Bank of North Tarrytown, New York. He later became a director and vice-president in 1928 of The Washington Irving Trust Company in Tarrytown, which merged with The County Trust Company in 1947. DR. HUGHES also is chairman of the board of regents of The Graduate School of Banking.

Here is the lobby of Fidelity-Philadelphia Trust Company as it played host recently to the third annual exhibit of the Regional Council of Community Art Centers



Directresses receive last-minute briefing prior to opening of the third office of the 103-year-old Emigrant Industrial Savings Bank. It is located on Seventh Avenue, opposite New York's Penn Station. The ladies, left to right, are: Doris Leska, Mary Assani, Rita Conners, and Anne Horgan, head of their staff

Assistant Treasurer JOHN SHAW has been named manager of the new North Broad Street office of the Provident Trust Company of Philadelphia. The branch is to open early in 1954.

Sky-High Banking

R.UIDOSO, a community of 4,000 at a 7,000-foot altitude in the Sierra Blanca mountains of New Mexico, for years had struggled along without a bank, so the Chamber of Commerce put up \$650 to organize a campaign to obtain stockholders and a charter. The campaign was successful.

Ruidoso's population increases to 25,000 during vacation and racing season, and during racing season the parimutuel take is over \$3-million. This had to be transported quite a considerable distance.

The new RUIDOSO STATE BANK is proud that its charter is the only one ever granted in New Mexico without a single correction, addition, or deletion in its suggested structure. Heading the board of directors is KENNETH S. WATT, president of the Chamber of Commerce, "the man whose enthusiasm, far-sighted ability, and salesmanship founded a bank on \$650."

MRS. CLAIRE GIANNINI HOFFMAN, member of the board of the Bank of America and daughter of the bank's founder, was the subject of a fea-

(CONTINUED ON PAGE 32)



“Fired? I quit!”

Read how banks helped farm machinery replace the horse.

Give the grey mare above a carrot for horse sense. She retired knowing full well that only a stubborn mule would try to compete with any breed of 1953 tractor.

Today most American farmers (along with a good many farmers abroad) burn gas instead of oats to get their horsepower. Thus the mechanical marvels turned out by America's farm machinery manufacturers have been put to work around the world. In less than 50 years their inventive genius created machines and implements that have stepped up the plowman's daily “turnover” from 2 to more than 30 acres.

Bank money helped

But without *banks* things might have

been a lot different down on the farm.

From the early steel-wheeled monsters to the most modern hydraulic-lift beauties, banks have helped manufacturers turn out faster, tougher, easier-to-use farm machinery.

How?

Well, bank loans help tractor and implement companies right down the line—stocking raw materials, accessories—gearing assembly lines to new models—freeing working capital for development and research. On the marketing level, bank loans help finance dealers, and come full circle by helping individual farmers buy tractors and implements.

What this means to you

Add all this up and you only need half a squint to see that commercial banking hoes a long row in the manufacture and distribution of the ma-

chinery used by American farmers to grow and harvest some of the biggest, most bountiful crops in the world.

This is true because of one grass-roots fact: *It's competitive banking's job to make the community's idle funds available whenever and wherever business finds opportunities for profitable enterprise.*

It follows, as reaping follows sowing, that under these conditions there are jobs for men and women, returns for investors, and a rich harvest of material advantages for Americans, rural and urban.

Chase National Bank is proud of the part it is playing in American progress.

* * *

The CHASE National Bank

OF THE CITY OF NEW YORK

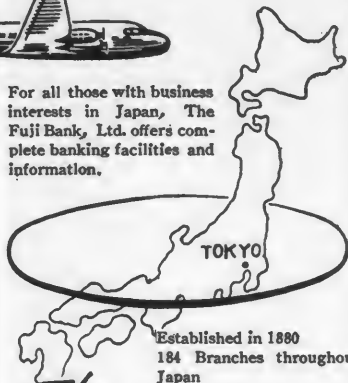
(Member Federal Deposit Insurance Corporation)

Ask

The FUJI BANK, LTD.
about Japan...



For all those with business interests in Japan, The Fuji Bank, Ltd. offers complete banking facilities and information.



Established in 1880
184 Branches throughout Japan

The
FUJI BANK, LTD.

CAPITAL ¥ 2,700,000,000..
Chairman of the Board of Directors SEIJI SAKO

HEAD OFFICE: Chiyoda-ku, Tokyo
LONDON BRANCH: Court-hall chambers, Angel Court, London E.C. 2

Because we work around the clock...

YOUR CHECKS ARE COLLECTED FASTER

THE NATIONAL CITY BANK of Cleveland



623 Euclid Ave.

Member Federal Deposit Insurance Corporation

MAIN STREET (Continued)

ture in the December 3 issue of *The Christian Science Monitor*. The article was by Marilyn Hoffman (no relation) and was titled "In Father's Steps."

EAST RIVER SAVINGS BANK, New York City, has opened a new office at the corner of John and Dutch Streets in the heart of New York's financial district. The new office is equipped with piped-in music, which was turned on for the construction men before the building was finished. A week-long celebration marked the opening of the new quarters.

GULF NATIONAL BANK, Lake Charles, Louisiana, recently played host to 79 lawyers, tax consultants, and bank trust officers at a meeting at which amendments to the Louisiana tax laws were explained.

JOSEPH F. BIRMINGHAM and DAVID T. SCOTT have been named vice-presidents of First National Bank of Boston. MR. SCOTT is a former national president of the American Institute of Banking.

JESSE W. TAPP, executive vice-president of Bank of America, N.T. & S.A., has been elected president of the San Francisco Chamber of Commerce.

This weather tower of Citizens National Bank of Evansville, Indiana, is the first such bank installation in the state and through its colors gives weather predictions to people up to 10 miles away



Sandblasting the exterior of the Crawford County Trust Company's 6-story skyscraper in Meadville, Pennsylvania, showed such immediate results that local newspapers printed this picture

NATIONAL BANK IN WAHPETON, North Dakota, has become affiliated with First Bank Stock Corporation, Minneapolis, which operates 74 other banks with 80 offices in Minnesota, North Dakota, South Dakota, and Montana.

150th Birthday

THE NEWPORT (Rhode Island) NATIONAL BANK on December 2 celebrated its 150th anniversary with a party and luncheon at the Hotel Viking. The bank, reputed to be the 12th oldest in the nation, is the only bank of such age in America which is still occupying its original building. A display of many of the bank's original records and documents was a feature of the luncheon.

WALTER J. O'DONNELL, formerly director, Small Business Division, RFC, has been elected president of the First National Bank of Arlington, Virginia.

At the Central National Bank of Richmond, Virginia, WILLIAM C. SCHMIED was named assistant cashier, and RIEMAN MCNAMARA, JR., became assistant trust officer. MR. SCHMIED is a student at The Graduate School of Banking. Both have been active in Richmond Chapter, A.I.B.

V. HERBERT GORDON has been elected president of the North Adams (Massachusetts) Savings Bank, succeeding the late WILLIAM P. McCRAW. RICHARD E. PIERCE was elected vice-president to succeed MR. GORDON.



"Our *National* Teller's machines are saving us over \$20,000 a year!"

"Located as we are in the center of one of the fastest growing areas in the country, we've had serious problems with customer service and bank operations.

"Thanks to mechanization with National's Class '41' Teller's machines, we have not only improved customer relations, but established a remarkably efficient self-sustaining audit program as well. At the same time, our National

Proof and National Savings machines have also proved to be excellent investments that pay a handsome return.

"We're so pleased with our 14 Nationals, that we've ordered 11 more for unified operations in our four offices."



W. Bremer Jr.

— Comptroller
The Meadow Brook National Bank
Freeport, Long Island, N. Y.



\$18,000 annual saving on tellers' time. One second after setting up the amount of the deposit on National's Class "41," Meadow Brook tellers have a validated deposit slip and customer receipt. **Result:** tellers are released for other work within the bank, "delighted to complete their proving so much faster."



\$1,235 saving on costs of carbon roll paper and deposit tickets. Single-form deposit ticket and receipt, automatically perforated for quick separation, speed service for Meadow Brook's 16,500 personal and 1,500 commercial accounts.



\$1,100 saving on pass book costs. The printed receipt issued by National's Class "41" costs practically nothing, lends itself to attractive design which serves as an ad for Meadow Brook. Handsome folder for holding receipts costs *less than half* the price of pass books.

How can the new National Teller's machine speed customer service and teller balancing in your bank? How much will it increase efficiency and cut costs for you? Call your local National representative for the money-saving details today!

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO



You're looking at "tomorrow . . .



This modern bank interior was designed by architect, Kenneth Franzheim, for the new Texas National Bank of Houston, Texas. Due for completion early this year, the bank will contain two new Mosler Century Bank Vault Doors. The cash vault will be protected by a new Mosler Century-10 Rectangular Vault Door, the safe deposit vault, by a new 16" Mosler Century Circular Vault Door. Note that this door is in main lobby . . . in full view of customers.

w . . but tomorrow is already here

This advertisement is the first of a series showing modern bank interiors by leading bank architects scheduled for construction in 1954 . . . incorporating the new symbol of modern American banking . . .



Mosler beauty is functional beauty in this new Century line of Bank Vault Doors. The design of both square and round models was the work of famed industrial designer, Henry Dreyfuss, and Mosler engineers. The ease and security of operation of these doors is as outstanding as their appearance. Incorporated are all the virtually impregnable features that have made Mosler the overwhelming choice of leading banks throughout the world.

The Mosler Century Bank Vault Door

Perhaps you were in Washington, D.C., September 21st, when the new Mosler Bank Vault Door was unveiled to the banking world. If you were, you probably sensed that you were witnessing something that would have a far-reaching influence on the modern banking office. You were right.

Almost overnight, the modern, massive beauty of this new Mosler development became the glistening symbol of the bank of tomorrow . . . the "new starting point" for bank architects in creating their interior plans.

In designing the Century line of Vault Doors, Mosler engineers and famed industrial designer, Henry Dreyfuss, sought to express the bold, forward-looking visions of progressive bankers everywhere . . . to reflect their ideas . . . to add new impetus to America's trend toward bank modernization.

That they have succeeded, even beyond their greatest hopes, has been evidenced by the increasing number of new bank interior designs built *around* the Century Vault Door.

If you would like further details about the Century line of Bank Vault Doors, simply write or wire The Mosler Safe Company, 32nd Street and Fifth Avenue, New York 1, New York.

The **Mosler Safe** *Company*
Since 1848



HERE'S AN

ARIZONA MIRACLE

THAT MAKES A PIKER OF ALADDIN!

Forty miles northeast of Tucson there is a rolling, cactus-studded desert area where, a few months ago, *nobody* lived.

A few months from now this site will be the ultra-modern city of San Manuel, one of the 10 largest cities in Arizona.

COPPER, of course, is the magic symbol that accounts for this fantastic transformation.

Magma Copper Company owns thousands of acres in the area, and through its subsidiary, the San Manuel Copper Corporation, is changing the landscape with a breath-taking vision that makes a piker of Aladdin and his wondrous lamp.

In the first place, Uncle Sam agreed to buy \$184 millions of copper ore from the San Manuel mines.

Exploration disclosed enough low grade copper ore at the 700 ft. level to keep miners busy for 50 years.

Of course this required a new crusher plant; a huge, multi-million dollar mill, smelter and a railroad. So RFC made the largest business loan in history — \$94 millions — to develop this ore body and produce copper. One hundred million dollars will be expended before the first dollar's worth of copper goes to market.

San Manuel is expected to increase the total U. S. copper production by 8%, and the molybdenum production 16%. Last year, incidentally, Arizona produced more than 42% of the nation's copper . . . more than 15% of the entire world output of copper.



In addition to machinery and equipment, obviously an operation this size also requires thousands of workers. So Magma rolled up its sleeves and started on a scale that puts the Arabian Nights to shame. A complete, spanking-new town is being built to house the employees and their families.

First, an internationally-famous planner laid out the sites and winding roads. Then plans were drawn for modern, attractive, comfortable homes; for schools, churches, shopping centers; for playgrounds, utilities, sewers, paved streets, water systems, etc.

The city of San Manuel is designed to house over 7,000 persons. It will be a model community in every respect, with swimming pools, public parks, a hospital and theatre. Already homes and shops are being filled as rapidly as they are completed.

Before the first ore is shipped, San Manuel will take its place among leading Arizona cities with a payroll estimated at \$10 millions annually.

The entire town is literally springing up to blueprint specifications, built with \$8 millions supplied by private capital and managed by the builders, Del E. Webb Construction Company. An attractive city is planned, with neat lawns, trees and shrubbery. Starting from scratch, there will be no "wrong side" of the tracks, no slums. And with a firm 25-year Government commitment on its copper, San Manuel need fear no "ghost town" future.

* * * * *

The Valley National Bank is proud to be spearheading the group that is providing interim building financing for the construction of the \$8 million city.

Our service is being extended to San Manuel, where we are establishing the 34th office in our statewide system. The office is now functioning in temporary quarters, providing banking services for the army of construction workers.

Even in this remote desert area, the experience, know-how and resources of the largest bank in the Rocky Mountain States are available.

ARIZONA'S STATEWIDE BANK

RESOURCES OVER \$300 MILLION



Home Office: Phoenix

MEMBER FEDERAL
DEPOSIT INSURANCE
CORPORATION

The OUTLOOK

and CONDITION OF BUSINESS

BUSINESS and industry look back on the most satisfactory 12 months in history and forward to a year that promises in the aggregate to be almost as good.

The prevailing view is that the level will decline slightly in the first part of the year and turn upward before fateful November. This opinion has come to possess observers so completely that it might be well to investigate whether it is based on facts or is an epidemic of year-end wistfulness.

The country lifted itself to a new high level of living in 1953. The Federal Reserve Board estimates that the year-end tabulations will show a gross national product of \$360-billion, a record in volume and dollars of all goods and services.

Personal income for the year is about \$285-billion, or 6 percent over the previous year. One important factor contributing to this was the absence of serious labor trouble in 1953, whereas in 1952 the long steel tie-up affected many industries.

The widely evident feeling that 1954 will be almost as good as last year springs from several facts and assumptions, mainly five, distilled from a BANKING survey of informed opinion among bankers across the country.

(1) Competition will increase both in selling and in the field of technological development. It has been so long since generally competitive conditions existed that many concerns will have difficulty adjusting themselves.

(2) The Government is committed both to a balanced budget and a dynamic economy, so the debate over which comes first will be lively in this election year.

(3) Some tax relief is sure but illusory because the Government will seek substitutes immediately. A more realistic approach to the problems of depreciation and double taxation of dividends is being studied, but, with deficits still in prospect it is hard to see how these efforts can be fruitful.

(4) The whole economy has been unusually stable for a year or so and this has been due largely to monetary and other policies in which business has confidence.

(5) The war threat seems less imminent, so expenditures for defense and foreign aid will tend to decline.

(CONTINUED ON PAGE 132)



WIDE WORLD

Out of Fear, into Peace

In a speech before the United Nations Assembly (in photo at left, with UN officials in background), President Eisenhower made a proposal which some characterized as the most important event since Hiroshima. In the course of his statement he said:

"Against the dark background of the atomic bomb, the United States does not wish merely to present strength, but also the desire and the hope for peace.

"The coming months will be fraught with fateful decisions. In this [UN] Assembly, in the capitals and military headquarters of the world; in the hearts of men everywhere, be they governed or governors, may they be the decisions which will lead this world out of fear and into peace.

"To the making of these fateful decisions, the United States pledges before you—and therefore before the world—its determination to help solve the fearful atomic dilemma—to devote its entire heart and mind to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

Washington

Some Pending Business

LAWRENCE STAFFORD

SOON the time for decision on virtually every major national issue will be at hand. In a few days President Eisenhower will submit his annual message on the State of the Union. Following will come the budget and economic messages. These will tend to crystallize what the executive side of Government believes should be done about a whole range of foremost problems.

Already the process of reaching or seeking to reach decisions has begun, with the conferences before Christmas at the White House between the President and his congressional leaders.

While the President is forced early in the game by the schedule of messages to settle more or less upon what shall be his program, it is most likely that Congress will take much longer to crystallize its own thinking. And what will turn out as the final legislative decision

on most issues quite likely cannot be foreseen too clearly until the session is much further along.

This is because the Administration lacks a working majority (considering dissenters) in either House, and the minority will tend to coalesce somewhat more than usual in the hope of ousting the Administration party from its nominal control of Congress.

So, much more than has been the case in many years, Congress itself will become the predominant influence in framing national policy. And that policy will be framed by a species of give and take, a "collective bargaining" process peculiar to parliamentary bodies.

One of the things to watch for first is whether there emerges a prospect of all-around agreement—that will stick—on the outlines of an achievable legislative program. If the lieutenants of Mr. Eisenhower in Congress do succeed in framing a limited program which can be handled in six months (after which

Congress will be itching to go home to campaign for the forthcoming elections), then their only problem will be to make the necessary compromises and adjustments with the opposition to get as much as possible of it approved.

Without some sort of an agreement, and one having the President's blessing, the forthcoming session is likely to be the most unpredictable in a generation.

Banking Issues May Be Crowded Out

In the light of the many hotly controversial issues likely to arise, it will be largely a matter of luck or accident whether legislation of more direct interest to commercial banking will receive any prolonged consideration.

Last year the Senate Post Office Committee held hearings on a proposal to provide for the gradual liquidation of the Postal Savings System. This enterprise seemed to be going along fairly well until the

Post Office Department and organized labor objected. Its fate is uncertain.

Chairman Homer Capehart (R., Ind.) of the Senate Banking Committee almost completed hearings on a bill further to regulate bank holding companies. He was barred from completing hearings when Senator Wayne Morse (L., Ore.) objected to the committee holding hearings while the Senate was meeting.

Senator Capehart at the time manifested the strongest interest in getting a holding company regulation bill through his committee. Meanwhile, however, the chairman launched another legislative project, the study and possible reform of the Export-Import Bank and the problem of providing necessary financing aids for exports generally.

This took Mr. Capehart, several other Senators, and most of the staff of the Banking Committee on a tour of South America to study Export-Import Bank operations. So far as is known, no negotiations have gone forward since adjournment toward working out a draft of holding company legislation.

Following the decision of the Supreme Court refusing to review a U. S. Appellate Court decision against the Federal Reserve Board in the Transamerica case, the Board announced it was taking no further action. The Board had several years ago launched a case against Transamerica Corporation, charging it was in violation of Sec. 7 of the

Clayton Act. The Board ordered the corporation to divest itself of ownership in a large number of banks. This closes the case.

There was also pending in committee a project to set standards limiting the chartering of branches of Federal savings and loan associations by the Home Loan Bank Board. It was proposed in a bill that the Board do not charter branches except in conformance with the policy of state supervisory officials.

Start Tax Reform Early in Session

There was a prospect that every effort would be made to get the proposed tax reform or over-all revision bill going promptly. At writing, the plan was for a "committee print" of a tax reform bill to be considered almost immediately by the Ways and Means Committee after Congress meets.

It was planned that the committee would consider the terms of this bill, upon which there was expected to be Treasury agreement, in executive session. After a few weeks, the measure as finally agreed upon would be introduced and started along its way toward adoption.

At some stage, however, the Congress will have to consider the subject of tax rates, including what should be done about the expiring higher rates of tax on corporation income and upon excises, rates which drop down April 1 unless extended.

One thought was that prompt con-

sideration of the over-all revision bill first would enhance chances for ultimate enactment of tax reform, especially if this subject could be separated as long as possible from the controversial subject of rates.

Congressional Menu Is Extensive

Apart from taxes, the docket of issues facing the session—unless meantime trimmed—is extensive.

Congress apparently has before it the subject of reconsidering all foreign trade and economic policy, including the question of aiding and arming foreign countries.

Congress is generally disposed to cut foreign aid spending heavily. The White House, on the other hand, would like to merge foreign military appropriations with the appropriation for U. S. armed forces, and buy military equipment heavily in foreign countries—contributing also indirect economic aid.

Under the Randall Commission the entire tariff and trade policy, including Point IV and any other foreign investment matters, is being reviewed. Presumably the Commission will report by March, and perhaps earlier. The Randall group is known as the Commission on Foreign Economic Policy.

Farm Supports Expire

Unless Congress renews their life, the present system of farm price supports expires with the 1954 crops. Hence Congress will be impelled either to extend or to modify this system.

INDIVIDUAL INCOME TAX RATES

Surtax Net Income*	Top of tax bracket	1953		1954		Approximate percentage reduction in tax on tax bracket rates	Dollar reduction in tax on amount in Col. (1)
		Tax on Amount in Col. (1)	Rate of tax on excess above Col. (1) but not above Col. (2)	Tax on Amount in Col. (1)	Rate of tax on excess above Col. (1) but not above Col. (2)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
0	2,000	.....	22.2%	.....	20%	9.9%	.....
2,000	4,000	444	24.6%	400	22%	10.6%	44
4,000	6,000	936	29%	840	26%	10.3%	96
6,000	8,000	1,516	34%	1,360	30%	11.8%	156
8,000	10,000	2,196	38%	1,960	34%	10.5%	236
10,000	12,000	2,956	42%	2,640	38%	9.5%	316
12,000	14,000	3,796	48%	3,400	43%	10.4%	396
14,000	16,000	4,756	53%	4,260	47%	11.3%	496
16,000	18,000	5,816	56%	5,200	50%	10.7%	616
18,000	20,000	6,936	59%	6,200	53%	10.2%	736
20,000	22,000	8,116	62%	7,260	56%	9.7%	856
22,000	26,000	9,356	66%	8,380	59%	10.6%	976
26,000	32,000	11,996	67%	10,740	62%	7.5%	1,256
32,000	38,000	16,016	68%	14,460	65%	4.4%	1,556
38,000	44,000	20,096	72%	18,360	69%	4.2%	1,736
44,000	50,000	24,416	75%	22,500	72%	4.0%	1,916
50,000	60,000	28,916	77%	26,820	75%	2.6%	2,006
60,000	70,000	36,616	80%	34,320	78%	2.5%	2,296
70,000	80,000	44,616	83%	42,120	81%	2.4%	2,496
80,000	90,000	52,916	85%	50,220	84%	1.2%	2,696
90,000	100,000	61,416	88%	58,620	87%	1.1%	2,796
100,000	150,000	70,216	90%**	67,320	89%†	1.1%	2,896
150,000	200,000	115,216	91%**	111,820	90%†	1.1%	3,396
200,000	.....	160,716	92%**	156,820	91%†	1.1%	3,896

* Gross income minus deductions and exemptions. Use 1/2 for a joint return; then multiply tax by 2.

** Maximum overall tax is 88% of net income.

† Maximum overall tax is 87% of net income.

Reprinted from "Accountants' Weekly Report" of October 5, 1953; published by Prentice-Hall, Inc., 70 Fifth Avenue, New York.

On the one hand, the Administration has been leaning toward a somewhat lower and more flexible system of supports designed to discourage somewhat the production of the big surplus farm crops. On the other hand, members of Congress have become convinced that a reduction in the percentage of supports could not

be passed even if attempted, and if passed, would lead to retribution against Republican members in the election next November.

The chances seem to be that the congressional viewpoint will prevail at least for the immediate year or so ahead, and that the present system of supports is likely to be ex-

tended intact to the 1955 and maybe subsequent crops.

T-H Changes Debatable

To what extent the White House would actually propose modification of the labor-management relations, or Taft-Hartley Act, in an endeavor (CONTINUED ON PAGE 113)

Milton Eisenhower's Report on the Colossus of the South

LIKE so many other reports nowadays, that submitted to the White House by Dr. Milton Eisenhower on his official visit to South America flickered briefly in the news and into the files. Yet it deserves a second look because of what the Population Reference Bureau in Washington calls the "population explosion" which is taking place in Latin America all the way from the Rio Grande to Punta Arenas. In terms of population, the "Colossus of the North" has already been displaced by the "Colossus of the South," a process which is being given added momentum by our Point IV activities.

"In each decade since 1920," reports Dr. Eisenhower, "Latin America's population has risen at a progressively faster rate. The present rate of 2.5 percent per year exceeds that of any other major region . . . and is at least twice the world average. If this rate continues, Brazil's present population of 53,000,000—already more than that of the UK or of any Latin nation of Europe—will double in about 35 years. Within 50 years Latin America's population, now equal to that of the United States and Canada, may reach 500,000,000, or double the total anticipated for the latter two countries.

"The future problem," continues the report, "is even greater than is suggested by these figures, for the rapid introduction and spread of public health measures will have an appreciable effect on the death rate."

Citing things Point IV is now doing in the war on disease, Eisenhower continues: "Thus, the problem is not merely that of increasing production to improve the lot of the existing population. . . . If the contest is to result in a higher average standard of living, in-

creases in production must appreciably outstrip population growth."

This exploding population has long-range significance in the diplomatic and economic worlds. For the businessman an expanding population spells bigger markets, always assuming that the population is able to earn its way. It means that the remarkable growth of Latin American cities which we have seen in our own generation will tend to continue. It means continued industrialization and economic development and increased demand for American capital to finance the process. As Latin Americans' numbers grow, their dissatisfaction with their "small" share of U. S. foreign assistance—reported by Dr. Eisenhower—also may grow.

"We encountered everywhere a widespread desire for steel mills, metal fabricating plants, food processing plants, textile industries, and a wide variety of consumer-goods fabricating facilities. Industrialization has gone so apace in some countries, notably in Brazil and Chile, that it has outstripped the production of food and fibre

. . . transportation, communication, and power. This imbalance . . . is a serious roadblock in the way of balanced economic development." But, the report states, if Latin America's vast resources "are properly joined with capital," given stable political and economic conditions, we shall witness an enormous agricultural, mineral, and industrial development in Latin America in the next 25 years.

In this space we can but touch on some of the report's other findings. Everywhere in South America the Eisenhower group found severe actual and potential power shortages, despite all that the Eximbank and World Bank have been doing there. "Power facilities . . . are gluttons for capital." Yet private capital for power demands assurances as to earnings and remittance of profits, which all too often are lacking. In general, dollar loans have not met Latin American aspirations.

Dr. Eisenhower reports: "They view with skepticism all explanations of our need to reduce our own public expenditures. . . . To them our financial capacity appears unlimited. . . . Unhappily, the need for foreign capital is accompanied throughout most of Latin America by a rising tide of nationalism . . . often closing the door to the very help and cooperation which are so desperately needed. . . ."

"Private capital cannot be induced by the U. S. Government to flow [abroad]. . . . It must be attracted. . . . There is too much opportunity at home for U. S. capital" for it to go abroad and risk "discriminatory treatment, 'creeping expropriation,' inadequate opportunities to make reasonable returns. . . ."

HERBERT BRATTER

A Kiss for Cinderella



ROBINSON IN THE INDIANAPOLIS NEWS

Gold Policy To Be Reconsidered in 1954

HERBERT BRATTER

AMERICAN gold policy is to be the subject of Senate hearings in 1954. The inquiry will be conducted by a Banking and Currency subcommittee whose members are Senators Bricker (chairman), Bennett, Payne, Goldwater, Maybank, Robertson, and Douglas. The occasion for the hearing is the Bridges bill, S.2332, introduced on July 9 last by the Republican Senator from New Hampshire. Mr. Bridges is president pro tempore of the Senate and chairman of the powerful Appropriations Committee. An identical bill has been introduced in the House of Representatives by Representative B. Carroll Reece (R., Tenn.). No House hearings on it have been set.

Return to 1933?

Once the subject of gold is opened to hearings, all aspects of the monetary use of gold seem sure to be aired. The Bridges bill is a measure to restore the gold coin standard in the U.S.A., to make the dollar domestically convertible into gold coin as it was before March 1933, but at the present ratio of \$35 per troy ounce of gold and not at the pre-

New Deal price of \$20.67. If the Bridges bill becomes law, it will be legal for Americans to hold gold in coin or bullion form. It will be legal again to draw contracts containing the gold clause. Everything will be as it was in 1933, so far as the individual is concerned, excepting the official price of gold. In this way the Republican Party would redeem the promise in its 1952 platform, as Mr. Bridges puts it, "to restore sound money freely convertible into gold coin."

Gold Coinage Spokesmen

During the hearings we should expect to hear the case for a return to gold coinage expounded by spokesmen for those groups which have been demanding it for years: the Gold Standard League, of Latrobe, Pa., and the Economists National Committee on Monetary Policy, with headquarters in New York. We must also expect to hear from spokesmen of the American gold mines and their representatives in the Congress, both Republicans and Democrats, who in the past have sought a higher official price of gold, a "free market," or other sub-

sidy measures. And, doubtless, we shall hear from still others with alternative ideas. But, primarily, we shall hear from the Treasury Department and the Federal Reserve Board.

Policy Changes Little

Since taking office last January, the policymakers of the Treasury Department have made no direct move toward "a dollar on a fully convertible gold basis." Instead, the Treasury Department has contented itself with gold policy as left to it by the Fair Deal and New Deal administrations. Up to this writing we have had statements from Treasury spokesmen, notably W. Randolph Burgess, Deputy to the Secretary of the Treasury, to the effect that the Treasury opposes a higher price of gold, opposes a return any time soon to the internal convertibility of the dollar into gold, opposes other attributes of the full gold standard such as the right of individuals to hold gold bullion or to export it freely, and opposes committing the price of gold to the mercies of a free market.

Concerning a higher price of gold,
(CONTINUED ON PAGE 118)



JUST 20 YEARS AGO

A scene in the White House in January 1934, as the President signed the gold devaluation law. Watching this historic event are, left to right, Herman Oliphant of the Treasury, Secretary of the Treasury Morgenthau, Chairman Black of the Federal Reserve Board, Prof. George Warren, George L. Harrison, head of the New York Federal Reserve Bank, and Prof. James Rogers

What's Wrong With Appliance Financing?

A. ANTON FRIEDRICH

MR. FRIEDRICH is professor of economics at Washington Square College, New York University.

APPLIANCE financing is the subject of this month's panel discussion.

Within recent months appliance financing has been viewed with growing concern by manufacturers, distributors, dealers, and bankers. No group believes the situation to be satisfactory. Some manufacturers have complained that the banks lack interest in appliance financing and one of the larger manufacturers is reported to be considering an expansion of its facilities for direct financing of dealers. On the other hand, the banks are not any more happy about their relations with appliance dealers.

In the hope of throwing some light on the difficulties, BANKING asked a representative group of bankers from various sections of the country to comment on the following questions. The coverage of replies is national in scope and includes banks of both large and medium size. The questions are:

- (1) Do you extend floor plan or wholesale financing accommodations to appliance dealers?
 - (a) If you do—on what basis?
 - (b) If you do not—why not?
- (2) On what basis are bankers purchasing retail transactions from appliance dealers?
 - (a) Type of agreement
 - (b) Rate
 - (c) Terms
- (3) Do you think the available bank financing facilities for the appliance industry are adequate?
- (4) What do you believe is necessary to make appliance financing attractive and sound so that more banks will offer this credit service?

To open the discussion I think it would be desirable to summarize some of the more important characteristics of the appliance market, particularly those which bear upon the problem of financing.

(1) Consumer demand for appliances is relatively unstable. It is highly sensitive both to the upswing and downswing of cyclical fluctuations. In 1929, consumer expenditures for durable consumer goods (which includes automobiles as well as appliances) was \$9.4-billion; in 1933, the depth of the depression, consumer expenditures for durable goods had fallen to \$3.5-billion, a drop of close to 63 percent. On the other hand consumer expenditures for nondurables fell by 40 percent.

Of the more recent period, over the years 1947 through 1953, the annual percentage changes of consumer expenditures for nondurables ranged from less than 2 percent to 10 percent. The range of annual percentage changes in the case of durables varied from slightly less than 4 percent to as high as 23 percent, by approximately double the range of fluctuation for nondurables.

Consumer Preferences Show Decided Shift

The shift in consumer preferences for durable goods is not only of considerable magnitude but can also be rapid. We need only to recall the sudden upward jump of consumer demand for appliances in the latter part of 1950 and the first part of 1951. It was during this period that distributors, dealers, and consumers fought for appliances in anticipation of shortages that did not materialize. Manufacturers expanded their production and it was only a short time later when the market turned from scare buying to surplus supplies, price wars, cash discounts, fictitious turn-ins, and "no-down-payments."

Nineteen fifty-three has its own

story of market instability to tell. March of 1953 was the peak month in the case of three types of household appliances with the highest dollar volume of sales. In the case of electric refrigerators, unit sales declined steadily after March; and in September, six months later, were more than 40 percent below their March peak. The September unit sales of electric freezers were barely one-half the volume of March and the unit volume of sales of electric ranges had declined by 44 percent. It is clear that not only is consumer demand for appliances rather fickle but also that within any one year a change in consumer preference can occur with startling rapidity. It is also interesting to note that the 1953 decline in appliance sales occurred in a year when employment, personal income, and consumer expenditures were at all-time record levels.

(2) Under these circumstances it is not surprising to find that the fortunes of dealers are also somewhat insecure. When the market is expanding, they may be riding the waves with only a modest venture of capital and competence necessary for success. A sudden turn of events may find them in a trough of near disaster, facing insolvency or at best a difficult struggle to survive. Dealer mortality is high. Thus a banker writer, "... our experience has been that a strictly appliance dealer is not 'long for this world' . . . right now I do not believe that we have over one strictly appliance dealer that was with us before the war. . . . They come and go. They go broke, they sell out, or they liquidate and go to other areas."

Demand Fluctuates

The fluctuations of consumer demand, however, are not solely responsible for the instability of dealers as a group. The ease of entry

seems to share the responsibility. Another banker who also prefers to remain anonymous says: "It is so easy to get into the appliance business, such modest capital and technical knowledge and experience are needed, that the field is readily overcrowded with more than a fair share of marginal operators."

Paul M. Welch of the Citizens and Southern National Bank of Atlanta, Georgia, places emphasis on the overcrowding of the market. "With 60,000 dealers, it is impossible to have a sound distribution system of the goods manufactured in this field. With 15,000 to 20,000 dealers, the job could be more effectively done, and at a satisfactory profit to the dealers. Very simply, if manufacturers would sign only dealers with sufficient capital and who could soundly and profitably operate this business, and then teach them how to be sound businessmen, banks would offer the needed credit services beyond any question of a doubt in my mind."

The marketing practices of manufacturers and distributors also are suspect. One banker suggests that one of the reasons why dealers get into difficulty is the sales pressure of manufacturers or distributors. "I have had more than one dealer come to me asking that I protect him against the pressure of sales representatives to stock a larger inventory than he can safely handle." Another banker who also prefers to remain anonymous says: "It has been our observation that there is very little protection by either factory or wholesaler for the so-called 'franchised' dealer. Because of the magnitude of production in the industry, items are sold to practically any retail outlet, by subterfuge, if necessary, to give lip service to franchise dealer relationship."

Overproduction, instability of demand, overcrowding of the market with inadequately capitalized and inexperienced dealers, undue zeal in some instances for sales volume by factory or wholesalers all contribute to a market structure in which demoralization may happen quickly. This obviously adds to the risks and costs of financing dealers.

(3) The average size of appliance loan on the retail level is usually relatively small. In view of the large number of small dealers, the average amount of wholesale accommodation is also not large. Moreover, so far as

floor planning is concerned, a relatively small loan may involve a relatively large number of items which require frequent checking. Thus the per-dollar costs of acquisition, inspection, and collection of appliance loans are higher than in the case of other types of instalment lending.

In general, however, bankers are prepared to service the industry. Small floor plan accounts are unprofitable and expensive from the viewpoint of control, but at the same time we feel, says one of the respondents, "it is our job to provide this service for the small dealers if we expect the business of larger dealers." "Despite its unattractive aspects," writes another, "we quite willingly engage in appliance financing because we do not believe that we actually suffer through such participation and we do feel that the business should be supported by the necessary consumer credit from banking sources. It has become a very large industry making an important contribution to our standard of living and general economic progress."

Banks Are the Major Source of Appliance Financing

In fact, one might say that banks are almost the only source of appliance financing. Banks have outstanding more than \$2-billion of appliance loans which is more than 74 percent of all credit granted by financial agencies against appliances. These ratios are even more significant when they are compared with the distribution of automobile and all instalment loans. Banks account for barely 40 percent of automobile loans and approximately 48 percent of the total of all instalment loans granted by financial institutions.

Thus it seems that cold statistical fact gives adequate support to the opinion of one respondent. "You can say, beyond a question of a doubt (that bank credit facilities) . . . are the best available for the industry" and we may add, "all but a small part of what is available."

The Terms of Floor Plan Financing

All the bankers who responded to the inquiry reported that they were making floor plan loans. The variations from the standard contract of 90 percent of invoice for 90 days, three renewals, each for 30 days with

a 10 percent reduction, and an overall maturity of six months were minor and few. One bank allows only two renewals with an over-all maturity of five months, another bank grants an original accommodation of 100 percent of invoice with an over-all maturity of six months and with three renewals, and a third bank limits the loan to 80 percent of invoice. A fourth permits the maturity to run for a year in some cases.

There were some variations of practices with respect to repurchase agreements by distributors or manufacturers. Only three banks of the 15 who replied stated specifically that they required repurchase agreements although some of the replies indicated that others also did so. One banker questioned the desirability of repurchase agreements by factory or wholesaler feeling that repurchase agreements encouraged marginal loans and overstocking. Others, however, felt that making the manufacturer or distributor a party of interest reduced the risks of appliance financing and thus added to the financial strength of the industry.

The rates tend to run pretty uniformly from 6 percent to 7 percent.

The Terms of Retail Financing

The terms and rates of retail financing indicate a much greater variation in pattern than is true of dealer financing. A reasonable summary would run as follows:

- (1) Downpayments—usually 10 percent, but in some instances, on some types of paper to 20 percent.
- (2) Repurchase agreement—the usual arrangement is for full recourse with dealer obligation to repurchase after delinquency has run for 90, in some cases 60 days. One banker, however, prefers non-recourse loans with no holdback and another requires limited recourse.
- (3) Dealer reserve—With the exception of nonrecourse loans, a dealer reserve is required. Usually the holdback runs from 2 percent to 5 percent. Usually also there is a differential between the bank rate and the dealer rate to the customer which is added to the reserve until it reaches a

required ratio to the contingent liability of the dealer. The more often mentioned maximum ratio is 10 percent.

- (4) Rates—The range in rates is relatively wide, running from 5 percent discount, to a high of 9 percent. The greater number of the reported rate plans fall in between these two extremes. In some cases there is a minimum charge. In many cases, the rates are graduated, in terms of the size of the loan with the higher rate obviously on the lower amount.

There is the same variation with respect to the rates included. In some cases the rates allow for no insurance coverage or other protection charge, in other cases usually that of the higher rates, a part is set aside for the purchase of life insurance to cover the amount of the unpaid balance in case of death.

Are Bank Credit Facilities Adequate?

What is or is not adequate is, of course, a matter of opinion and judgment, and personal interest. An appliance dealer, for example, who is having rough sledding, but who feels that if he can get another extension of three or six months with a waiver of 10 percent repayment, he will be able to come through. If the banker denies his request, perhaps for good and sufficient reasons, he will be charged by the dealer, perhaps also by the distributor, as not providing adequate service. The banker, on the other hand, considering the history of the dealer, the state of the appliance market, may consider that his refusal to accommodate this particular dealer does not constitute an inadequate financial facility.

But perhaps there is more to the question than can be dismissed with the above comment. A fairly large proportion of the bankers replying to the inquiry gave it as their opinion that, on a national basis, financing facilities for the appliance trade were not adequate. In the main they believed that the facilities were adequate in the larger and more populous centers where the volume of accounts justified a highly developed organization especially trained in the field of appliance credit. They ex-

pressed doubts, however, as to the situation in the more sparsely settled outlying areas. Many smaller banks, it was suggested, were likely to be discouraged by the consideration of the risks involved, and thus prefer to limit their appliance lending largely to loans at retail. It is in these areas, so the opinion ran, that dealers have the greater difficulty in financing their requirements.

What Changes Will Make Appliance Financing More Attractive to Banks?

A frequently expressed observation is that in many cases, bank rates are too low to compensate the banker for the cost of financing in the appliance field. One of the more active lenders in the appliance field comments as follows: "One of the first things necessary to improve the situation is for banks to get adequate rates that will permit them to furnish the intensive internal and external collection service that is necessary to pull dealers through bad times. If appliance paper is bought strictly upon the net worth of the dealer, the dealer's need is not met." According to Jo Abbott, vice-president of the Valley National Bank at Phoenix, Arizona, "too many banks have operated too long with 'simple interest thinking.' . . . In this particular business it is your operational costs, and not your credit losses, that are by far the greatest expense to the bank. The fact that you charge a higher rate on this type of financing than you do on commercial borrowings does not mean that that is all net profit."

On the other hand, it is quite obvious that higher rates in themselves do not supply the whole answer. The responses to the inquiry suggest numerous practices and policies which they regard as desirable precautions in the field of appliance financing. These suggestions were well summarized in the following statements from Mr. Abbott.

- "(1) Always keep the dealer tied into the transaction.
- "(2) Have standard, unbreakable policies as to downpayment and maximum terms for all dealers, not putting any one dealer in a preferred position over the others.
- "(3) Make credit investigation on all transactions.
- "(4) Have a good, systematic fol-

low-up past-due collection service.

- "(5) Make adequate and complete floor plan checks, and save yourself the headaches of 'sold out of trust' transactions, and heavy shock losses.
- "(6) Require periodic and legitimate financial statements from your dealers; but in accepting paper, look at the individual on the contract, primarily, and keep the dealer in a secondary position. A portfolio of bad contracts is going to cost you more to handle than you will make.
- "(7) Except in the case of a dealer in an unusually strong financial position, always build up adequate dealer reserves for each dealer, which will protect the bank should the dealer go out of the picture."

The recommendations were, however, not limited to what bankers could or should do. Manufacturers and distributors also had contributions to make in giving greater strength to the appliance field. All but several letters regarded with approval the idea of repurchase agreements on the part of manufacturers and distributors. Two of the respondents, however, disagreed, feeling that such agreements tend to encourage overloading of inventories and lax financing. A more representative comment is the following:

"As to wholesale financing, the apparent willingness of manufacturers of appliances to underwrite dealers' floor stocks is a move in the direction of assuring otherwise timid financiers, of a sense of obligation on the part of the manufacturers to keep inventories at a sound level. So long as these manufacturers' repurchase agreements are not used to force heavy carrying charges on retailers in order to maintain excessively large stocks and to persuade the banks to cooperate in such efforts, we believe these plans will be most effective in assuring adequate floor plans to many of the smaller dealers, in the small banks."

But according to another banker, who prefers to remain anonymous, a
(CONTINUED ON PAGE 120)

METHODS and IDEAS

Operating Procedures . . . Advertising . . . Promotion

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

BANK AWARDS "DIPLOMA" IN WOMEN'S COURSE

A DIPLOMA conferring "the degree of Mistress of Money" was given by the FARMERS AND MECHANICS SAVINGS BANK of Minneapolis to the 1,000 women who completed its short course in money management. Vice-president Charles P. Clifford distributed the awards at the last of the five sessions, which had covered budgeting, investments, life insurance, home economics, and home ownership.

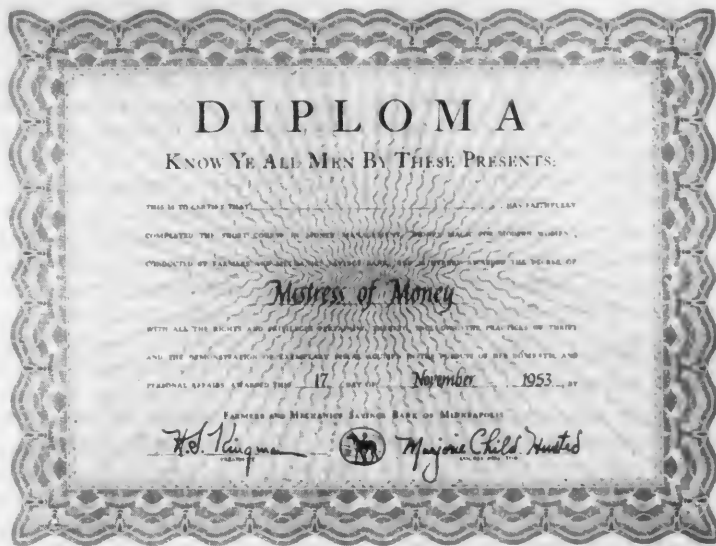
Other features of the course, called "Money Magic for Modern Women," were practical demonstrations that entertained and informed. The local gas company offered hints on how to stretch dollars in the kitchen, a department store presented a fashion show, and the power company offered dollar-saving ideas tied in with cooking, freezing and economical preparation of foods. There was also a quiz program, "How to Fix It Yourself," conducted with the assistance of a hardware company, at which members of the audience answered questions on minor home repairs.

Advance promotion included a full page newspaper cartoon ad, in four colors, which summed up each of the "five easy lessons" in money management.

SERVICE CHARGES

HERE are highlights of a bank service charge survey conducted by Ernest L. Stucker, vice-president of the National Bank of Tulsa:

Several banks' cost studies show that present per item charges are too low.



One of these could help settle family financial arguments!

There's a trend toward simplifying analysis computation. Some large banks now use a single rate on all items deposited, including those drawn on themselves. Under many of the schedules a charge of 3 cents is made for each out-of-town item deposited, 2 cents for clearing house items deposited, and no charge for or us items. The simplified analysis plan sponsored by the A.B.A. Country Bank Operations Commission recommends the same charge for on us items paid and mail items deposited, and no charge for clearing house and on us items deposited.

Most banks now use the minimum balance on all but business accounts in computing the analysis earning credit.

Several banks furnish printed checks free to depositors on the theory that the saving of time in proving and sorting more than offsets the cost. Several of these banks

have also included a sorting symbol in their plans.

Most banks are using an analysis earning rate of 1.2 percent per year, which figures out 10 cents per \$100 of deposit a month. Many admit their actual current earning rate is higher than the 1.2 percent. Several are considering raising this rate soon.

A majority of the banks surveyed make reasonable maintenance charges on inactive accounts. In Mr. Stucker's opinion, no maintenance charge should be assessed against inactive accounts with balances of \$50 or perhaps \$100 because the analysis earning credit when applied to accounts of that size would offset those charges.

Many banks offering pay-as-you-go checking service have raised their per item charges and added a maintenance fee, or are considering such action. Many banks have this

service available on request, but aren't pushing it.

"Desired Profit Factor"

Mr. Stucker feels that one of the next steps in the evolution of the bank service charge will be inclusion of a "desired profit factor" in the formula.

"It simply isn't good business," he says, "nor a justifiable procedure to have the profits from a relatively small number of large accounts covering the loss or breakeven operations of a large number of small or medium-sized accounts.

"Probably the most painless and diplomatic way to include a desired profit factor in your service charge formula is to use the minimum balance in computing the depositor's monthly analysis credit and compute the actual earning rate based on the average available funds. The difference between the average and minimum balances in the average account will run from 25 percent to 40 percent.

One of the banks surveyed had a desired profit factor in its formula; a few others were considering it.

Mr. Stucker reported on his survey at the convention of the National Association of Bank Auditors and Comptrollers.

EARLY BIRD

THE UNITED STATES NATIONAL BANK of Denver figured that 1953 wasn't too early to start talking about the new quarters into which it will move in 1955. So it distributed a clever brochure calling attention to many of the service features the building will provide.

A page from the brochure issued by the United States National Bank of Denver to tell the public about its new building

*how about Sam Jones, he has
a store on 16th Street,
we better see how he likes it, too*

Sam has a little farther to go...but it's going to be well worth his while. Sam has a great many friends at the U.S. National, his credit is well established, and he wants to continue that personal business relationship. Sam is really excited about all the new facilities—he says his wife is in a hurry to use our drive-in windows—they fit her idea of real convenience.

Entitled "What's It All About?", the booklet, printed in several colors and illustrated with cartoons, takes the reader on "a ride into 1955"—specifically, of course, to the new USNB. The trip starts at four different places; at each it picks up a hypothetical customer (wholesaler, housewife, storekeeper, and neighborhood resident) and points out the advantages of the prospective location, with its convenient parking and drive-in facilities.

To introduce the brochure to the staff, the bank held a morning coffee hour at a downtown hotel. Pages of the leaflet, reproduced on slides, were shown with a narration by Vice-president Emmett J. Dignan. Several slides pictured what the new home would offer the employees: modern lunchroom and lounges, modern equipment, comfortable surroundings.

DIRECT VERIFICATION OF CHECKING ACCOUNTS

OBSERVATIONS on this subject by Robert N. Vieracker, auditor of the Central National Bank of Cleveland, at the NABAC meeting:

Direct verification should not be considered a panacea; there are limitations to its effectiveness. Collusion between employees or between employees and outsiders can circumvent this type of audit. Audit employees are not necessarily handwriting experts, and forged verification forms may easily escape attention. Accounts on which no response is received constitute a loophole and a weakness. Therefore a verification program becomes more valuable with each succeeding verification;

accounts not confirmed can be earmarked for close scrutiny.

Important considerations in direct verification:

Decide whether a positive or negative form will be used. If the bank's records are to be "proved as true" only a positive course of action can be taken—actually get a confirmation through a physical inspection of the customer's record or by obtaining a confirmation of balance signed by the depositor.

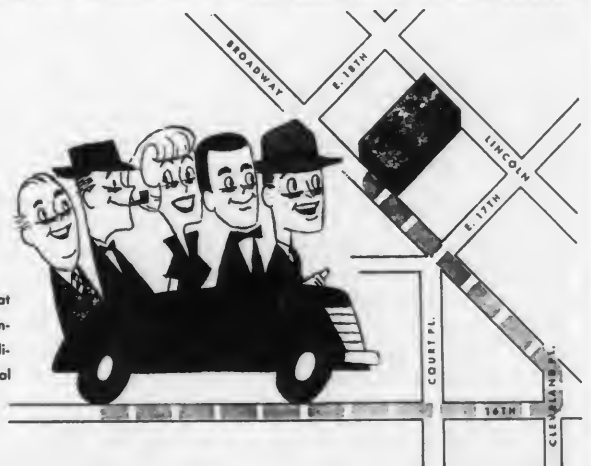
The negative type seems hardly adequate; it only requests a reply in the event of discrepancy and completely ignores such factors as the customer's overlooking or disregarding the request, requests undelivered to the depositor, or the possibility that the depositor will take his complaint directly to the bank employee with whom he has been dealing. The last is a big aid to a staffer who has the intent to embezzle.

Routine Procedure

The verification request should be worded so that it will convey the impression that the procedure is routine. This will eliminate any misgivings. Use of printed form or form letter is a matter of choice. The former are most commonly used and simplify preparation, handling, and follow-up requests.

Whether all accounts are scheduled for verification simultaneously depends upon their volume and the number of staff members available for the work. In medium-sized and large banks the peak load can be reduced by scheduling part of the accounts for verification monthly.

A trial balance should be taken of ledgers to insure the inclusion of all



accounts scheduled for confirmation. The statements should be kept under audit control until mailed.

Have all bank mail returned undelivered routed direct to the auditor for inspection and disposition.

As verification returns are received, it's imperative that signatures be compared. Returns should also be examined for comments and exceptions requiring immediate attention.

Second requests should be sent to all accounts from which no response is received. When unconfirmed balances warrant further efforts, the auditor can make contact by telephone, correspondence, or through the officer handling the account. Unconfirmed accounts warrant close scrutiny for activity.

Dormant or inactive accounts should be segregated and controlled by separate general ledger account. Signature cards and ledgers should be placed under dual control, and activity approved by the auditor.

CURIOSITY, SUSPENSE . . .

THE FIRST NATIONAL BANK OF MINNEAPOLIS is running a series of newspaper ads that has folks guessing.

Keyed to the idea that the bank is "financial partner to Minneapolis progress," each ad tells the success story of an unidentified local businessman whom the First has helped. Dominating the layout are a dramatic photograph and a cryptic characterization such as "The Man Who Walked Away from the Sun," "The Blacksmith Who Wouldn't Say Uncle," "The President Who Wore Overalls."

Copy gives readers several clues to the man's identity, but doesn't use his name—and that's where the guessing comes in. So many inquiries were received after the first couple of ads had appeared that the bank is now offering to supply names of companies on request.

In "The Man Who Walked Away from the Sun," the photo shows the feet and full length shadow. Copy says that 43 years ago this fellow was a young photographer-inventor for whom "three times the shadow of failure loomed." Then he came to the bank, told his story, and got help. Today his business is the world's largest supplier of its type of product.

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Get the Most from Your Equipment

NORMAN T. SHEPHERD

MR. SHEPHERD is vice-president and comptroller of the Haverhill (Massachusetts) National Bank, and president of N. T. Shepherd Associates, bank auditors and management consultants. Author of several recent BANKING articles on this subject, he here offers further suggestions for the fuller utilization of bank machines.

THE accounting machine is designed to serve many purposes, but many banks use it primarily in their loan and discount departments and are content to run it a few hours daily in setting up their note records and liability ledger, while other records are still maintained with pen and ink.

Consider using this equipment for your general ledger posting, daily condition statement, expense ledger, profit and loss statement, security ledger, employees' payroll, mortgage postings, trust accounting—even your savings account and club postings.

Quite an order for one machine? Well, just analyze these suggested functions, figure your daily average volume under each, and you'll be amazed at how much of this work can be put on one unit, if properly scheduled.

The mechanism referred to is the combination bookkeeping machine and typewriter. A newer machine will give you as many as 19 register totals. It is fast, flexible, and easy to run. Lacking the typewriter combination, practically all the work mentioned can be done on it and the descriptions indicated by symbols or numbers.

This machine is also advantageous in handling special checking accounts; and some banks use it for their regular commercial checking accounts, feeling that the advantages of the mechanical operation offset the necessity for manually accumulating service charge statistics.

The electric typewriter certainly has a place in the modern bank. A good machine, with properly designed forms and a trained operator, can produce the output of two

clerks on standard typewriters. By the use of snap-outs and multiple forms, many clear-cut records can be typed in one operation in trust accounting, and particularly in the small loan department. In the latter, we can produce the ledger card, the maturity tickler, audit control copy, acknowledgment note, thank-you note, and cross index form. For floor planning the machine can turn out the ledger payment card, the trust receipt and dealer's copy, bill of sale, and collateral record, and, if necessary, periodic reports to officers and directors.

Because of poor synchronization and coordination of various banking functions, proof machines sometimes are not used to capacity. Their fullest utilization requires a steady flow of work, careful planning of the items that are to be processed, and attention to the sequence in which the categories are to be set up.

The Quicker Way

We have seen cases where hundreds of checks or other items were being handled individually, whereas it would be more advantageous to enter only the grand total. When tellers' machines are used, the quicker operation is to prove the deposit to the validated amount on the deposit ticket, which not only proves the addition and the correctness of the deposit, but also checks the teller's validation. When errors are found, customers can be notified. There is also the possibility of finding cash differences.

It might also be added that if the deposit tickets are placed on the bottoms of the checks comprising the deposit, the validation will be in direct line with the amounts as they appear on the checks, will follow the same operation as checks for deposit, and eliminate handling the deposit ticket through the motion of setting it aside, insertion of the checks, and then reaching for the ticket to place it in the machine.

Furthermore, an accurate count of the activity being processed through your proof machine, checked against the production of proof ma-

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“WHEREVER you go in Europe,” says Everett Reese, “the question is: What is going to happen to business in the United States?”

President Reese of the American Bankers Association went to Paris in the middle of November to attend the 80th session of the executive council of the International Chamber of Commerce. He found governmental and business leaders in Europe greatly interested in the American economic outlook because they feel that their prosperity depends on ours. They have a special reason for this; they feel that they are benefiting by our “luxury expenditures” and that even a little downturn in this country would cut that type of spending drastically. For this reason they feel that if we have a recession it would hurt them more than it would us.

“One of the problems that bobs up with surprising frequency,” said President Reese, “is that West Germany has become an important creditor nation. They are turning out the goods and they are selling them in other countries so that the problem of how to pay West Germany is becoming acute.”

American Delegates

Other members of the American delegation were Warren Lee Pierson, chairman of the U. S. Council of the International Chamber, and chairman of the board of the Trans World Airlines; Philip Cortney, president of Coty, Inc.; Thomas H. McKittrick, senior vice-president of The Chase National Bank; Victor C. Folsom of the foreign law department, Sterling Drug Company; Lloyd Neidlinger, executive director of the U. S. Council of the International Chamber; and Dr. Harry Hawkins, executive advisor to the U. S. Council.

Attending the meeting were representatives from most European countries, as well as Japan, Australia, Mexico, and several others.

The work of the session concerned mainly problems of stimulating world trade by removing various kinds of barriers and exchange restrictions. There was considerable interest in the present activities of the Randall Commission in Washington.

The Council heard reports from various countries on such matters as arbitration, budgetary situations,

Reese Attends World Chamber Session

monetary policies, banking techniques, transportation, and the results of U. S. foreign aid programs.

The various committees performed considerable work, according to Ev, and the resulting exchange of information should serve a useful purpose throughout the free world.

Carl Hayden, head of the London Office of the National City Bank, and president of the American Chamber of Commerce in London, invited President Reese to address the luncheon group.

“This was a very interesting occasion,” said Ev, “because, in addition to about 150 American members, there were present a large number of British guests. All seemed most interested in present business conditions and the outlook in the United States.

“I summed up briefly the situation back as far as the beginning of the Korean affair and pointed out that we were moving right now into a period when highly competitive con-

ditions would again prevail in most business lines.”

Ev said that this idea of actual competition returning to the business scene in America was highly intriguing to his listeners.

“I discussed,” he said, “the various forces working to prevent any substantial downturn, citing specifically our increasing population, the active programs of industrial research and the development of new products, and the vast possibilities of what has come lately to be called ‘automation.’ That is the use of automatic processes, not only for record keeping, but for the actual performance of functions now depending entirely on manpower.”

Other factors he touched on included the large capital expenditures which would be needed for such developments, the high rate of savings, and the large volume of savings accumulation.

“Regarding monetary policy,” he
(CONTINUED ON PAGE 106)

At one of the Paris sessions. President Reese can be seen in the center of the photo, wearing earphones over which comes an English translation of the speech being made



Page Hercules

Hercules had a lot of tough jobs which he managed to bring to successful conclusions. Last January, when the Secretary of the Treasury got a good look at the task with which he was confronted, he must have felt like sending out a hurry call for Hercules.

Look at the prospect: A budget which ought to be balanced but was suffering from underestimated expenses and overestimated income; an enormous amount of C.O.D. prospective deliveries to be paid for; nearly \$36-billion of debt maturing during the year; considerable doubt as to which way business was headed—up, down or sideways; a need to try to demonetize the debt by increasing the amount of Government obligations held *outside* of the banking system and little indication that the outsiders had the money to make the purchases; also a Congress politically determined to cut taxes before the necessity of re-election in 1954; a prospective very narrow margin of cash resources before the statutory debt limit would be reached; a continuing need for adequate measures for national defense. Some outlook! Even Hercules might have been stumped.

Progress in 1953

Let's take a brief look at what was accomplished. The latest figures forecast budget results for the fiscal year 1952/53 very close to a balance on a *cash basis*. Business remains at a high level. The excess profits tax will not be renewed. Some reduction in personal income taxes is likely. All maturing Government issues were successfully refunded with a very minor increase in commercial bank holdings. A start was made in stretching out the maturities of the Government debt. In December the largest piece of refinancing actually resulted in some saving of interest cost. The debt ceiling remained unviolated although by a narrow margin. Certainly progress was made in the right direction.

Financing in 1953

Holdings of the nearly \$36-billion of maturities accepted in exchange nearly \$34.5-billion of new securities. Cash payment on maturity was less than \$1.5-billion. Of that amount, nearly two-thirds was in the *first* six months under the uncertainty of market feeling resulting from the perhaps premature cash offering of a 30-year 3¼ percent bond.

Subsequently, successive refunding offers were realistically keyed to currently existing markets. The rate of cash attrition declined and the first extension of maturity—while only for three years for a 2⅞ percent note—obtained buyers for \$3-billion. Then last month a 5-year 2½ percent bond got takers for \$1.75-billion which was nearly three times the amount taken when the same bond had been offered last February.

Besides the refunding issues, over \$9¼-billion new cash was provided. This was obtained from:

- \$1,180,000,000. 3¼ percent bonds in May
- \$5,902,000,000. 2½ percent certificates in July
- and \$2,238,000,000. 2¾ percent bonds in November.

As the 3¼ percent bonds are now selling at around 105, their earlier decline to 98½ can be forgotten.

The 2½ percent tax anticipation certificates neces-

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Investment Markets

H. EUGENE DICKHUTH

STATE and municipal financing hit a new peak in November and was 74 percent above November 1952. It pushed the total for the 11 months to nearly \$4.8-billion. New tax-exempts offered totaled \$399,977,136 last November.

Of the total, revenue bond financing, at this point, is a little behind 1952; but if, as planned, the Mackinaw Bridge Authority should issue a \$96-million flotation and the Indiana Toll Road bonds of \$280-million come to market, 1953 would make a record year for financing of revenue-producing projects.

November revenue financing was \$42,289,000, which brought the total for the 11 months to \$1,113,203,570. This compares with \$1,237,457,000 for the first 11 months of 1952.

Proposals for bond issues totaling some \$91,787,450 were defeated in November, against turndowns of \$231,192,000 in November 1952.

Recent price trends in tax-exempts have been more or less static. The average yield on general obligations early in December was pretty stable around 2.5 percent, a level that had been prevailing for several weeks.

As the last month of the year began, the municipal market was somewhat sticky and bond inventories on dealers' shelves reportedly rose about \$20-million to a total backlog of unsold advertised bonds of more than \$170-million, the largest total since June 13. How the price structure will hold up under the heavy volume of proposed issues remains to be seen.

ANOTHER question for this portion of the investment markets is whether the tax reductions now scheduled to take place in 1954 will lessen investor demand for tax-exempts. That, too, remains to be seen.

New corporate financing this year has made a relatively poor showing. Year-end figures may show it to be off 10 to 15 percent from 1952.

The stock market, after its previous psychological depression, recovered very well in an orderly fashion. There was a stable and steady advance in quotations, on balance, and turnover ran at satisfactory levels.

Apparently, sentiment swung further in the direction that business in 1954 will be good, year-end tax selling notwithstanding. The avalanche of last quarter dividends which may establish new records produced confidence in financial circles that tax reductions would sustain the trend which reflected itself in the premiums paid in recent weeks for top-quality issues.

In January, member firms of the New York Stock Exchange will start a new monthly investment plan. They will accept as little as \$40 every three months or as much as \$1,000 each month towards the purchase of stocks against a regular commission. No credit is involved. The financial community is keenly interested in this experiment, which is designed to increase the ownership of stocks and bonds by the public at large.

Increasing attention is being given by bank administrators to the human problems involved in their bookkeeping departments, which, lately, are being singled out for study because of (1) high absenteeism, (2) high turnover, (3) apparent low morale as compared with the other bank employees, and (4) the bookkeepers' lack of identification with their job and their bank.

The purpose of this article is to shed some light on these problems by looking at them from the bookkeepers' point of view.

The author is research project director of the Yale University Labor and Management Center, New Haven, Connecticut. His latest book, Executive Leadership, was published by Harper & Brothers in December.

WE at the Yale Labor and Management Center have studied and are continuing to study the human problems involved in administering banks. We have studied intensively the human problems of a commercial bank which has nearly 300 employees. This is one of the oldest banks in the country and one of the best known in the region. It is administered by an enlightened management group which is keenly interested in a better understanding of the organization.

The bookkeeping department is composed of nearly 40 girls. At the time of study, a delayed posting system was being used. The data to be presented are based on an 80 percent sample, which means that they are representative of the problems in that particular bank. How representative they are of other banks is difficult to say. However, we do feel our results are useful to those with bookkeeping departments whose conditions are similar to the one we describe.

Enough by way of introduction. Let us now turn to some of the human problems in this department as told to us by the bookkeepers themselves.

"Most people in our bank deal with something human. Not us. We work with machines. You know what we're called? We're known as the factory department."

The bookkeepers' job is one of the

most mechanized in the entire banking organization. As such, it provides its employees relatively few opportunities for human contacts during the day. This limitation is magnified when we realize that the majority of the machine operators are young adolescent girls at an age where emotional human experiences are most important.

A Newcomer Meets Her Machine

The newcomer, at first, spends most of her time observing the other bookkeepers at work. She is also assigned to an adding machine, and asked to add columns of figures for most of the day. This is done to give her a "feel" for machine work. Finally, she is assigned to a "live machine" where she begins to work on actual accounts. As one girl put it, "There are no dummy runs now; everything is for keeps."

Although most of the girls admit that they do their best to hide it, they are frightened when they see their first machine. For example:

"I had a lot of trouble in the first 4 to 8 weeks. I had to concentrate on the machine. I think the machine frightens the girls at first. It looks so complicated. There are so many things to think of all at once. Finally, you get pretty disgusted. I know I became very nervous. I thought I would never catch on to the machine. I became especially nervous if I knew the

other girls were ahead of me. You hate to think they can do better."

"The first few months were horrible. You want very much to do right, and yet you make so many mistakes. You realize that they are simple mistakes and you ask yourself, why am I so stupid?"

The Effect of the Teacher

All the new bookkeepers are assigned to individual senior bookkeepers who teach them how to run their machines. Because the teacher plays an important part in the newcomer's life, she should be one who enjoys teaching. She can make or break the new bookkeeper. Because of this, it is important to assign a newcomer to a teacher with whom she will get along. A great many difficulties arise if the student is assigned to a teacher whose personality clashes with hers.

The effect of the teacher can best be understood by reading the following representative comment:

"The trouble with me was the girl that broke me in. I never told this to the officers, how can you? How can you tell them you don't like the girl you are working with? She had no patience with me, she just told me, well, to do this or that, and that's it. I was frightened of making an error. I became very nervous and I would hate to ask for help from her, but I knew I needed it. The thought that perhaps I was making errors made me feel even worse and then I would get even more nervous. You see I had no way of knowing whether I was making errors or not."

Let us contrast this comment with a positive one:

"They gave me a very nice girl to teach me. She was wonderful. She had a lot of patience and she stuck with me. In my opinion the most important thing to have is a girl

in the Bookkeeping Department

who has patience. I know many girls leave because they can't get along with the girl who is teaching them. They never say so, but we all know that's one of the reasons."

The Tension of a Learner

The newcomer tries hard. Typically, her initial weeks are full of tension and unhappiness. Most of it is hidden from the casual observer. It is kept inside the girl and internalized. The degree of tension can best be understood by the following statements made by two bookkeepers:

"I go home exhausted, just drop off to sleep. In fact, I hibernate. There are evenings when I can't even eat my supper. Then I think of the pay and I ask myself, is all this necessary?"

"The beginning was the hard time around here for me. I'd go home and just feel like screaming at the top of my lungs. At first, the folks told me it was my fault. I'd get so upset that I almost lost my boyfriend."

Are the Machines Mastered?

The answer is "Yes." The girls soon learn to work the machines at the required speed and with the required accuracy. At this point, we find a very interesting development as far as human relations are concerned.

One of the most important indicators that a girl has mastered the machine is that she reaches a point where she is able to use the machine with the required speed and accuracy and simultaneously is able "to think of a million other things excepting the machine." In other words, mastery comes when a bookkeeper is able to daydream and work on her machine, simultaneously.

A bank administrator might well ask if daydreaming affects the ac-

curacy of the bookkeeper's work. In all cases, the girls reply quickly and definitely, "No." In fact, many of them point out that they lose their accuracy when they concentrate on their work. The two working supervisors independently confirm these results.

These results are not strange. Similar conclusions have been reported by other people who have studied employees working on mechanized jobs. To date, all the research available indicates that daydreaming is a very common method used by psychologically healthy personalities to adapt to a highly mechanized situation. In other words, people must daydream on such jobs if they are not to "break down."

Some typical comments are:

"It was a long time before I felt at home—six months I'd say. But it wasn't long after that when I picked up good speed. Now I can work one of those machines with no trouble. My mind is a million miles away. I guess I'll get fired for this, but honestly, I never con-

centrate on that machine. Every time I do, I make errors. I find that I can go on for hours being away from my work while working. It's funny, but I do it and I know that the other girls do it. Once in a while your mind returns to the job and you suddenly realize that you are at work. I think of most anything—my family, my life, any arguments with my husband, my girl-friends—oh, just anything."

"I think of everything while I work—for example, what I'm going to wear if I go out, my boy-friends; I think of the movie; maybe if it was funny I start laughing. The girl next to me thinks I'm crazy, but then she knows because she does it herself, too."

Adapting to Machine Work

Daydreaming, we have just said, is a way by which a healthy personality adapts to a highly mechanized job. There are some other ways which the girls use to maintain their mental balance. For example, in this depart-

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This cut from an illustrated magazine of the Civil War period indicates women office workers even then had a problem which was counterpart of the modern bookkeeper's situation. The caption on this drawing was "The Treasury Department—the new Secretary looking around"



CULVER SERVICE

KANSAS

Public Relations Workshop

CARL A. BOWMAN

The author is secretary of the Kansas Bankers Association. This article is based on a report in The Kansas Banker.

THE Kansas Bankers Association's first Public Relations Workshop, held in Emporia on December 9, drew nearly 300 Kansas bank officers and employees. This is considered quite good by Chairman K. E. Johnson of the Public Relations Commission and by Vice-chairman Wayne Dailey. Other members of the commission feel that every Kansas bank would have been ahead, earnings-wise, to have had at least one representative present.

Superintendent W. M. Ostenberg of the Salina School System inspired his alert audience on the vast possibilities of improving relations with teachers and schools. He said

that KBA banks are on the right track with the bank tour program. His ideas dovetailed with those of a 7-man panel, moderated by Henry B. Alberg, Merchants National Bank, Topeka, on "upgrading" the school tour program.

The upgrading thesis is that the time has come to use the tours more helpfully than merely demonstrating how banks operate. In other words, banks should now use every opportunity to explain the tremendous services they render for all segments of the public and for the Government at remarkably low cost. As both Mr. Ostenberg and members of the panel said, people in general may have only a passing interest in bank accounting methods, but they certainly are intensely interested in what banks do for them to improve their standard of living.

In opening the program, Chairman Johnson succinctly explained why the Workshop was designed to help Kansas banks use the many public relations tools available from KBA, the American Bankers Association, and the Financial Public Relations Association. He referred to the recent Kansas bank public relations questionnaire (see elsewhere on this page) as showing that Kansas banks are now becoming much more public-relations-minded and are eager to adopt friendship-building ideas.

Another panel, moderated by G. Robert Gadberry of the Fourth National Bank in Wichita, gave specific ideas on how banks can localize their newspaper advertising to improve its dollar value. Moreover, this 5-man panel ranged afar into all types of public relations ideas, including how to decline cashing strangers' checks. Another idea was on bank open houses, when the whole community would be invited in for visits.

Staff members of the Kansas State Bank of Wichita were commended for two human relations skits, which could be used by any bank as the basis for staff meetings. One skit dealt with how to earn a promotion, the other, with how to attract new customers.

Hundreds of public relations manuals, ads, bank movies, and direct mail pieces were displayed in a special room where they were examined by streams of bank people for nearly two hours.

Virg Hill, director of public relations of the State Highway Commission, explained the desirability of better newspaper relations for banks, and exactly what banks can do to create this happy relationship with local editors.

President Merriam summarized the Workshop by reporting it to be of even more value than hoped for.

KBA Public Relations Survey

The following paragraphs are excerpts from an article in The Kansas Banker by K. E. Johnson, chairman, KBA Public Relations Commission.

THE Public Relations Commission of the Kansas Bankers Association prepared an information questionnaire which was mailed to all our banks. Our objective was to know just what Kansas banks are doing in the public relations and advertising fields.

In analyzing the returned questionnaires it was revealed that a good number of our banks have one person appointed to handle public relations and advertising activities. We were very encouraged to know that even some of the smaller banks with resources under \$700,000 had one person assigned to public relations activities. Our questionnaire

revealed that all Kansas banks maintain active contact with teachers and students in their community. Student tours of the community banks are available. Our bankers are conducting classes in the business departments; serving on the school board; members of the parent teachers association; present scholarships to the students and gifts to teachers; making American Bankers Association films available to show in the schools. Kansas banks are also taking part in Business-Education Day programs. It was further revealed that the majority of the Kansas banks were participating in all community activities such as 4-H clubs, churches, civic clubs, soil conservation programs, and crop improvement programs; Red Cross; Community Chest; and all other community activities.

ILLINOIS

Business Development Conference

GEORGE WASEM

MR. WASEM is assistant vice-president of the Commercial National Bank, Peoria, Illinois.

CONTINUING its program to assist and guide its member banks in their public relations and new business efforts, the committee on education and public relations of the Illinois Bankers Association sponsored its second annual Business Development Conference, December 10, in Peoria. S. H. Chelsted, vice-president, Peoples First National Bank and Trust Company, Pittsburgh, and former president of the Financial Public Relations Association, gave the principal address. Some 125 bankers were in attendance.

The 1-day meeting consisted of four sessions with featured speakers considered outstanding in their respective fields. Harold W. Lewis, vice-president, First National Bank of Chicago, is the committee's chairman. General chairman of the conference was J. Homer Kennedy, assistant vice-president of the First National Bank and Trust Company, Alton.

A highlight of the meeting was the announcement by Mr. Lewis that Know Your Bank Week in Illinois again will be sponsored by the committee and has been scheduled for May 10 to 15, 1954. Harold J. Bacon, executive vice-president of the Home State Bank, Crystal Lake, has been named general chairman.

First speaker on the morning program was John F. Donlon, executive vice-president, Edward Bird Wilson Company, New York. Discussing the subject of "Selling in the Banking Field," Mr. Donlon stressed that the rules of selling which apply to business in general also apply to banking.

L. L. Matthews, president of the American Trust Company, South Bend, and president of the Financial

Public Relations Association, was the second speaker of the opening session. His talk, "Good Morning, Mrs. Smith," covered various phases of customer relations, with particular emphasis on the simple act of greeting people by name.

The luncheon speaker was Horace S. French, president, Manufacturers National Bank, Chicago, and president, Illinois Bankers Association.

Six Clinics

The afternoon session was divided into six clinic sessions, held simultaneously, dealing with a like number of subjects. The following is a list of the topics and leaders.

Advertising—John F. Hunt, vice-president, Foote, Cone & Belding, Chicago, with John P. McElroy, account executive with the same agency, serving as consultant.

Public Relations—John L. Chapman, vice-president, City National

Bank and Trust Company, Chicago. **Business Development**—H. A. Whittenberg, cashier and trust officer, the Bank of Herrin.

Know Your Bank Week for 1954—Mr. Bacon acted as clinic leader. Serving as consultant to Mr. Bacon was the writer, who was last year's committee chairman and general chairman of the 1953 Know Your Bank Week.

Staff Training—A. Gordon Bradt, second vice-president, Continental Illinois National Bank and Trust Company, Chicago.

Taking Banking to the Schools—Moses M. Shaw, director of public relations, South East National Bank, Chicago.

The banquet session, with Mr. Lewis presiding, heard Mr. Chelsted, speaking on "Merchandising in Banking," stress the point that public relations and selling are synonymous.

Left to right: Messrs. Matthews, Donlon, and Kennedy



High School Student-Bankers Win Jobs

LOUISE KELLY



The author, left, is a teacher of mathematics in the Montgomery County High School, Ramer, Alabama, and is sponsor of the school bank.

STUDENTS who take banking at Ramer High School are very much in demand in the Montgomery banks. In the past six or eight years all student bankers who have wanted jobs in Montgomery banks have needed only the recommendation of the school in order to get them. No small part of this is due to the fact that students have been trained in the school bank to handle funds with honesty and accuracy, to use available banking equipment with proficiency, and to be courteous and friendly to the public.

In 13 years of service, the school bank, under the direction of Principal Truman Cummings and the writer, has lost only \$5.60 on loans. Students in the school are encouraged to borrow money from the bank at a very low rate of interest. These loans are kept at comparatively low figures unless money is

needed for practical purposes—payment of school fees, purchase of class rings, or payment of club dues. Since there is no bank nearer than Montgomery, which is 25 miles away, the school bank is a service to all school personnel—students, teachers, bus drivers, and other workers.

School bankers are given excellent practice in bookkeeping and handling money, and at the same time all of Ramer School's 420 students get training in making bank deposits, cashing checks, making notes, borrowing money, and meeting payments. A credit rating is established by a student when he borrows money and pays it on time. Students are rated as excellent, good, fair, or bad. Loans are made on the basis of this rating.

Although bankers change at the end of each school period, there is a high degree of accuracy in transferring funds in this limited time. Only a small amount of money is left outside the safe to facilitate this frequent turnover of workers. The bankers who work during the last period of the day check funds before closing hours, the same as is done in commercial banks. Since errors would be detected almost immediately, students are conscientious about checking accurately.

The school bank trains student bankers in using the adding machine, typewriter, and a bookkeeping machine. This equipment has been accumulated over the years along with cabinet space, filing equipment, a safe, and other conveniences. When the bank opened 13 years ago, the only equipment was a loose-leaf notebook. The adding machine in the principal's office was also available. That year, without benefit of insurance, the bank handled \$2,500. This year the total is expected to reach approximately \$65,000. This

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Customers entering school bank



Below left and right, students at work in their school bank



The SBA and the Banks

WENDELL B. BARNES

The author is acting Administrator of the Small Business Administration, Washington, D. C.

Now that the Small Business Administration has clarified its loan policy, it is able to give more definite information on loan inquiries.

A point which should be emphasized to the banking community at the outset is that the Small Business Administration does not plan to compete with private lending institutions. It is in no sense a rival. It seeks to supplement—and even sometimes to act as a partner with—the banks.

We all know that there are certain limitations placed upon banks by law, limiting their power to make loans. We all know that there are certain attitudes of regulatory bodies and supervising authorities, adopted by them in the performance of their proper function to protect the interest of the public, which, in effect, restrict banks in the making of loans. In addition, there are loan policies of banks which regulate how their portfolios shall be kept in balance.

Small Business and Credit

All of these things can make it more difficult for the owner of a small business to get credit—particularly if it is long-term credit. The small business may be crippled or even forced to the wall if credit is not available. It may be a legitimate, deserving business, of value to the community, perhaps even a valued bank customer, and yet not be able to negotiate a "bankable loan."

This is the area where Congress thought the Small Business Administration might help—might "fill in the chinks," so to speak—where commercial banks may feel that they should not make a loan.

This is not in the least a reflection on the banks or the bankers of the country. They have a fine record in providing credit to small business—the credit on which our great economy is built.

As evidence of my assertion that SBA does not plan to compete with the private banks and lending agencies of the country, I cite the fact that the law creating the Small Business Administration provides very specifically that SBA shall not make a direct loan to any owner of a small business unless he shows that the financial assistance applied for is not otherwise available on reasonable terms. Our loan policy statement further implements this by providing that only when a bank refuses to make the loan, either in its entirety or in participation with SBA, can the applicant then apply to us for a direct loan.

Banks Get "First Crack"

Every effort is made both by the law and our loan policy statement to give the banks the "first crack" at a loan, if they want it. If they do not want it, we may or may not take it. What we prefer, above all, is for the banks or other lending institutions to make the loans, themselves. If they decide not to do this on their own, then we offer some inducements to them to take part of the loan. This is by means of what we call our participation program. Last of all, if the banks refuse even a participation, we may make the loan directly, ourselves, if it meets our requirements.

There are two kinds of participations—deferred and immediate. In a deferred participation loan, the bank or other lending institution provides the entire amount but has an agreement with SBA for SBA to purchase part of the loan on demand at any time. In an immediate participation loan, SBA agrees to take a portion of the loan from the start. It puts up its share of the money immediately. In both cases, the limit of SBA participation is 90 percent or less. Another provision for all loans is that no one borrower can receive more than \$150,000 from SBA.

As between participations, the law says that SBA shall purchase an immediate participation only where it

is shown that a deferred participation is not available.

So we can construct a descending order of preference in the matter of loans to small business, so far as Uncle Sam is concerned. After our first preference, that all loans be made by private lending institutions, the descending order runs:

- (1) Deferred participations by lending institutions with SBA.
- (2) Immediate participations.
- (3) Direct loans by SBA, alone.

Under the Small Business Act of 1953, SBA can participate in loans to small manufacturing, wholesaling, retailing, service, and other small concerns. The loans can be made for various purposes, including activities "necessary to insure a well balanced national economy. . . ." Any SBA loan, whether participating or not, must be of such sound value or so secured as reasonably to assure repayment. There is in truth and in fact no element of a "give away" even in our disaster loan function. The "three C's" known to every banker, "Character, Capacity, and Collateral," must be present in all SBA loans, in some degree.

The term of a business loan varies according to the purpose, ranging up to 10 years.

SBA Fees

On an SBA deferred participation loan, the participating financial institution makes and services the loan and determines the interest rate to be charged, with a minimum of 5 percent annually on the portion of the loan which SBA has agreed to purchase on demand.

In return for SBA participation in the loan the bank pays the agency a small fee, which is on a sliding scale according to the percentage of SBA participation. SBA fees charged the banks for holding a reserve fund ready on demand are as follows:

- 1 percent per annum on the declining balance of SBA participation up to and including 50 percent of such balance.

(CONTINUED ON PAGE 121)

THE FAMILY DOLLAR

EARL S. MacNEILL

Vice-president, Irving Trust Company, New York

Basic Trust Services: Business Insurance Trusts

FOR a long while there was a trite saying: "There's no future in trust business because all the large estates have been broken up by taxation." Of course, it has turned out otherwise. There never was so much total wealth. Conceded, there are not many multi-multi-million-dollar estates—but were there ever? And how many trust companies served them? Few. But, today, estates in the hundreds of thousands and the lower ranges of the millions are—well, not exactly commonplace, but they are found frequently enough that trust companies every yearend are reporting "all-time highs" in the volume of trust business on their books.

And they're not the remnants of old, broken-up estates either; not the most of them. For there has been another anomaly at work. Another exploded truism is: "The trend to Big Business means the end of the little business—backbone of free enterprise, etc." Never were there so many successful small businesses. Look about you. Merchandising, manufacturing, service. Varieties limited only by the imaginations of men and women trained in business and engineering—alert, ambitious, and eager to strike out on their own for security and independence.

There has been a tax factor, also, that has encouraged the development of the individual, family, or partnership type of business in the corporate form. One cannot save very much out of salary. Income taxes skim the cream that once would have been invested savings. But a corporation need pay out as dividends no more (within reason) than its principal owner wishes to withdraw; there is much that can be expended or accumulated (still within reason) for replacement and expansion. Corporations have their tax problems, too, but the fact remains that the corporate form has lent itself accommodatingly to the building of family wealth.

Now that it has been built, what to do with it?

Tragedy lies just around the corner for, too often, preoccupation with building a business has occluded

thought as to its preservation after the builder of it has died.

First, taxes—given suddenly a fresh opportunity—can cut deeply, even fatally. The estate tax is Caesar's avenger. In valuing the estate for tax purposes, the decedent's interest in the business naturally must be included. At what value? The decedent may have anticipated a book value that was comfortably low. Government may counter with a charge that the demonstrated earning power of the business reflects a goodwill shown nowhere on the balance sheet. The "going concern" value of the enterprise is sought; not the sum total of its buildings, equipment, merchandise, accounts receivable, and cash in bank. There's a theoretical formula: What a "willing buyer" would pay a "willing seller," dealing at "arm's length"—what do these words mean, really?

They have no absolute meaning, of course; so what ensues is a process of bargaining—not with a "willing buyer" but with the taxing authorities.

THE result is a compromise, usually. It may be considerably above book value, particularly where service or a unique franchise or location features the business; it may be considerably below book in the case of a business loaded with slow-moving inventory. What matters *today*, from the planning viewpoint, is that there is now no certainty. No reliable estimate can be made of what the taxes will be; there will be no confidence, consequently, in the adequacy of reserves set apart for taxes—to avoid costly liquidation; what will be left for the family is a big, nebulous "X" that even Einstein couldn't reduce to precise, dependable dollars.

How to prefix values for estate tax purposes is the problem of every planner. Sometimes the granting of an option to buy the decedent's stock, at a price fixed or determinable according to a stated formula, will do the trick—and "trick" is said purposefully, for there's an element of magic or mystery in it. The mystery is, "Will it work?" There is less mystery and more cer-

tainty in a firm, definite, and mutually binding buy-and-sell agreement. Such an agreement presupposes good faith, genuine arm's length dealing, a buyer or buyers not merely willing but able to buy. Lack of ability is the snag which founders many a fancy contract contrived to fix values for death tax purposes.

TAKE an example which literally teems with good faith, abounds with bargaining: Tom Powerhouse dominates the Zeta Corporation. Yet there are some small stockholders—key employees, in the main, to whom he virtually gave shares in the early days of the company. The business is their "life" as much as Tom's, and not merely sentiment but the urge for self-preservation activates their desire to buy the business on Tom's death—if they can. Out of their negotiations comes a price that is fair to all concerned; the only trouble is, the potential buyers haven't the money to pay it. So the best they can do is provide for long range installment payments. All kinds of problems then arise. Who, for example, will vote the decedent's stock while it is still unpaid for? If the family remains in control it will wish dividends—and salaries, maybe. The buyers will lack the ability so to order affairs as to extract the maximum wherewithal for removal of the millstone around their collective necks. If the scheduled payments are unrealistic—spread too long and too thin—will the taxing authorities accept the contract as determinative of value; or will they claim that there was a considerable element of "donative intent"?

What a marvelous solution it would be of these and similar problems if somehow the instalment paying could commence now and by some miracle be completed upon the instant of the dominant owner's death, whenever it might occur—any time after the first instalment had been paid? It can be done; and the miracle, of course, is life insurance.

Tom Powerhouse and his associates, happily named Willing, Eager, and Ready, enter into a business insurance trust agreement. Tom is insured for \$250,000; Willing takes \$100,000 of it; Eager the same; and Ready the remaining \$50,000—he wasn't quite so ready as his name implies. Each pays the premiums on the policies he owns; each owns all the "incidents of ownership" in the policies, such as the rights to borrow, to take down cash values and to change beneficiaries; but each agrees not to exercise these powers without the consent of the others—Tom included. The insurance policies are deposited with a trustee; and so is Tom's stock; the trustee is made beneficiary of the insurance policies.

Now, \$250,000 is approximately what Tom's stock is expected to be worth according to the formula mutually agreed on for price-fixing purposes at Tom's death. (Or maybe there will be mutually agreed on certifications of price made annually to the trustee.) On Tom's death, the trustee will collect the insurance proceeds. If the price happens to be \$240,000, it will pay to Tom's estate and distribute Tom's stock at the ratio of 10-10-5 to Willing, Eager, and Ready. It will distribute the \$10,000 "change" to Willing, Eager, and Ready in the same proportions. If the price chances to be \$260,000, then the trio will obtain only so much stock from the trustee as \$250,000 will pay for—unless they put up the difference in cash, which normally wouldn't

be difficult, since they definitely control the business. Their credit would be good if they were shy the cash.

There are variations. Sometimes there are two, three, or more associates with relatively equal interests. The arrangement is somewhat more complicated, then. Each insures the lives of the others, and sometimes the corporation is the insured rather than the individual stockholders. But the basic principle is essentially the same: that life insurance, come suddenly to maturity by the fact of death, supplies all or most of the purchase price for the deceased's interest in the business. His family is paid off, promptly; the survivors in the business can proceed free of family "drag" or interference; there need be no haggling over the value of the stock for estate tax purposes and *the money is right there to pay the tax with!*

So perfect seeming is the business insurance trust as a solution for the problems it seeks to resolve that one is entitled to wonder why such trusts are not universally used; and why trust companies look askance at them in some instances. The truth may be that too often they have been "sold" as a panacea, which they are not. They shouldn't be "sold" at all, if the process involves any distortion of the basic facts to fit the business insurance concept. Rather they should be sought for when the facts cry for the remedy. Indeed, this is a standard that should be applied to all prospective trust business. Which is a good note on which to end the series.

With this article Mr. MacNeill completes his series on Basic Trust Services. Also he completes, reluctantly, he says, and due to business pressures, the monthly group of articles which have appeared under the general heading of "The Family Dollar."

"And guess what the good little prince found at the end of the rainbow! A great big bag of gold—no, that's illegal—a bag of Government bonds redeemable in 30 years at 3 1/4 percent!"



"Citizens Bank" in a "Junior Republic"

DOROTHY CAREW and JOSEPH ROSAPEPE

A "CITIZENS BANK" operated by and for teen-agers has helped teach economic facts to young people at the George "Junior Republic" for the past 58 years.

Licensed by the citizens' government of the Republic at Freeville, in upper New York State, the bank is run on the lines of any commercial savings bank. It has checking and savings accounts, makes personal and business loans, and serves as hard-headed a group of citizens as ever earned their board and keep.

The "Junior Republic" was started in 1895 by William R. George, a retired New York businessman, as an experiment in teen-age self-government. Dedicated principally to boys and girls from all walks of life who have special problems, the Republic was designed to develop maturity, sound judgment, and self-reliance by having the young people live a life closely resembling that of the adult world.

The Citizens Bank was organized in the early days of the Republic because one of Mr. George's basic themes was "Nothing without labor." Every citizen has to work and live on what he earns. He must find a job in maintenance of the 550-acre grounds, in the print shop, tool-working or machine shops, or, in the case of girls, in housekeeping. Citizens who decide against work are charged with vagrancy before the Republic's court and penalties are imposed.

The bank originally existed solely for savings; but, as the community developed, so did its banking services. Today any citizen may set up his own business under a license from the citizens' government, and he may hire other citizens. The bank makes business loans on actual security or reputation. In the last eight years it has financed light laundering, tailoring, and beauty services, a sandwich concession for sports events, and a small loan business.

Because it serves a specialized community of about 125 citizens, the Citizens Bank's services go beyond those of a regular commercial bank. Control of the Republic's finances is vested in the bank, headed by the

electd secretary of the treasury. The Republic mints its own money and the bank establishes the rate of exchange between its own currency and U. S. money. The current rate is about two Republic dollars to one U. S. dollar. The secretary of the treasury also is tax collector, so citizens pay income and other taxes to the government account at the bank; and the bank staff figures weekly pay checks from employers' time cards.

No charge is made for checking accounts, and instead of interest on savings the bank has a bonus system under which, if a savings account of more than \$20 is maintained for three months or longer, redemption is at the rate of one U. S. dollar for each Republic dollar. Republic currency may always be converted to U. S. money at the prevailing rate of exchange when citizens leave for vacation or want to shop in outside stores. There is one limitation—the citizen must keep a balance of \$20 on deposit for expenses and any fines imposed on him.

After one brush with inflation, the

citizens are very wary. They have regulations against receiving money from outside, and smuggling is punishable under the Republic's laws.

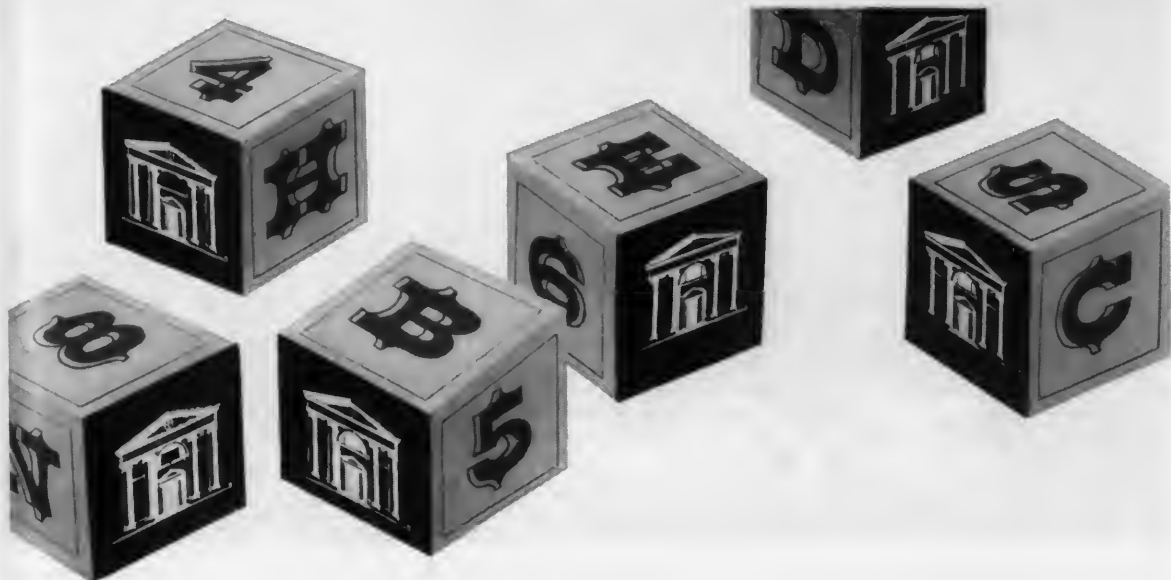
OPERATING the bank under the secretary of the treasury is the bank director, at present Shirley Kuehnert, 17-year-old blonde from Akron, Ohio, who has held the post for nearly two years. Shirley, whose earnings are about tops in the Republic, gets paid for her bank job, for achievement in school work, and also for her government post as court magistrate.

Shirley worked up to her bank job after starting as a maintenance worker who "maintained floors with a scrubbing brush." With more than \$140 in her checking and savings accounts, she is a shining example of the economic lesson described by directors of the private membership corporation which sponsors the George "Junior Republic":

"A powerful stimulus to independence and personal responsibility is the discovery, somewhere along the line, that a savings account is a valuable asset."

Shirley Kuehnert, the bank's director, waits on some young customers





SIX BANKS AND A SEASONAL INVENTORY PROBLEM

The company's bank loans had been reduced from \$1,000,000.00 to \$550,000.00.

Further reduction would be serious for the company and embarrassing for the banks. Spring production schedules called for a rapid inventory build-up of myriads of items: toys, games, educational equipment—stored in various locations to expedite final shipment.

Because of recent losses, the amounts of unsecured funds needed to support this seasonal build-up of inventory were not justified, and the banks didn't relish a secured position with this type of inventory. Receivable financing required experienced supervision and control.

Under a Walter E. Heller & Company financing plan, the banks were reduced to \$400,000.00 and up to \$1,000,000.00 was advanced on the accounts receivable and inventory. With sufficient funds, the company's position was stabilized and full seasonal production assured. In a year the bank loans were paid off. In two years, operating results commanded a long-term insurance loan and soon unsecured credit was again extended.

Bank officers charged with responsibility for making loans are invited to learn the details of Heller Supplementary Financing. A booklet describing the nature of our services and the scope of our activities will be sent on request. Suggestions for dealing with specific problems will be given in confidence and without obligation. Please address:

BANKING SERVICE OFFICER

WALTER E. HELLER & COMPANY

Established 1919

15th FLOOR: 105 W. ADAMS STREET, CHICAGO 90, ILLINOIS
13th FLOOR: 10 E. 40th ST., NEW YORK, N. Y.

THE FINANCIAL SERVICES

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

The following types of supplementary financing are flexibly administered according to experience gained from national operations which now represent a volume in excess of \$500,000,000 annually.

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





The A.B.A.'s Farm Management Committee holds its first meeting in Chicago. *Left to right*, James W. Carr, assistant cashier, Peoples Bank & Trust Company, Rocky Mount, substituting for Mr. Shaw; and Messrs. Graves, Parker, Crocker, Cartwright, and (A. G.) Brown (deputy manager, A.B.A. and director of Agricultural Commission)

News for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

Farm Management Committee

THE work of the Agricultural Commission of the American Bankers Association has been further expanded by the formation of the Committee on Farm Management by banks, of which John H. Crocker, president, Citizens National Bank of Decatur, Illinois, is chairman.

The Committee will shortly start work on a study of the farm management work presently being done by banks. Its findings will be the basis of a manual which will outline methods of procedure to be followed by banks in establishing a sound farm management program. It will include accounting methods, pertinent forms, procedures for taking on new farms, and other information to assist banks in farm management.

In addition to Mr. Crocker, the Committee is composed of: L. W. Cartwright, assistant cashier and farm manager, Central National Bank & Trust Co., Des Moines; Douglas F. Graves, assistant secretary and manager, farm division,

The Northern Trust Company, Chicago; J. Ed. Parker, Jr., vice-president, First National Bank & Trust Co., Lexington, Kentucky; W. W. Shaw, executive vice-president and trust officer, Peoples Bank & Trust Co., Rocky Mount, North Carolina; and Dr. Van B. Hart, professor of farm management, New York State College of Agriculture, Cornell University, Ithaca, New York, *advisor*.

The banks represented on this Committee all offer farm management service.

Comptroller Interprets Law

THE Comptroller of the Currency, in a letter to the American Bankers Association dated November 10, interpreted Public Law 285 of the 83rd Congress (amending Section 24 of the Federal Reserve Act) authorizing national banks to make real estate loans secured by first liens upon forest tracts which are properly managed.

The Comptroller states, in part: "Proper forest management in all respects is the application of suitable and economically sound forestry principles relating to protection, utilization, and reproduction of forest tracts, and the following

are indicative of such management:

"(a) Organized protection against forest fires is provided by the State Forest Service or other protective public or private fire protection agencies. Such protection should include provision for prompt detection and suppression of forest fires and, where considered necessary by local foresters, pre-suppression measures such as construction of fire-breaks and fire-roads.

"(b) In cases where hazards from attack by insects or disease are unusually high, protection is provided by an effective public or private organization, or existing roads and logging conditions are such as to make salvage of killed timber feasible.

"(c) Any cutting conducted during the period of the loan is of such nature as to insure reproduction and continued growth of timber tracts. Where a borrower follows the advice of a qualified person in timber marking, for example, this would ordinarily indicate acceptable cutting practice."

N.E. Council Honors 4-H

NEW ENGLAND bankers lead the way this year in giving a half

dozen 4-H Club members a chance to participate in one of the region's most important business conferences. For the second year, the state bankers associations from each of the region's six states cooperated with business concerns to provide a fund used to send representatives of the state's rural youth to the annual New England Conference convened by the New England Council and the governors of the New England states.

Arrangements for the 4-Hers' visit were sponsored by the Council's food and agriculture committee. The young delegates were guests of the committee for all sessions of the conference and two of them spoke at the food and agriculture group session. The others were "guest stars" on farm programs of Boston radio stations.

A feature of the meeting was an address by Secretary of Agriculture Ezra T. Benson at a New England breakfast, where the 4-H guests had a reserved table.

Florida Cattlemen Feted

DURING a recent state convention of Florida ranch owners and cattlemen, more than 200 of them were taken on a conducted tour of the First National Bank in St. Petersburg. Officers of the bank wore colorful cowboy regalia for the occasion.

Women employees wore attractive cowgirl costumes and while acting as hostesses served citrus juice and cake. The frosting designs on the cakes featured more than 40 different cattle brands and aroused much enthusiasm. Instead of eating

Louisiana bankers and Indonesian agriculturists at the Louisiana Bankers Association's Agricultural Credit School. *Left to right, foreground, Mr. Mawani; Byron Plauche, vice-president, Guaranty Bank & Trust Co., Lafayette; A. A. LeJeune, president, Kaplan State Bank; Mr. Hasmo and Mr. Koesmadi; O. S. Middlebrook, exec. vice-president, Homer National Bank; Mr. Leein*



the cakes, the cattlemen scurried about in an effort to find their own particular brands so they could take them home to their families.

The cattlemen hailed the bank's hospitality as among the most outstanding they had ever received.

Indonesians at Louisiana Agricultural Credit School

ATENDING the second annual Agricultural Credit School of the Louisiana Bankers Association were 14 Indonesians and 60 bankers. The Indonesians, who are studying the Agricultural Extension Service in Louisiana, are spending several months in the United States under the Point IV program. They were guests of the LBA at the school.

"These Indonesians have a very high regard for our bankers' cooperation with agriculture, in fact, they are amazed," reports Allie C. Kleinpeter, Jr., associate editor of the

Louisiana Banker. "Our bankers here in Louisiana have done a wonderful public relations job on selling the free enterprise system. All of these visitors are high officials in the extension service of Indonesia and, throughout the two-day school, they sat in on every discussion, took part in some, and asked quite a few questions. Our bankers had a wonderful time in 'bull sessions' with these visitors."

The Agricultural Credit School was held on the Louisiana State University campus in Baton Rouge.

Livestock Panel Optimistic

THERE is no reason for serious pessimism about the prospects for the livestock industry in the months ahead, a panel of bankers stressed in a discussion held as part of the A.B.A.'s Second National Agricultural Credit Conference in Chicago.

The group, which discussed "Livestock Financing," was moderated by Tony L. Westra, vice-president, Northwest Security National Bank of Sioux Falls, South Dakota. Other members were Al J. Brown, vice-president, Security-First National Bank of Los Angeles, Fresno; Leonard N. Burch, vice-president and manager of the livestock department, The Denver National Bank; William E. Drenner, vice-president and manager of the livestock department, The First National Bank, Memphis; and J. A. Rohwer, president, Farmers State Bank, Schleswig, Iowa.

The panel members asserted that "with consumer buying power continuing at a high level and popula-

(CONTINUED ON PAGE 94)



Members of the teller staff at the First National Bank of Jacksonville clad in brilliant silk cowpoke shirts, sombreros, and gaucho hats as a welcoming gesture to Florida cattlemen convening in Jacksonville. *Left to right, Mrs. Richard T. Kirk, Otis H. Long, and J. E. Spurrier*

Northwestern Windbreaks Conserve the Soil

HAROLD SEVERSON

MINNESOTA bankers are becoming increasingly tree conscious. Last spring they helped stage "Treeville," a demonstration of tree-planting practices.

This year an increasing number of trees have been set out with the help of mechanical planters purchased by county banker associations and loaned to farmers. You'll find farm windbreaks and commercial tree plantings in areas once considered too poor even for good pastures.

Windbreaks Popular

In western Minnesota and the Dakotas on the wind-swept Lake Agassiz plains, tree windbreaks to halt wind erosion and increase production are becoming increasingly popular. Tree planting has spurred at a tremendous pace through the use of the planters. And farm experts report the practice is spreading as farmers relate their experience with windbreaks.

"Planting rows of trees in the center of a grain field does sound strange," said M. A. Rogness, cashier of the State Bank of Lake Park. "It has all the ear-marks of a poor farming practice, doesn't it? Actually, this is one case where trees and modern farming machinery do go together.

Nels Snustad of Fergus Falls, conservationist with the U. S. Soil Conservation Service, explains the area once was covered with a big sheet of water formed by melting of a great glacier back in the ice age. It covered much of Manitoba, the Dakotas, and Minnesota. Most of the region has a fertile black soil, but some of it consists of a light, sandy soil that takes off in great clouds on a windy day.

Trap Snow and Moisture

Farmers like Sigward Swenson of Wilkin County, Minnesota, swear by their field windbreaks. He farms 560 acres of sandy soil which gave him a lot of trouble. Then he joined the Wilkin County Soil Conservation District and changed his methods.

Left to right, Wayne Ruona, Detroit Lakes, Minnesota, farm planner; Conservationist Snustad; and Banker Rogness study figures showing increase in tree plantings since tree planter purchase



"One of my first moves was to plant several rows of trees—jack pine, willow, cottonwood, ash, and box elder—clear across a quarter section," said Mr. Swenson. "We also planted crops in strips instead of in a single large field."

That was in 1947. Today the trees do an effective job of saving the soil. They also trap the snow and permit moisture to soak into the ground.

"Let me tell you about a field of rye," Mr. Swenson said. "It was a narrow strip, covering only about 10 acres and planted next to a field windbreak. When we combined that rye, I measured the crop at 50 bushels to the acre."

Mr. Swenson admits tree windbreaks are not the entire story, however. He plants his crops in strips and uses a soil-building rotation that includes sweet clover. The strips are about 20 rods wide and about a half mile in length. A typical planting on a quarter section would include a strip of corn, one of rye, one of sweet clover, one of grain, two in alfalfa, and two in grain seeded down.

Kenny Emerson, a neighbor of Mr. Swenson's, tells how a field windbreak saved a field of windrowed flax. Although the trees were not very tall, they had grown sufficiently to break the force of the wind.

"A strong wind blew up one day," Mr. Emerson explained. "I had just finished windrowing my flax. Ordinarily, that would have meant it would be scattered from here to

kingdom come. Fortunately, the trees saved the day by breaking the force of the wind. It didn't bother the flax at all and I was able to combine a good crop."

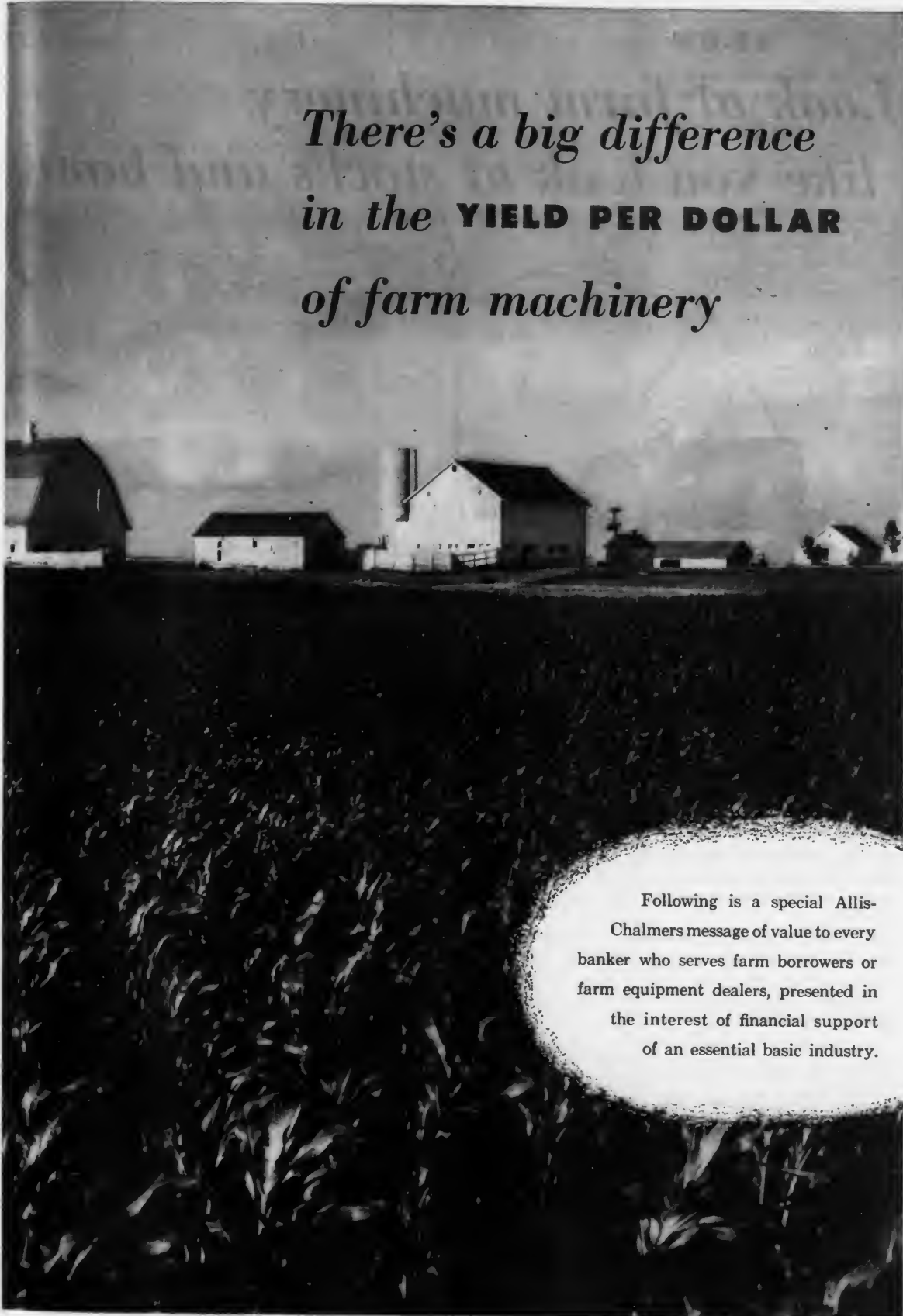
Banker Rogness loaned the Becker County board of supervisors enough money to buy a tree planter two years ago. It was a \$750 loan issued without interest. Mr. Rogness owns a farm and is interested in promoting soil and water conservation practices.

Hand Planting Outmoded

Since the introduction of planters, farmers who never had thought of planting trees now are setting them out by the hundreds of thousands. Farmers usually lend a hand when the planter arrives at their fields. The planting costs run to about a half-cent per tree. The most popular varieties are the green ash, American elm, wild plum, and caragana, or Siberian pea tree.

George Scherzer, chairman of the Becker district's board of supervisors, points out the windbreaks and shelter belts make ideal wildlife habitats.

The Minnesotans stress the advantages of preparing the soil before planting trees. Careful preparation of the site, good planting with hardy stock, and thorough cultivation are three factors that go hand in hand. When all three are well done, the results often are spectacular.



There's a big difference
in the YIELD PER DOLLAR
of farm machinery

Following is a special Allis-Chalmers message of value to every banker who serves farm borrowers or farm equipment dealers, presented in the interest of financial support of an essential basic industry.

Look at farm machinery like you look at stocks and bonds



Some investments are more profitable than others because of an inherently higher yield per dollar. The same applies to the farmer's investment in power machinery. Here, as with securities, investment value depends, first, on the purchase price; and second, on the ability to produce.

For example, compare the farmer's purchase of a new Allis-Chalmers WD-45 Tractor with other tractors in the full 3-plow field. In the WD-45 the farmer gets the most advanced engineering in the tractor-building industry. Some of these features are listed on the opposite page, together with their importance in making the tractor more productive. At the same time, note the f.o.b. prices — so low that *delivered* prices are several hundred dollars less than other tractors of comparable power, equipped for normal farm use. The reason, of course, is advanced engineering, design, and the effi-

ciency of Allis-Chalmers' production lines.

This applies to other Allis-Chalmers machines including the new Self-Propelled ALL-CROP Harvester shown here. It proves that self-propelled combines can be a sound investment — when advanced engineering has eliminated extra weight, bulk, and cost, while making the machine efficient over a wide range of crops and conditions.

For a final check on the rapid change in power machinery values — including the difference between one make and another — we suggest that you see the WD-45 Tractor, Self-Propelled ALL-CROP Harvester and other Allis-Chalmers equipment in action . . . or talk to farmers who have invested in Allis-Chalmers machinery. We invite you, as a banker, to make your own estimate of the increased yield per dollar with Allis-Chalmers power.

We know your judgment of investments is sound.

YOU'LL FIND COMPARABLE YIELD PER DOLLAR ADVANTAGES IN

WD-45

NEW STANDARD OF POWER VALUE

POWER-CRATER Engine — premium performance on regular gasoline; up to 45 horsepower from a 226-cubic-inch engine at only 1400 rpm.

TRACTION BOOSTER — automatically increases traction of rear wheels for plowing and other heavy tillage; hydraulic system also controls both mounted and pulled implements.

POWER-SHIFT rear wheels — quickly spaced by engine power; **SNAP-COUPLER** for mounted tools. Together they mean real quick-change farming.

TWO-CLUTCH CONTROL — hand clutch provides constant operation of power take-off; foot clutch stops all power outlets for safety.

\$2095 with dual front wheels; \$2180 with adjustable front axle. Both prices f.o.b. factory.



Self-Propelled

ALL-CROP Harvester

GREATER PERFORMANCE AT LOWER COST

9-ft. regular header; 12-ft. for short straw or headed grain.

WIDE-FLOW Feeding — handles heavy straw easier; spreads crop thin for more thorough processing.

AIR-BLAST Separation — separates kernels cleanly from straw as it leaves the cylinder.

SAW-TOOTH wind valves — better cleaning of difficult seed crops.

\$3995 with 9-ft. header; \$4145 with 12-ft. header.

OTHER ALLIS-CHALMERS MACHINERY

POWER-CRATER, SNAP-COUPLER and ALL-CROP
are Allis-Chalmers trademarks.

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

The Farm Financial Outlook for 1954

O. B. JESNESS

DR. JESNESS is head of the Department of Agricultural Economics of the University of Minnesota, St. Paul, and is a member of the Advisory Council of the Agricultural Commission of the American Bankers Association.

BANKERS may well show concern over the persistent reports that all is not well on the farm front. Agriculture is an important segment of our economy and the pocketbook of the farmer cannot be hit without the effects being felt in many other places. This certainly is true of banking because a very large proportion of the banks are country banks that do business with farmers directly. City banks also come in contact with the situation through their correspondent country banks and their loans to enterprises serving agriculture or handling farm products.

Of the total of over \$8-billion of non-real-estate debt of farmers (including merchant and dealer credit but excluding price-supporting loans), somewhere in the neighborhood of 40 percent is in the form of bank loans. The proportion of bank loans to the total credit extended by lending agencies is much higher. The stake of banks in agricultural welfare is clear.

A look at some of the totals is all that is necessary to decide that farming is "big business." The Bureau of Agricultural Economics estimates the following valuation of agricultural assets on January 1, 1954: Farm real estate \$86-billion, other physical assets \$48.3-billion, and financial assets of \$22.1-billion, bringing total assets to \$156.4-billion. Claims against these assets include real estate debt of \$7.8-billion and other obligations of \$8.9-billion, or total liabilities of \$16.7-billion. This leaves a total equity of farmers of \$139.7-billion.

Farm Prices Decline

The decline in farm prices which has been under way for the last three years and which became more marked in the fall of 1952 is showing up in the agricultural balance sheet. Land values declined an average of 4 percent from July 1952 to July 1953, and the prospects are that some further decline will take place. There also was a drop in the value of non-real-estate items, the sharp decline in livestock prices being an important factor. Debt increased somewhat during the year so that the total equity of farmers is about 6 percent below that of a year ago.

The peak in farm prices after the Korean outbreak came in February 1951. The decline from that point was very gradual until the latter part of 1952 and early 1953 when it became rather sharp. Farm prices have continued to show some evidence of weakness in recent months but indications are that they are tending to stabilize.

Politicians, both the "ins" and the "outs," are playing the favorite game of blaming the opposition. The

major factors, however, are economic, mostly on the supply side. Three of these played leading roles in the recent decline. One was the large farm output in 1952, not only in the United States but also in much of the rest of the world. Production in 1953 was not far behind. A second grew out of the fact that by late summer of 1952 the cattle production cycle which had been in the upswing for several years reached the point where marketings of cattle increased decidedly with a resulting drop in cattle prices. Drouth in the Southwest added to the movement to market. A third factor was a major decline in farm exports due to large production and agricultural recovery in western Europe. The improved food supply in western Europe made it possible to shift more of our aid to defense items. Farm exports last year were down nearly a third from the level of 1952.

Output in 1954 About Same as 1953

Unless 1954 should turn out to be an unfavorable crop year, output will be about the same as in 1953. Acre restrictions in force for some supported crops will encourage more intensive production on the land used and shift of released acres to other crops. Cattle numbers may have reached their peak for the present cycle but signs of drastic liquidation are not yet in evidence. Widespread drouth could change the picture and force range cattle to market. The hog production cycle is on the way up and the spring pig crop may be 5 to 10 percent above that of 1953. This means more pork on the market next fall and winter.

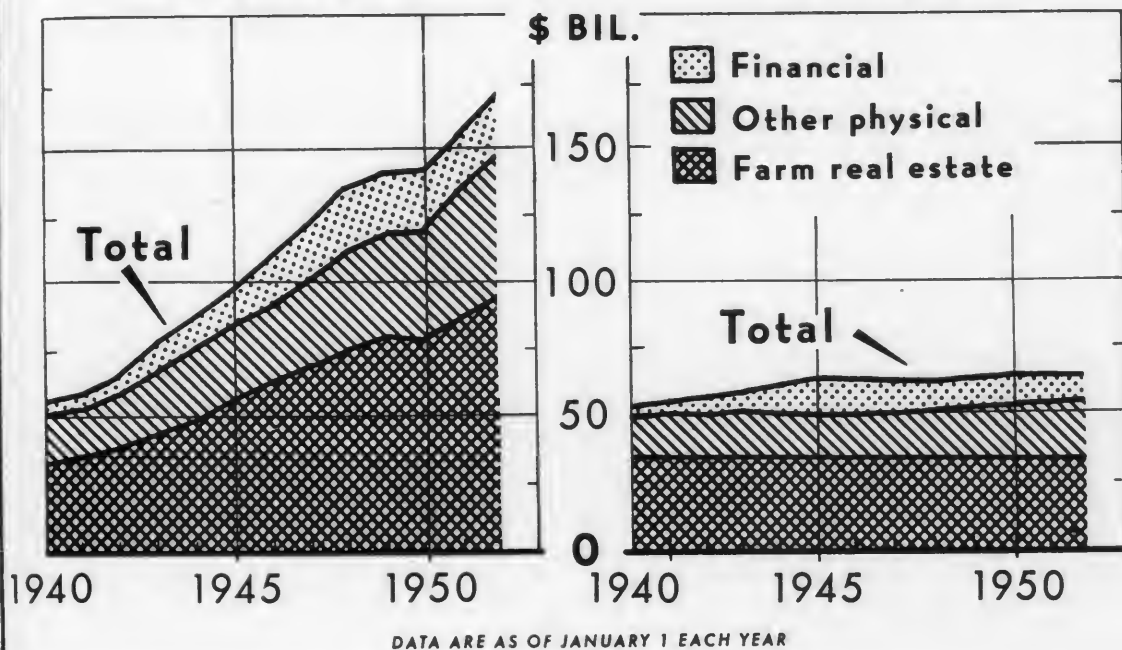
The present price support program continues supports on basic commodities and some others through 1954. The prices of wheat, cotton, corn, and other feed grains, tobacco, rice, peanuts, and some other commodities will continue to feel the bolstering effect of supports throughout the year. Marketing quotas on wheat and cotton and acreage allotments for corn are not sufficiently drastic to bring about a downturn in stocks. Increases rather than decreases in carryovers are in sight. The hard fact which needs facing is that some lines of agriculture are expanded beyond the available domestic and prospective foreign markets so some adjustments are in order. Holding productive resources out of use may be logical in a situation of temporary surplus which promises to right itself shortly. However, in the case of some lines, such as wheat and cotton, we seem to be facing a condition calling for a shift of some resources to other uses.

We need to be aware of the nature of demand for farm products. The overall demand is relatively inelastic. The human stomach is limited in its capacity. In a comparatively well-fed country such as the United States the total quantity of food consumed per person does not change quickly. It therefore does not take a very large addition to total supply before signs of surplus show up in the market.

VALUE OF FARM ASSETS

IN CURRENT DOLLARS

IN 1940 DOLLARS



U. S. DEPARTMENT OF AGRICULTURE

NEG. 48857-XX BUREAU OF AGRICULTURAL ECONOMICS

Readjustment Not Depression

Those who see indications of a return of 1932 in the weakening of prices find it difficult to bolster their point by available facts. The decline has not resulted from any general falling off in demand. The rest of the economy continues at a high level. While some lines appear to be faced with moderate adjustments, nothing comparable to conditions of the early 1930s is on today's horizon. The appropriate word is "readjustment" rather than "depression." Agricultural lines which need to trim back will find the job less difficult with the rest of the economy in high gear.

The balance sheet of agriculture as of today does not warrant extreme pessimism. While farm mortgages are edging upwards, the total is far below that of 30 years ago. Individuals with a heavy mortgage and small equity may run into difficulty but wholesale foreclosures of the earlier period are not in prospect.

Farm machinery dealers and manufacturers naturally are concerned over a sharp drop in their sales. Some plants have had to lay off workers on this account and this is being referred to as a sign that serious trouble lies ahead. It would be unrealistic to pretend that falling prices are not important. However, there are other considerations. Farmers bought a good deal of equipment after the war as shortages eased so they are fairly well supplied.

The level of deposits in country banks and purchases

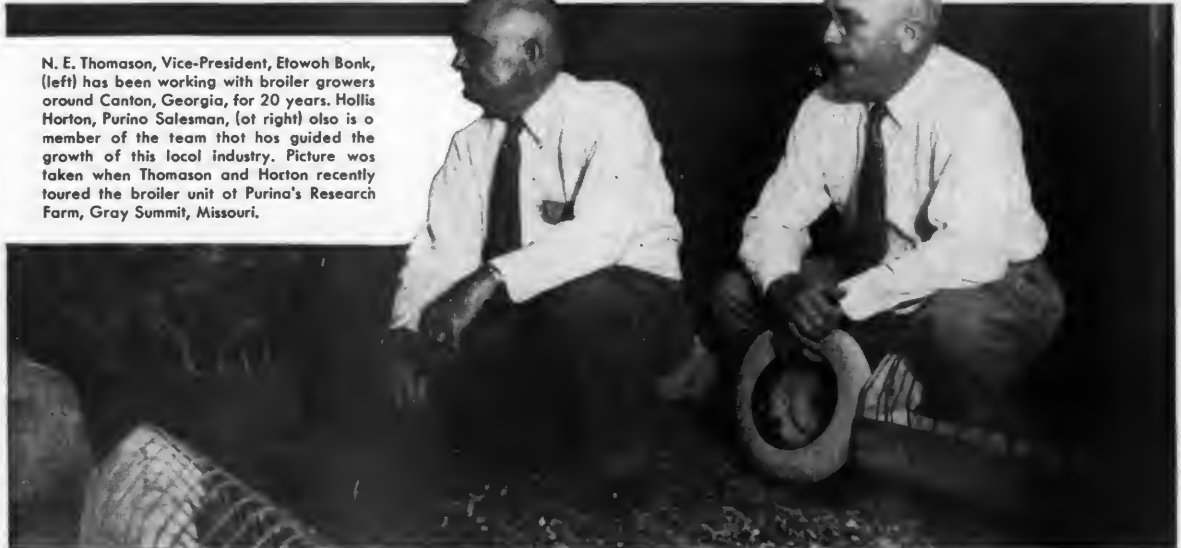
of bonds suggest a fairly conservative attitude on the part of farmers in this period of uncertainty. They are waiting to see what the future holds in store. They may also have some hope that costs may work downwards and be willing to hold off for that reason.

A Point to Keep in Mind

A point to be kept in mind is that farming is more commercial than ever. A constant inflow of cash is needed to purchase machinery, motor fuel, feeds, fertilizers, spray materials, and requirements for the home. The stepped up commercialization in farming means better farm living but it also makes the farmer more vulnerable to gyrations in the economy. His dependence on the rest has increased. He has more interest than ever in stability at a high level.

The great increase in the amount of capital required in farming frequently is viewed as a decided handicap to young people just getting started. There is no intent to minimize this problem here. It never has been easy to start from scratch. By and large, earning power of the investment has kept pace with increased requirements—so getting hold of capital is no more difficult relatively than formerly. What has become more essential than ever is "know-how." The premium on ability and management is greater than ever. Any major downturn will separate the "men from the boys" faster than in earlier periods.

They Helped Pioneer an Industry 20 MILLION BIRDS IN COUNTY



N. E. Thomason, Vice-President, Etowah Bank, (left) has been working with broiler growers around Canton, Georgia, for 20 years. Hollis Horton, Purina Salesman, (of right) also is a member of the team that has guided the growth of this local industry. Picture was taken when Thomason and Horton recently toured the broiler unit of Purina's Research Farm, Gray Summit, Missouri.

A true pioneer in the broiler industry of the South, N. E. Thomason, Vice-President of the Etowah Bank, Canton, Georgia, is well aware of the great banking opportunities in the farm field. Thomason's bank started financing broiler growers 20 years ago, working through W. L. Lawson and Son, Purina Dealers.

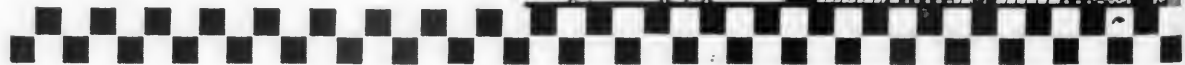
The Lawsons know how to service broiler growers. They are guided by Purina's extensive broiler research and have their own broiler feeding operation. "We've made great progress in the broiler field," Thomason comments. "I can remember when we were glad to get a 2¾ to 3-pound bird in 13 weeks. Now we're getting the same size bird in only 9 to 10 weeks."

The 20 million birds makes Cherokee county the top broiler-producing county in Georgia. This big industry has boosted business in the county and has brought prosperity to many people not directly concerned with farming.

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Many bankers are proud of the prosperity they bring to farming communities by sound financing of feeding operations in dairy, cattle, hogs, broilers, poultry and turkeys. If you are such a man, you will find your Purina Dealer and Salesman glad to work with you on a business-like basis. Your salesman has a portfolio of forms and finance plans that have proved sound and profitable for other bankers. If you'll call your Purina Dealer—the Store with the Checkerboard Sign—he'll be glad to have the salesman call without any feeling of obligation.

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Will You Pass Your March 15th Exam?

Uncle Sam has a test in store for you—one that will flatten your pocket-book if you flunk it. The examination date is the "15th day of the third month after the close of your taxable year"—March 15 for most taxpayers, because they use the calendar year. Your exam paper is the Federal income tax form. To learn some facts which may help you pass, try your hand on these 10 questions. If you don't get them all right, you are in danger of overpaying your taxes. This test is based on material from the American Institute of Accountants, the national professional society of certified public accountants. (Answers appear on page 81.)

- (1) **Your wife did some work as a substitute teacher which brought in less than \$600. She wants a refund of the tax withheld from her pay. You should—**
 - a. Let her file a separate return to get her refund; then file your return claiming exemptions for both of you.
 - b. Advise her to file a joint return with you.
 - c. Each file a separate return claiming one exemption.
- (2) **You obtain three loans: the first to buy business supplies, the second to make repairs for a tenant, and the third to pay your son's college tuition. You can deduct—**
 - a. The interest on the first loan.
 - b. The interest on the first and second loans.
 - c. The interest on all three loans.
- (3) **You own several types of securities. Which of the following is taxable?**
 - a. Stock dividend (common stock distributed to common stockholders).
 - b. Interest on state and municipal bonds.
 - c. Interest on bonds of a tax-exempt educational institution.
- (4) **You are the sole proprietor of your business. Your daughter worked for you part time and earned \$595. She filed a return to get a refund of tax withheld from her wages. You can—**
 - a. Not take a deduction.
 - b. Deduct her wages as a business expense and take a \$600 exemption for her.
 - c. Deduct her wages as a business expense, but not take the \$600 exemption.
- (5) **Your inventory pricing method can be changed only—**
 - a. If you are on a calendar year basis.
 - b. By permission of the Treasury.
 - c. Once during the life of your business.
- (6) **You gave your church a corner lot for which you had paid \$500. Its value at the time of your gift was \$1,500.**
 - a. You must pay a capital gains tax on the \$1,000 increase.
 - b. You may claim a deduction of \$500.
 - c. You may claim a deduction of \$1,500.
- (7) **Which of these is NOT a requirement in claiming the \$600 exemption for a dependent:**
 - a. The dependent must be a close relative as defined in the tax instructions.
 - b. Must not have had \$600 or more of income.
 - c. Must not be claimed as an exemption by his or her spouse.
 - d. Must be a citizen of the United States.
 - e. Must have received more than half his or her support from you.
- (8) **Your business is a partnership. Your partnership tax year—**
 - a. May be a fiscal year ending the last day of any month.
 - b. Must be the same as your personal tax year.
 - c. Must be the calendar year.
- (9) **You recently sold 25 shares of stock for a gain of \$100. You had held these shares just under six months. You had no other "capital" transactions. Your tax on this transaction—**
 - a. Is the same as for ordinary income.
 - b. Cannot be more than the capital gains ceiling of 26 percent.
 - c. Is based on 50 percent of your capital gain.
- (10) **You have made a gift of stock to one of your children. If the dividends from this stock amount to less than \$600—**
 - a. The dividends must be reported, but no tax is imposed.
 - b. They are taxed as a capital gain.
 - c. They do not deprive you of the dependency exemption for the child.

(Answers will be found on page 81)

Impact of Uniform Commercial Code on Banking (II)

THOMAS B. PATON

The author, who is assistant general counsel of the American Bankers Association and secretary of the Association's Committee on State Legislation, presents the second article in a series on the Uniform Commercial Code. MR. PATON is coauthor of the Bank Collection Code.

WHY was Section 11 of the American Bankers Association Bank Collection Code omitted from the Uniform Commercial Code as passed this year in Pennsylvania, and as now being urged by its sponsors, the American Law Institute and the National Conference of Commissioners on Uniform State Laws, for enactment in all states? The purpose of this section is to permit the agent collecting bank, at its option, to continue the liability of the drawer and endorsers of an item, not presented over the counter or through the clearing house, but by mail, when the drawee defaults in making payment because of insolvency.

Forwarding by mail direct to the drawee being customary and legally sanctioned by statute in a number of states and by the A.B.A. code, it is the opinion of a number of banking experts (although all are not agreed) that the drawer who gives his check upon a bank which cannot pay, should not be relieved of his obligation by the mere charging of the check to his account and the issuance of a worthless draft therefor. Rather many feel that the drawer should stand for the solvency of his bank, which is his paying agent, until the latter's draft is paid.

Compelling Reason

Reviewing briefly the work in 1928 of the draftsmen of the Bank Collection Code, it has been truly stated that there would be no compelling reason for its enactment if there were no such things as bank failures. True, such code has helped

to make banking practices more uniform and has lessened the necessity of including special agreements on deposit tickets and signature cards. It recognizes that the bank is acting as collecting agent for the depositor, but the main problem confronting the draftsmen was to improve the position of the holders of checks in those cases where they have not received final payment because of bank insolvency.

Two Remedies Offered

Accordingly, two remedies were provided for: First, Section 13 relative to insolvency and preferences entitles holders of checks to preferential treatment in the assets of the failed bank. There was much conflict of decisions over such preferences but Section 13 followed the language of the Ohio act passed in 1927 and now retained in principle in the Uniform Commercial Code, except that it is not based upon the trust theory. The Ohio statute, which relates to payment of a worthless remittance draft issued by a closed bank, reads in part as follows:

The assets of such closed bank shall be impressed with a trust for the payment of such draft and the Superintendent of Banks of Ohio, or any one legally charged with the liquidation of such closed bank, shall pay such draft as a preferred claim out of the assets of such failed bank.

A United States Supreme Court decision, however, has held that this preference does not apply to the assets of a failed national bank. The second remedy, set forth in Section 11, provides that the agent collecting bank may at its option continue the liability of the drawer and endorsers of an item where it has forwarded it direct to the drawee and received in payment a worthless remittance draft.

Section 11 follows the principle of the Montana statute passed in 1927

which relates to a check on a failed bank. It reads in part as follows:

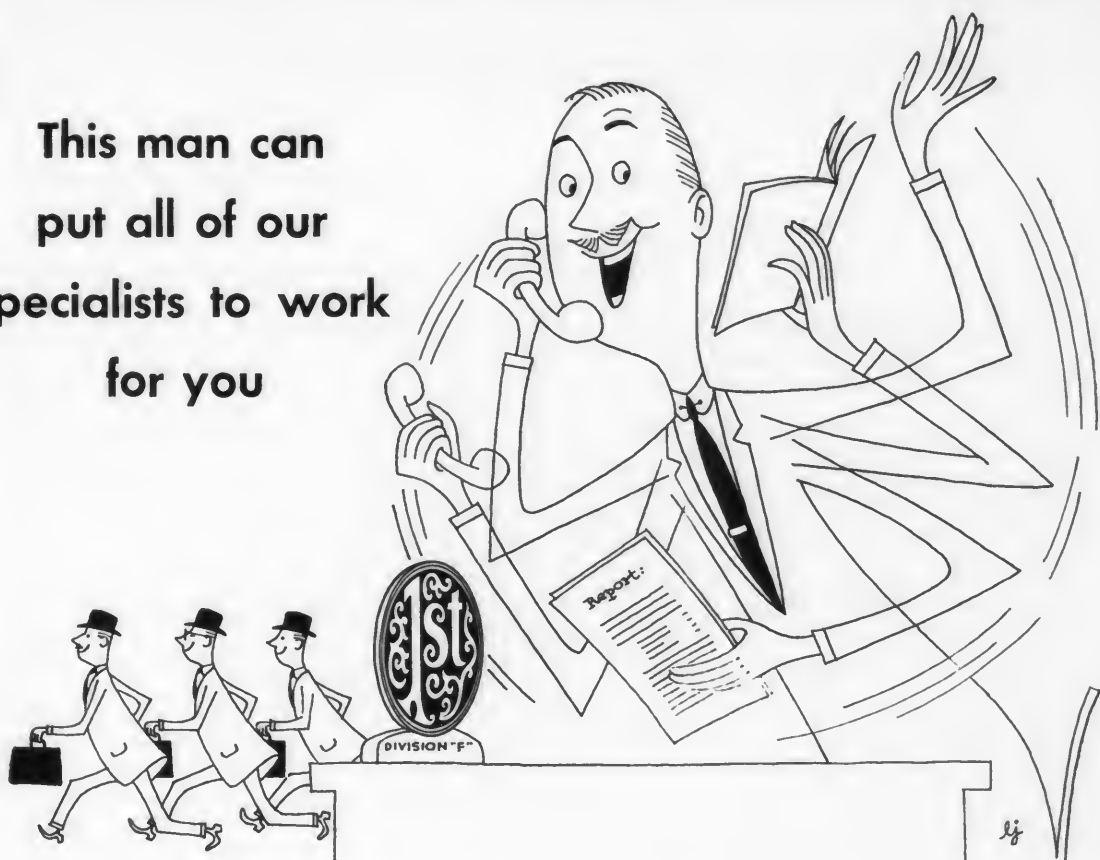
The obligation of the maker upon any such check . . . handled for collection shall not be discharged by the charging of such items to him on the books of the drawee bank or by the surrender of any such item to him by the drawee bank, [or] unless or until such remittance draft be paid.

Comptroller Acts

This protection afforded the holder of the check assumed greater importance when it was discovered that the preference section of the code was inapplicable to national banks. It is interesting to note in this connection that in the early Thirties, the Office of the Comptroller of the Currency wired instructions to receivers of national banks authorizing them to reverse the entries where the item had been charged to the drawer's account. It suggested that they reverse such entries. About the same time the American Bankers Association adopted a resolution recommending that the Committee on Federal Legislation urge the enactment by Congress of the insolvency and preference provision of the Bank Collection Code applicable to national banks. More recently, the sponsors of the Uniform Commercial Code, referring to Section 4-214 dealing with Insolvency and Preference, and to the United States Supreme Court decision, have stated in their "Official Comments" that an "amendment of the National Bank Act would be necessary to have this section apply to national banks."

No further action has been taken by the A.B.A. or by the sponsors of the Uniform Commercial Code to place state and national banks on an equal footing. Why should not this protection now afforded by Section 11 to holders of checks, as provided for by law in many states, be retained? Failure to enact Federal legislation emphasizes the need for retaining Section 11.

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BANK LAW NEWS

Guardian's Liability—Saturday Closing—Fictitious Payee

GUARDIAN'S LIABILITY

Not Responsible for Torts of Persons Using Property of Its Ward

A NEW YORK court has refused to extend the area of a trustee's possible liability to include torts of third persons using property of incompetents for whom the trustee acts as guardian.

A citizen, here called Doakes, had been adjudged incompetent and defendant bank appointed committee of his property. As guardian, the bank had the right to possession, custody, and control of all his property, including his automobile. However, the bank did not take possession of the car and Doakes loaned it to a 17-year-old boy who struck and injured plaintiff while driving it.

Plaintiff demanded \$10,000 damages from the bank, alleging that it knew or should have known that Doakes had the automobile, and negligently failed in its duty to take it from him. The action was brought against the bank in its individual capacity and not as committee of Doakes' property. New York's Supreme Court, Appellate Division, Fourth Department, affirmed an order dismissing the action.

A committee of the property of an incompetent acquires no title to the property but merely acts as agent of the court, as conservator of the property, the court said. As such, its duty with regard to an incompetent's property is to the incompetent and not to third persons, such as plaintiff, the court held.

The court granted that in some cases courts had found unusual circumstances warranting holding a committee individually liable to third persons for its own torts in cases where it had assumed management of an incompetent's prop-

erty; but it found in the instant case no circumstances warranting extending a committee's liability to include torts of third persons in possession of an incompetent's property which had not been taken under the committee's management.

In any event, said the court, the bank's failure to discover and take possession of the automobile could not be held to be the proximate cause of plaintiff's injuries since they were caused, in fact, by the negligence of the boy who was driving the car when it struck plaintiff. *Robinson v. People's Bank of Hamburg*, 120 N.Y.S. 2d 317.

SATURDAY CLOSING

State Laws Govern Business Days and Hours of National Banks

IN a memorandum issued last November, Florida's state bank supervisor gave banks located in counties of that state which do not have five-day week legislation, permission to close on the day after Christmas, Saturday, December 26.

A statement from the Office of the Comptroller of the Currency concerning the right of national banks in those counties to close on that day was contained in a letter from W. M. Taylor, Deputy Comptroller of the Currency, to Floyd Call, executive secretary of the Florida Bankers Association, and distributed by that association. It is reprinted here:

"There are no Federal laws specifying the days and hours a national bank shall be open for business. Consequently, national banks are governed in this respect by the laws of the state in which they are located. The responsibility for decisions in such matters is with the directors of each national bank, acting upon advice of counsel to assure that the bank will be adequately protected under local law. Before the directors decide to remain closed on any normal business day which is not a legal

holiday they must be satisfied that the risk of such closing is negligible and one which they are willing to take insofar as it may subject the bank to liability under state laws, particularly with reference to presentment and dishonor of notes, checks, drafts, and similar instruments.

"We note that Section 675.03 of the Laws of the State of Florida specifically provides that instruments payable on demand may be presented before 12 o'clock noon on Saturday. Nonetheless, directors of the various national banks may feel that the risk of a claim against the bank for nonpayment of such an instrument is so negligible that they would be willing to remain closed on December 26. If this is the case, this office would not object. Your attention is called to a discussion of this problem in *Paton's Digest of Legal Opinions*, Vol. II, p. 2013."

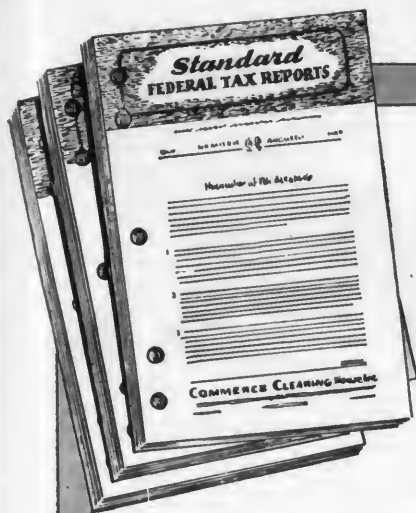
FICTITIOUS PAYEE

Casher of checks drawn to fictitious payees, held liable to drawer

A MINNESOTA case seems to be authority for a rule that an employer is under no obligation to investigate the background of an employee who is permitted to requisition the employer's checks, but that one who cashes the checks for the employee must make some such investigation. The case presented an unfamiliar wrinkle in the familiar fictitious payee pattern, in that a saloon-keeper, rather than a bank, wound up on the losing end of the swindle.

One Berke, an employee of a grain terminal association, was charged with the duty of preparing checks in payment of his employer's bills, presenting the checks to an officer for signature, and then mailing them to the payees. However, as is so often the case, Berke would from time to time prepare checks payable

(CONTINUED ON PAGE 77)



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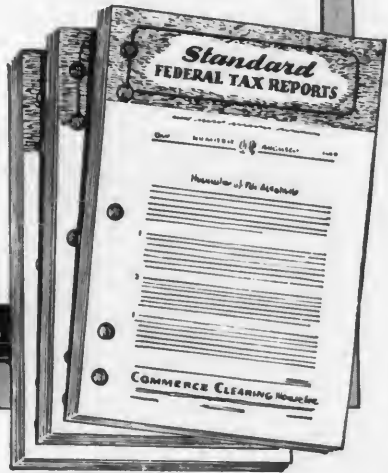
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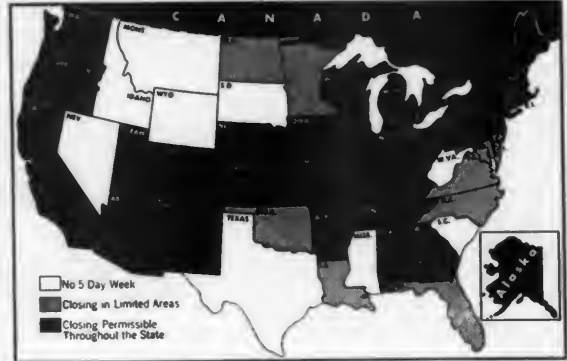
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5-DAY-BANK-WEEK LEGISLATION

State	Closing Day
ALABAMA	Any fixed weekday
ARIZONA ¹	Any fixed weekday
ARKANSAS	Any fixed weekday
CALIFORNIA	Saturday
COLORADO	Saturday
CONNECTICUT	Saturday
DELAWARE	Saturday
DIST. COLUMBIA	Saturday
FLORIDA ²	See footnote
GEORGIA	Wed., Thurs. or Sat.
ILLINOIS	Any fixed weekday
INDIANA ³	Any fixed weekday
IOWA ⁴	Saturday
KANSAS	Any fixed weekday
KENTUCKY ⁵	Any fixed weekday
LOUISIANA ⁶	Saturday
MAINE	Saturday
MARYLAND ⁷	Saturday
MASSACHUSETTS	Saturday
MICHIGAN	Saturday
MINNESOTA ⁸	Saturday
MISSOURI	Any fixed weekday
NEBRASKA	Saturday
NEW HAMPSHIRE	Saturday
NEW JERSEY	Saturday
NEW MEXICO ⁹	See footnote
NEW YORK	Saturday
NORTH CAROLINA ¹⁰	Saturday
NORTH DAKOTA ¹¹	Any fixed weekday
OHIO	Any fixed weekday



State	Closing Day
OKLAHOMA ¹²	Any fixed weekday
OREGON ¹³	Saturday
PENNSYLVANIA	Saturday
RHODE ISLAND	Saturday
TENNESSEE	Wed., Thurs. or Sat.
UTAH ¹⁴	Saturday
VERMONT	Any fixed weekday
VIRGINIA ¹⁵	Saturday
WASHINGTON	Saturday
WISCONSIN	Saturday
ALASKA	Any fixed weekday
CANADA	Saturday

(¹) ARIZONA: Banks closing on weekdays must remain open on Saturday afternoon.

(²) FLORIDA: Twelve separate laws have been enacted, some of them authorizing the five-day week in specifically named counties, and others authorizing the five-day week in counties within certain specified population brackets. The various laws appear to permit closing as follows (county seats are in parentheses):

Alachua (Gainesville)	Sat. or Wed.
Broward (Fort Lauderdale)	Saturday
Dade (Miami)	Sat. or Wed.
Duval (Jacksonville)	Sat. or Wed.
Lake (Tavares)	Sat. or Wed.
Monroe (Key West)	Saturday
Okaloosa (Crestview)	Any fixed weekday
Orange (Orlando)	Sat. or Wed.
Palm Beach (West Palm Beach)	Saturday
Polk (Bartow)	Wednesday
St. Johns (St. Augustine)	Sat. or Wed.
Volusia (De Land)	Saturday

(³) INDIANA: Any bank operating on a five-day week must remain open all day on February 12, February 22, October 12, and November 11, and until noon on primary and general election days, and on Good Friday unless such legal holiday coincides with its regular fixed closing day.

(⁴) IOWA: The state attorney general ruled in 1948 that banks may close on Saturdays, although the state has no law specifically giving them permission to close.

(⁵) KENTUCKY: Banks may not close under the five-day-week law in weeks in which a legal holiday occurs.

(⁶) LOUISIANA: State law permits Saturday closing in the city of Baton Rouge and in Orleans Parish (New Orleans), authorizes the governing authority of Washington Parish (Franklinton) to declare either Wednesday or Saturday a holiday therein, and authorizes the governing authorities of other parishes to declare Saturdays holidays therein. No

bank may close under the five-day-week law when the day immediately preceding is a holiday.

(⁷) MARYLAND: Saturday closing is permitted in all counties except Caroline, Queen Anne's, Somerset, and Worcester (all in the rural Eastern Shore area).

(⁸) MINNESOTA: State law permits Saturday closing in areas having specified population, valuation, or other characteristics. These areas appear to be the city of Moorhead, the areas within 10 miles of the cities of Duluth, Minneapolis and St. Paul, and the following counties (county seats are in parentheses): Cook (Grand Marais), Itasca (Grand Rapids), Lake (Two Harbors), and St. Louis (Duluth).

(⁹) NEW MEXICO: Banks may close on Saturdays in municipalities of 50,000 or more (Albuquerque), and on either Wednesday afternoon or Saturday, elsewhere in the state.

(¹⁰) NORTH CAROLINA: Banks may close only in cities of more than 130,000 population (Charlotte). Banks closing on Saturday must remain open on Lee-Jackson Day, Easter Monday, Halifax Day, Confederate Memorial Day, Mecklenburg Declaration of Independence Day, Memorial Day, and Election Day.

(¹¹) NORTH DAKOTA: Banks may close only in municipalities of more than 5,000 population (Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Minot, Valley City, Wahpeton and Williston).

(¹²) OKLAHOMA: Banks may close only in cities of more than 100,000 population (Oklahoma City and Tulsa).

(¹³) OREGON: Banks which close on Saturday may not close on February 12 or February 22 when these holidays "shall occur on Friday or the observance of which shall occur on Monday."

(¹⁴) UTAH: Banks may not close on Saturday when the preceding Friday or following Monday is a legal holiday.

(¹⁵) VIRGINIA: The law permits Saturday closing in cities having various specified population characteristics. These appear to be: Richmond, Lynchburg, Norfolk, Portsmouth, Newport News, South Norfolk, Suffolk, Falls Church, and Alexandria.

For further information on five-day-bank-week legislation write Thomas B. Paton, Secretary, Committee on State Legislation, American Bankers Association. —J.R.V.

(CONTINUED FROM PAGE 74)

to nonexistent payees, or to payees who were not creditors of the association, and when the checks had been properly signed, would convert them to his own use.

His particular method of operation consisted merely of endorsing the checks in the payees' names, and then taking them to his favorite saloon where a trusting bartender was pleased to give him cash, without asking any embarrassing questions, when he added his own signature to the checks.

After 22 months, the terminal association became aware that its valued employee had made it poorer by \$4,637.40. It made claim against plaintiff surety company which had insured both it and its depository bank. The surety made good the loss, in turn taking an assignment of the association's rights against defendant saloonkeeper.

The Minnesota Supreme Court upheld the surety's right to recover. The checks had been cashed without investigation of the genuineness of the endorsements thereon, without inquiry as to Berke's background, or as to how he obtained the checks, and without asking for any security or for the endorsements of financially responsible persons. This, the court held, was negligence, and was the proximate cause of the \$4,637.40 loss.

The court denied defendant's claim that the terminal association was negligent in hiring Berke and permitting him to requisition checks, since he previously had been convicted of forgery. It held that there was no evidence establishing that the association was aware of this fact when it hired Berke, and that even if it had been negligent in this regard, the negligence was not the cause of the loss that ensued. *New York Casualty Company v. Sazenski*, 60 N.W.2d 368.

The best thing for newlyweds to feather their nest with is plenty of cash down.

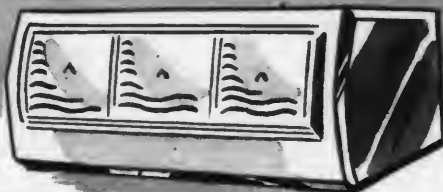
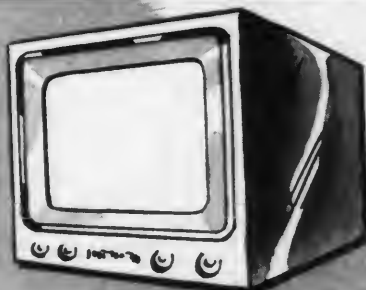
When a person apologizes for his religion, he has the kind of religion for which he ought to apologize.

Some persons think if they wear their best clothes on Sunday they're observing the day properly.

Borrowers' Capital in Inventory?



USE FIELD WAREHOUSING



FOR SECURE LOANS

Marketable assets stored on the manufacturer's or distributor's own premises can be collateralized by field warehouse receipts to enable you to lend safely in excess of open line limits. On loans of this type, it is of the utmost importance to have exact knowledge of the quantity, age, value and rate of movement of the inventory. New York Terminal Field Warehousing service provides this complete inventory control. Our experience is extensive—our integrity established—our service is a quality service, complete, economical and safe.

This could be the solution to some of your loan account problems. A call will bring a qualified representative, without obligation, to give you additional information or assist you in reviewing any inventory situation. Use New York Terminal Warehouse Receipts—they enable you to extend maximum credit with minimum risk.

NEW YORK TERMINAL WAREHOUSE



25 South William St., N. Y. 4, N. Y.

OPERATING OFFICES IN PRINCIPAL CITIES

Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING'S staff.

SBA Policy

WENDELL B. BARNES, acting administrator of the Small Business Administration, has offered full cooperation of the SBA to officers of all state banking associations in helping their members gain complete understanding of the "Bank-SBA Loan Participation Plan."

Mr. Barnes wrote personal letters to the presidents and secretaries of banking associations in the 48 states, Puerto Rico, Alaska, and the District of Columbia. He also mailed them loan information leaflets and forms to help them in answering questions of member bankers.

An article by Mr. Barnes on this subject appears on page 57.

FPRA Regionals

L. L. MATTHEWS, president of the FINANCIAL PUBLIC RELATIONS ASSOCIATION, and president, American Trust Company, South Bend, Indiana, has announced that the FPRA

W. R. Montgomery, executive vice-president of the Bank of Douglas, Phoenix, is the newly elected president of the Arizona Bankers Association



At one of the recent events celebrating the Arizona Bankers Association's 50th anniversary, a guest of honor was Mrs. A. G. Smith, wife of one of the organization's founders. With Mrs. Smith in the picture at the right are Comptroller of the Currency Ray M. Gidney (left) and A.B.A. President Everett D. Reese



will hold four regional public relations conferences in April 1954. The 1-day meetings will take place in Richmond, Virginia; Memphis, Tennessee; Oklahoma City; and Houston, Texas.

The regional conferences will follow the successful pattern used during past years. Basically, each will consist of a morning general session, featuring FPRA officers, luncheon and dinner meetings and afternoon departmental sessions designed for audience participation.

Will-Making

A FOLDER entitled *Have you Made a Will?* has been prepared and issued by the Florida Bar Association in cooperation with the FLORIDA BANKERS ASSOCIATION. The latter organization is urging all of its members to give the folder as wide a distribution as possible.

The folder, in brief, easily understood paragraphs, answers such questions as: What is a will? May a person dispose of his property in any way he wishes in a will? Must a person leave his children at least one dollar each? What are some of the results that can be accomplished in a will? Does a will increase pro-

bate expenses? For how long is a will good? What happens when there is no will? Is estate by entirety a substitute for a will? Is a life insurance program a substitute for a will? Can a will reduce taxes? Who should draft a will?

NABAC Staff

IMPLEMENTING a program of expanded research and service, the addition of two men to the headquarters staff of the NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS has been announced by the association's executive secretary, Darrell R. Cochard.

George D. Bushnell, Jr., joined NABAC as an assistant in the editorial division on December 8.

Robert H. Bukowski will join the staff as Assistant Secretary in the association's research and technical division on January 4.

Independents

RALPH V. ARNOLD, president of the First National Bank of Ontario, California, has been elected president of the INDEPENDENT BANKERS ASSOCIATION OF SOUTHERN CALIFORNIA for (CONTINUED ON PAGE 80)

"WE GET PERSONALIZED SERVICE ON
EVERY CREDIT INQUIRY FROM BANKERS TRUST
- IT'S REALLY EXCEPTIONAL "



There's a big difference in the way credit information is furnished. Here's how to get fast, accurate service.

At Bankers Trust, every credit inquiry receives the personal attention of an experienced credit officer. We make it our business to get first-hand information from suppliers, customers, banks, trade associations and regular credit agencies. We know what information to get... and we send it to you promptly in clear, detailed form.

Our credit investigators are experienced men, specially trained in this exacting kind of work.

The information they gather is carefully analyzed and evaluated in the light of current trade and business conditions, under the personal supervision of our credit officers.

If you believe that more thorough and dependable credit information could be helpful to you, investigate this phase of Bankers Trust service. It is one of the many dependable services we offer... another reason why more and more banks look to us for an efficient New York banking connection.

We invite your inquiry. Feel free to write us fully. Address us at 16 Wall Street, New York 15, New York.



BANKERS TRUST COMPANY

NEW YORK

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 78)

1954. Mr. Arnold served this past year as vice-president of the association, which is composed of more than 65 community-owned banks in the Southern California area. He has also been active in state and national banking circles, having served as a member of the executive council of the California Bankers Association and in various committee posts for the American Bankers Association.

Donald V. Miller, vice-president and cashier, Union National Bank of

Pasadena, was chosen as vice-president, and A. A. Milligan, assistant cashier, Bank of A. Levy, Inc., Oxnard, was elected treasurer.

NJ Staff

FRANCES C. FOURNIER has been appointed assistant secretary of the NEW JERSEY BANKERS ASSOCIATION. She has also been appointed editor of the *New Jersey Banker*, the official publication of the association.

Prior to joining the association in early 1947, Mrs. Fournier was treasurer of the Park Avenue Distribut-

ing Corporation, secretary to the executive vice-president of Sheffield Farms Milk Company, and later assistant to the sales promotion manager of the Hotel Pierre in New York City. She has been serving as assistant to the secretary since 1950.

Insurance Dividend

A 20 PERCENT dividend has been declared by the board of trustees of the NEW YORK STATE BANKERS ASSOCIATION'S Disability Benefits Insurance Fund. The dividend amounts to 20 percent of the total premium paid by participating banks during the fiscal year ending June 30, 1953.

In making this announcement, J. Henry Neale, chairman of the board of trustees, and president, Scarsdale National Bank and Trust Company, Scarsdale, stated that "after giving effect to the dividend, the net monthly cost of insurance actually amounted to only \$1.08 per employee during the past year.

The Disability Benefits Insurance Fund now represents 4,298 officers and employees from 194 participating banks, a 26.4 percent increase in participation since the fund was established in 1950.

In the last three years, the Fund has paid out over \$61,000 in settlement of 513 claims. During 1953 the average weekly benefit claims, exclusive of the 7-day waiting period, amounted to \$24.49 for a period of five weeks.

Harold C. McClellan of Los Angeles is the new president of the National Association of Manufacturers. He is president of the Old Colony Paint & Chemical Company



ASSOCIATED PRESS
BANKING

LEVEL-UP *Your Time Payments* with ALLISON'S NEW PAYMENT COUPON BOOK

An increase of 30% in LEVEL payments was reported by Mr. E. L. Moffett, writing in "Time Sales Financing." He is using Allison's NEW Coupon Books, which accentuates Perforations. "We find" he writes "that having the exact amount of payment on each coupon has a marked effect on the percentage of exactly level payments received. After the system had been in operation for six months it was found that the average percentage of exact payments was 91 per cent as compared to 70 per cent prior to the use of coupons."

7 WAYS TO PROFIT

- Faster Window Service
- Ideal for Mail Payments
- More Level Payments
- Lower Follow-up Costs
- Reduced Loan Acquisition Costs
- Increased Accuracy
- Reduces Posting Time

5/16" BLACK CIRCLED
PERFORATIONS



Immediate profits, proven in so many cases, are so great that it is unwise to delay learning all about the NEW improved payment book. Write for samples and full information. No obligation. No cost.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA

Insure Security with EXPANDING MAILERS

Designed to carry a "full load"
You save registry fees, postage, and time too.

EXTRA STRONG KRAFT PAPER
HEAVILY GUMMED FLAPS and SEAMS
EXPERTLY CONSTRUCTED

Ideal to use when mailing:

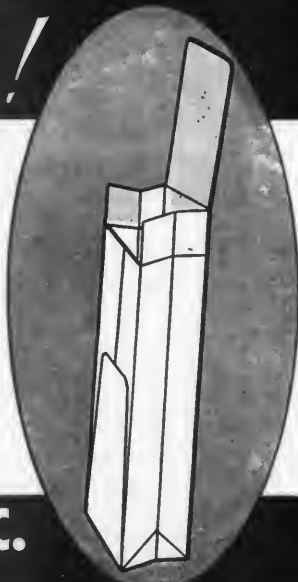
- Bulky transit items
- Stocks and bonds
- Defense Bond record cards
- All valuable papers

WRITE FOR SAMPLES

CURTIS 1000 INC.

HARTFORD 6, CONN. ST. PAUL 4, MINN.

CLEVELAND 14, OHIO ATLANTA, GEORGIA HOUSTON 3, TEXAS



ANSWERS TO TAX QUIZ (p. 71)

In all these answers it is assumed that transactions are made in good faith and no special circumstances exist which would alter the effect.

- (1) b. A joint return is best for husband and wife, except for unusual situations, including some involving medical expenses and capital losses. It's wise to figure the tax both ways before deciding. If your wife uses her exemption in a separate return, you are not allowed to claim it in yours.
- (2) c. The interest on the first and second loans can be deducted as business expense. The interest on the third loan is a personal deduction, unless you use the standard deduction.
- (3) c. Certain types of organizations, such as religious and educational associations, are not required to pay tax, but you still must pay tax on interest received from their bonds.
- (4) b. The wages are deductible if they are reasonable. The exemption is not lost, if she qualifies in all other respects, until her gross income reaches \$600.
- (5) b. Permission must be requested within the first 90 days of the year to be affected, except that application to change to LIFO (last-in, first-out) method may be filed with your return for the first year affected.
- (6) c. Your deduction for a charitable contribution is the value of the gift at the time it is made. You are not considered to have realized
- a taxable gain when you give away property that has increased in value.
- (7) d. The dependent may be either a U. S. citizen or a resident of the U. S., Canada, or Mexico.
- (8) a. You establish your fiscal year when you file your first return after organizing your business. You may change it only with Government permission, requested at least 60 days before the proposed year-end date.
- (9) a. But if you had held the stock beyond six months you would have had a long-term instead of short-term capital gain. You would have been taxed on only 50 percent of the gain, and in no case would the tax exceed 26 percent of the gain.
- (10) c. The dividends are income to the child, provided the gift is considered genuine, and no return is required from anyone having less than \$600 gross income.

COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

OPPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up:	\$20,000,000	— Pesos Colombian.
Surplus:	\$15,000,000	— Pesos Colombian.
Other reserves:	\$4,858,000	— Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (1), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S).

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

For questions, see page 71

BANKING NEWS

Sound Money Policy of A.B.A. Includes Bank Aid in Promoting Savings Bonds

William H. Neal and Committee Working With President Reese

The 15,000 privately owned and operated banks of the United States will be active during 1954 in selling U. S. Savings Bonds as one of the essential parts in a "sound money" program being sponsored by the American Bankers Association, according to William H. Neal, chairman of the A.B.A. Savings Bonds Committee, and senior vice-president of the Wachovia Bank and Trust Co., Winston-Salem, N. C. The Committee, on November 24, held the first of a series of regional meetings at Cincinnati, Ohio, to revitalize Savings Bonds sales efforts among banks in the states of Ohio, Indiana, Kentucky, Tennessee, and West Virginia. A second meeting was held on December 11, at the Federal Reserve Bank in Chicago, to plan for stepping up Savings Bonds sales in Illinois, Michigan, Wisconsin, Minnesota, and Iowa.

Bank Leadership Sought

Chairman Neal and his Committee are working closely with A.B.A. President Everett D. Reese to encourage bank leadership in a national "sound money" program. "By 'sound money,'" Mr. Neal says, "we mean 'honest money' that will be worth as much next week, next month, and next year as it is today. Widespread ownership of Savings Bonds among individual citizens is an essential part in this program, because owners of Savings Bonds are partners with their Government."

Active Part by States

Before April 1, 1954, the A.B.A. Savings Bonds Committee plans to contact every state bankers association to seek its active participation in a nationwide organization to sell bonds at the local level. Banks will merchandise E and H bonds to the people of their trade areas and may participate with industry and business in payroll savings plans which are being organized by the Treasury. During April, it is expected that bankers will be invited by local service clubs and civic organizations to provide speakers for Savings Bonds meetings. The A.B.A. Committee will have material available to assist bankers in writing these speeches, in addition to other Savings Bonds sales suggestions.



Initial meeting to plan 1954 U. S. Savings Bonds sales activity. *Left to right*, B. J. Lazar, Savings Bonds Division, Cincinnati; H. B. Sturgeon, Ohio Bankers Association, Cincinnati; Edison Hobstetter, president, Ohio Bankers Association, Pomeroy National Bank; P. D. Houston, Jr., First American National Bank, Nashville; J. C. Lancaster, Union Planters National Bank, Memphis; R. G. Johnson, Federal Reserve Bank, Cincinnati; L. M. Campbell, Second National Bank, Ashland, Ky.; J. M. Givens, president, Indiana Bankers Association, Indiana National Bank, Indianapolis; D. E. Warrick, executive manager, IBA; G. C. Storms, Savings Bonds Division, Indianapolis; Howard Smith, Savings Bonds Division, Washington; Philip Hampton, member, A.B.A. Savings Bonds Committee, Huntington National Bank, Columbus; J. U. Courtney, Savings Bonds Division, Louisville; Ralph Fontaine, executive secretary, Kentucky Bankers Association; J. B. Buenger, president, KBA, Fort Thomas Bank; R. L. Burnside, Savings Bonds Division, Nashville; H. G. Huddleston, secretary-treasurer, Tennessee Bankers Association; Kuper Hood, Jr., Savings Bonds Division, Cincinnati; B. P. Atkinson, executive manager, OBA; F. J. Blake, Central National Bank, Cleveland; F. G. Heidacher, Central Trust Co., Cincinnati; O. E. Anderson, secretary, OBA; Chairman Neal; and R. R. Fichtel, assistant secretary, A.B.A. Savings Bonds Committee, New York

"In United States Savings Bonds," Mr. Neal said, "we are offering to the public an investment of the highest possible quality that should be included in every family's thrift program. Our sales effort is being supported by an advertising and promotional campaign sponsored by the United States Treasury Department, in which newspapers, radio stations, magazines, and other media are contributing \$50-million worth of advertising. The campaign will be of tremendous long range benefit to our banks because it will encourage thrift and saving among people who may not now be bank customers.

Banks Benefit

The campaign will not only benefit the banks but will benefit all other thrift institutions. In stimulating sales, our banks will make various appeals, such as 'Be a partner with Uncle Sam' or 'Own shares in the United States by buying U. S. Savings Bonds.' However, there isn't any magic that will make it easy for us to do the job we have to do. Our efforts will be an example of practical good citizenship that will demonstrate the fact that we are sincerely behind the Government's efforts toward economy and sound money.

"One of the most important aspects of the sale of Savings Bonds to indi-

(CONTINUED ON PAGE 84)

Present Day Banking—1954 Contains 35 G.S.B. Theses

Present Day Banking—1954 will be composed of the theses written by banker-students of The Graduate School of Banking. This year's volume will contain in condensations all 35 theses accepted for permanent inclusion in the libraries of the American Bankers Association, Rutgers University, and Banker Library of the Harvard Graduate School of Business Administration. The abridgment in each case is the work of the author.

The subjects covered in this latest in the series published annually by **BANKING** are varied. Included are: *The Savings Department of a Commercial Bank—Earnings, Costs, and Competition*; *Trust Company Services Under Multi-Employer Pension Funds*; *Combating Headache Checks*; *Management Continuity—A Need for Positive Action*; *Bank Loans on Standing Timber*; *Budgetary Control for Commercial Banks*; *A Clearing Plan for the Settlement of Interline Freight Bills*; *The Trailer Coach—Its History, Development, and Financing*; *The Motor Bank*. A complete list of thesis titles and their authors appears in November **BANKING**, page 95.

Present Day Banking—1954 will be published in March.

Credit Conference Speakers Include Leaders in Agriculture, Finance, Government, Industry

Will Be Held at La Salle Hotel in Chicago, January 25, 26, 27

Leaders in such diverse industries as utilities, automobile manufacture, and retailing will join with speakers from Government and finance to discuss the nation's economic future as it will affect bank credit at the Sixth National Credit Conference of the American Bankers Association at the La Salle Hotel in Chicago, January 25-27. Fred F. Florence is chairman of the A.B.A.'s Credit Policy Commission and president, Republic National Bank, Dallas, Texas.

The conference, which will bring together about 1,000 bank credit executives from all parts of the country, will place major emphasis on discussing problems of lending to business under the economic and political climate in prospect for 1954. The speakers from outside the banking field will enable the credit men to study their lending policies from the viewpoint of the businessman himself, while the addresses by bankers will cover the internal and more technical aspects of credit extension.

The conference program follows:

First Session

Monday, January 25—10 A.M.

Presiding, Mr. Florence; *Objectives of the Conference*, Everett D. Reese, president, A.B.A., and president, Park National Bank of Newark, Ohio; *Address*, L. L. Colbert, president, Chrysler Corporation, Detroit.

Second Session—2 P.M.

Presiding, George R. Boyles, chairman, A.B.A. Committee on Federal Legislation, and president, Merchants National Bank, Chicago; *Credit Program for a Medium-Sized Bank*, Russell S. Weatherwax, president, Oglesby-Barnitz Bank & Trust Co., Middletown, Ohio; *Address*, Fred Lazarus, Jr., president, Federated Department Stores, Inc., Cincinnati; *The Credit Outlook*, George Champion, senior vice-president, Chase National Bank, New York; *Formulating a Credit Policy*, T. W. Johnson, president, Robert Morris Associates, and vice-president, Security-First National Bank of Los Angeles.

Third Session

Tuesday, January 26—9:30 A.M.

Presiding, Harry M. Arthur, president, A.B.A. State Bank Division, and

James E. Baum, A.B.A. Deputy Manager, Helps Central American States Develop Protective Measures to Thwart Bandits

James E. Baum, deputy manager in charge of the Insurance and Protective Committee of the American Bankers Association, recently returned from El Salvador, Central American republic, where he conferred with bankers in the city of San Salvador and officials of the Banco Central de Reserva de El Salvador concerning protective measures to be organized among banks in that country.

Mr. Baum was selected by the Federal Reserve System in Washington for this mission in response to a request from the Central Bank in El Salvador for someone to advise banks on protective measures. A bank in that country had been held up by bandits on August 11 of this year with an approximate loss of \$48,000. This was the first bank robbery in the history of the Republic. The bandits, three amateurs making

their first attempt at any kind of robbery, were apprehended shortly before Mr. Baum's arrival in El Salvador.

Drawing on his 30 years of experience in the insurance and protective service of the American Bankers Association, Mr. Baum made recommendations for establishing a system to prevent bank robberies and improvement in the insurance coverage carried by the El Salvadorian banks.

It is entirely possible that Mr. Baum's recommendations will be adopted by the other four Central American Republics. He also accepted an urgent invitation from the chairman of the Honduras Central Banco to stop off in its capital city, Tegucigalpa, to advise on the same problem. On the return to New York, Mr. Baum made brief stops in Guatemala City and Mexico City.

president, Arthur State Bank, Union, South Carolina; *Real Estate Credit*, John W. Kress, president, A.B.A. Savings and Mortgage Division, and executive vice-president, The Howard Savings Institution, Newark, New Jersey; *Instalment Credit*, Philip Woolcott, chairman, A.B.A. Instalment Credit Commission, and chairman and president, The Bank of Asheville, North Carolina; *Atomic Age*, Philip Sporn, president, American Gas & Electric Company, New York.

Fourth Session—2 P.M.

Presiding, Henry A. Kugeler, president, A.B.A. National Bank Division, and president, The Denver (Colorado) National Bank; *Address*, Kenton R. Cravens, Administrator, Reconstruction Finance Corporation, Washington, D. C.; *Panel, Round-up of Credit Conditions*: George S. Moore, executive vice-president, National City Bank of New York, *moderator*; Wallace M. Davis, president, Hibernia National Bank, New Orleans; Frederic A. Potts, president, The Philadelphia National Bank; Jesse W. Tapp, chairman, A.B.A. Agricultural Commission, and executive vice-president, Bank of America N.T. & S.A., San Francisco; and Francis H. Beam, senior vice-president, National City Bank of Cleveland.

Fifth Session

Wednesday, January 27—9:30 A.M.

Chairman, to be announced; *Washington Bank Trends*, U. V. Wilcox, Washington correspondent for *American Banker* and editor-publisher, *Washington Banktrends*; *Sound Lending*

5 Approved Subjects for Use in 1954 A.I.B. Debate Program Are Announced

The 1954 national debate program of the American Institute of Banking will get under way during the next few weeks as individual chapters throughout the nation begin to hold qualifying debates on five approved subjects. The subjects have been announced by Allen W. Danielson of the Bank of America N.T. & S.A., Los Angeles, who is chairman of the Institute's National Debate Committee.

The five approved subjects are:

(1) Resolved, That all executive agreements between the President of the United States and representatives of foreign governments should be subject to approval by the United States Senate.

(2) Resolved, That the several states should adopt compulsory health insurance programs.

(3) Resolved, That the United States should repeal the McCarran-Walter Immigration Act.

(4) Resolved, That the Board of Governors of the Federal Reserve System should have discretionary standby authority to regulate consumer and real estate credit.

(5) Resolved, That the United States should adopt a policy of free trade.

Policies for 1954, Mark A. Brown, president, Harris Trust and Savings Bank, Chicago; *Economic Outlook for 1954*, Walter E. Hoadley, Jr., economist, Armstrong Cork Co., Lancaster, Pennsylvania; *Summary of Conference*, Mr. Florence.

John J. McCann Has Been Advanced to Advertising Manager of "Banking"

John R. Prann and Robert J. Stiehl, Assistant Adv. Managers

John J. McCann, western advertising manager for *BANKING*, Journal of the American Bankers Association, has been appointed advertising manager of the magazine, effective January 1, it was announced last month by Merle E. Seleckman, executive manager of the A.B.A. Mr. McCann will succeed Prentiss Jackson, who will retire on that date.

At the same time, John R. Prann and Robert J. Stiehl, eastern representatives for *BANKING* will be advanced to assistant advertising managers. Mr. Stiehl will continue as director of educational displays for the magazine.

Mr. McCann will remain in the A.B.A.'s Chicago office in his new position, and Mr. Prann and Mr. Stiehl will continue in the Association's New York office.

Mr. McCann brings 21 years of advertising experience to his new post. He is a native of Albany, New York, and was advertising manager of the National Savings Bank there from 1932 to 1939. He was advertising manager of the A. E. Nettleton Company, Syracuse, New York, from 1939 until 1942, when he joined the New York office of *BANKING* as assistant editor. He moved to the Chicago office in 1944 as western representative and became western advertising manager in 1948. He is a graduate of The Graduate School of Banking, class of 1943, and of the School of Financial Public Relations, class of 1948. He is a member of the Financial Public Relations Association and was a director of that group for three years, and a member of the Chicago Financial Advertisers Association.

Prann Yale Graduate

Mr. Prann was born in Branford, Connecticut, and immediately after his graduation from Yale University in 1940 entered the U. S. Navy, where he attained a rank of lieutenant commander as a bomber pilot. Upon his return to civilian life in 1945, he joined Edward W. Robotham & Co., Hartford advertising agency. He joined *BANKING* as eastern representative in 1948.

Mr. Prann also is a member of the Financial Public Relations Association; is a member of the New York Financial Advertisers; and of the Insurance Advertising Conference.

Mr. Stiehl is a native of New York City and has devoted his entire business



John J. McCann



Prentiss Jackson



John R. Prann



Robert J. Stiehl

Prentiss Jackson Retired at Year-End as "Banking's" Advertising Manager

On A.B.A. Staff for 20 Years, After 13 Years With Post

Prentiss Jackson, who has served for 20 years as an advertising representative of *BANKING*, retires as of December 31, 1953, according to an announcement by Merle E. Seleckman, executive manager of the American Bankers Association. Mr. Jackson joined *BANKING*'s staff as an advertising representative in September 1933, was made eastern advertising manager in September 1944, and was advanced to advertising manager in September 1948. He is succeeded as advertising manager by John J. McCann.

For 13 years prior to coming to the A.B.A., Mr. Jackson was on the New York advertising staff of the *Saturday Evening Post*. The increasing diversification of national advertising appearing regularly in *BANKING* can be traced largely to his background of experience with the *Post* and the increasing importance of *BANKING* as an advertising medium.

Mr. Jackson attended public schools in St. Paul, Minnesota, and, at the age of 22, was placed in charge of the New

career to the American Bankers Association. He joined the Association's legal department in 1921 and remained in that end of the business until 1938, when he became a member of the staff of *BANKING*. He became circulation manager of the magazine in 1940, and eastern representative and director of educational displays in 1944. Mr. Stiehl has been treasurer of the New York Financial Advertisers Assn. since 1946.

A.B.A. Savings Bonds Plan

(CONTINUED FROM PAGE 82)

viduals is the fact that Savings Bonds build up national reserves of purchasing power, which will help to maintain stable prices and to support a high level of business activity at the manufacturing and merchandising levels."

Mr. Neal urged, at Cincinnati, that each state bankers association immediately begin the formation of county Savings Bonds organizations to work in cooperation with the state association, the A.B.A. state chairman, and the Treasury state director. Efforts are being made now to contact officers of national service clubs and civic organizations to have one program set aside during the month of April for a discussion of U. S. Savings Bonds.

Through the state association, the Savings Bond sales effort will be carried into the local bank.

260 Sample Ads Prepared Each Year by the A.B.A.

Subscribers to the American Bankers Association's Proofs-in-Advance plan of newspaper advertising receive more than 260 sample ads each year from which to select the advertisements they like best. This material is flexibly designed to fit into a bank's advertising program, regardless of whether it uses syndicated ads, writes its own copy, or employs an advertising agency.

The low cost of the A.B.A. Proofs-in-Advance Plan makes it possible even for banks with modest advertising budgets to have this year-around program of effective, top-quality advertising.

Exclusive use of the ads is given to one bank in each community. By adding a few words to the ads to describe local services the advertisements may be more completely individualized.

For more detailed information about this service, write to the Advertising Department.

York branch of the West Publishing Company of St. Paul, the world's largest law book publishers, which position he held for 12 years. He continued his education by studying law at evening sessions of the St. Paul College of Law and the New York Law School and upon completion was admitted to the Bar.

During his 33 years of active service in the advertising business, Mr. Jackson has made a host of friends among advertisers, agency executives, and bankers whose best wishes go with him into retirement. He plans to continue active in the advertising field and will spend the larger part of his time in the San Francisco area of California. He is married; has two daughters and a son.

Indiana's Compulsory Employee Vacation Ruling Wins Prompt Bank Support Without Special Legislation

The State of Indiana's Department of Financial Institutions has had no difficulty in enforcing Regulation 14, effective June 16, 1950, ruling that active officers and employees of banks and trust companies who have been employed for at least one year be required to take annual vacations of not less than two consecutive weeks in duration, according to Director Joe McCord.

In answer to a question raised by Thomas B. Paton, assistant general counsel of the American Bankers Association, as to whether there is need for legislation in the various states authorizing a regulation similar to the one in effect in Indiana, Mr. McCord replied: "Our act contains sufficient authority for this regulation."

Resolution Wording

The regulation, which was adopted on May 24, 1950, reads as follows:

"After the effective date of this regulation each bank and trust company shall require active officers and employees who have been employed at least one year by such bank or trust company to take annual vacations, of not less than two consecutive weeks in duration, during which time such officers and employees shall perform no duties in the management, or operation of the institution.

"For the purpose of this regulation the term 'active officers' shall include all officers who perform active duties, other than attending meetings of Boards of Directors, or have access to cash, loans, investments, or other assets of any bank or trust company. The term 'employees' shall include those actively engaged in the operation of any bank or trust company.

"In considering vacations as herein provided each bank and trust company shall adopt a policy, to be made a matter of record, with respect to the length of time an officer or employee should be in the service of the institution before being entitled to a vacation with pay. It is not intended that the provisions of this regulation shall change, or affect, any such policy.

"In the event that compliance with this regulation would conflict with the policy adopted by any bank or trust company with respect to vacations, or would impose hardships in any case, application may be made to the department for modification of such conflicting or objectionable provisions.

"Immediate steps shall be taken by each bank and trust company to comply with the provisions of this regulation by proper resolution of the Board of

Directors to be included in the minute record at the next regularly scheduled meeting of the directors following the receipt of the regulation."

"Key Operating Men" Group Now at Full Effectiveness

The Bank Management Commission of the American Bankers Association is leaning for information on its group known as "Key Operating Men."

The Commission felt for some time that a carefully selected group of men who would agree to answer its questionnaires would be more productive of specialized information than could be possible with questionnaires distributed much more widely. Accordingly, in 1949, the Commission began its search for bankers prominent in bank operations who would be willing to serve in such a group. The list of these bankers has grown steadily until today it totals 223 bank officers.

Wide Representation

The group represents every state in the union. The number of men in each state is in proportion to the number of banks and branches within the state—and geographical distribution within the state was taken into consideration.

The list of Key Operating Men is definitely an active list. Where any lack of response has been noted, names have been dropped and new ones added. The group now has reached full effectiveness. The men have responded promptly to requests for information.

The Bank Management Commission reports that its Key Operating Men are doing just what the group was set up to do—furnishing a cross section of banking opinion, nationwide, regarding any Commission project or study.

Committee Formed to Study Bank Electronic Equipment

The growing interest of bankers in greater use of modern mechanical and electronic equipment in bank operations is reflected in the appointment by the Bank Management Commission of the American Bankers Association of a committee to study the mechanization of check handling within banks. The committee of eight bankers will be headed by Raymond C. Deering, vice-president and comptroller of the Manufacturers Trust Co., New York. Mr. Deering is chairman of the Bank Management Commission for 1953-54.

A similar committee is operating in the interests of the A.B.A. Savings and

A.I.B. Opportunities in Bank Executive Education and Development Studied

Other Regional Conferences To Follow Meeting in Washington

The first in a series of educational conferences to explore the American Institute of Banking's opportunities in the field of education for bank executives was held in Washington, D. C., last month, with Washington Chapter as host.

Dr. Leroy Lewis, A.I.B. educational director, states that the conference sought answers to these questions: (1) What is an executive; (2) what is a bank executive; (3) how are bank executives developed; and (4) what is role of the Institute in education and development of executives.

It is anticipated that similar conferences will be held in the Middle West, Far West, and South to supplement the information obtained at the Washington meeting. The data developed will then be analyzed with a view to determining the direction in which the Institute should move in developing an educational program for bank executives.

Three Panels

Three panel discussions, each exploring specific themes, were conducted during the day's sessions. Four Washington bank executives participated in each. Themes under discussion included: (1) Orientation and Skill Training Courses; (2) Our Career Curriculum and Certificate Requirements: An Appraisal; and (3) Education for Executive Development.

Besides the host chapter, chapters represented included New York, Philadelphia, Washington, Baltimore, and Richmond.

Mortgage Division. There is to be cooperation between the two committees.

In addition to Mr. Deering, the members of the Committee are W. W. Cottle, vice-president and cashier, Security-First National Bank of Los Angeles, Los Angeles; John A. Kley, vice-president, The County Trust Co., White Plains, New York; J. Lewis Nungesser, assistant cashier, Philadelphia National Bank; Frank W. Sherman, president, American National Bank, Jacksonville; Edward T. Shipley, auditor, Wachovia Bank and Trust Co., Winston-Salem; C. M. Weaver, assistant vice-president, First National Bank, Chicago; J. C. Welman, president, Bank of Kennett, Missouri; and Melvin C. Miller, deputy manager and secretary, Bank Management Commission, *secretary*.

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Policy, Terms, Delinquencies Given in Latest Timely Notes

A CONTINUED flow of credit is necessary for a sound economy, but under current conditions banks must use caution in the extension of this credit, according to the Instalment Credit Commission of the American Bankers Association.

The Commission has just issued the latest in the series of *Timely Notes on Instalment Credit*, which has been mailed to the instalment loan department of every A.B.A. member bank.

Timely Notes asserts that "credit policies must be adopted with these thoughts in mind:

"(1) Establish true equities—either cash or trade-in.

"(2) Terms should be short enough to protect such equities from depreciation, use, or obsolescence.

"(3) Overtime pay is being eliminated in most industries and should not be considered as a credit factor.

"(4) Dealer attrition may be high during the coming year. Place less reliance on dealer recourse. Beware of curtailed dealer lines switching to smaller banks.

"(5) Base credit on character, ability, and willingness to pay.

"(6) Adopt sound standard credit terms without exceptions."

Timely Notes also gets down to specific cases. The Instalment Credit Commission surveyed outstanding bank instalment loan departments in every Federal Reserve District and came up with these figures as indicative of the terms now generally being offered:

Year Model	Down-payment	Maximum Maturity
New cars and previous year model used cars	1/4	24 months
Used cars, second- and third-year models	1/3	18 months
Older models used cars	40%	12 months

"Loans for older model cars are being considered on a personal cash

loan basis only. Obtaining true equities in cash or trade-in is the most important factor in today's situation."

Timely Notes also discusses the Instalment Credit Commission's monthly survey of average delinquency ratios and draws some "satisfactory comparisons." In most areas "instalment loans show a slight increase (in delinquencies) over a year ago, but not to any serious degree. While our studies indicate that collections generally are under good control, the continued development of an alert and efficient collection policy is most important."

Trailer Loans Profitable According to 328 Banks

MANY banks have found that the financing of house trailers—or "mobile homes," as the trade prefers to call them—is as "good as" or "better than" automobile financing, according to a survey by the Mobile Homes Manufacturing Association.

Survey replies came from 328

banks which hold 82,214 contracts averaging \$1,897 for a total of \$155,928,379. This is estimated to be about 40 percent of the total outstanding.

How satisfactory is this business? The survey showed that of 305 banks replying to the question "What has been your experience in financing mobile homes?" 51 percent reported "excellent"; 45 percent reported "good or satisfactory"; 4 percent reported "fair."

"How does your experience with mobile home paper compare with your experience with automobile paper?" Thirty-five percent of the replying banks said "better"; 59 percent found it "equal"; 6 percent reported "not as good."

Terms were found to extend from 24 months to 60 months with 36 months being the term most mentioned. As for delinquencies, 71 percent reported none. On new trailers, 76 percent reported no repossessions; on used trailers 75 percent reported no repossessions.

Out of 274 banks replying to the question on loss ratio, 93 percent re-

Here is the study, based on number of loans delinquent applied to total number of loans in each classification:

Class of Loan	Oct., 1953		Oct., 1952	
	30-59 Days	60-89 Days	30-59 Days	60-89 Days
Personal Loans	.932	.361	.790	.336
Home Appliance	1.908	.662	1.854	.625
FHA Title I	1.171	.503	1.110	.468
Prop. Improv.—Own Plan	.780	.377	.680	.427
Automobile Loans—Direct	.591	.219	.528	.179
Auto Loans—Indirect	1.175	.330	1.063	.270

A study of the total delinquency percentage since January 1953, without reference to class of loans, shows the following results:

No. Individual Loans in Study	No. Loans Delinquent		Total Delinquency Percentage
	30-59 Days	60-89 Days	
January . . . 3,764,389	47,027	16,850	1.697
February . . . 3,605,718	44,134	16,179	1.673
March 3,760,028	44,928	16,089	1.622
April 3,924,972	44,015	16,009	1.529
May 3,960,164	45,535	16,100	1.556
June 3,783,993	43,897	15,553	1.571
July 3,740,251	44,455	15,903	1.613
August 3,920,725	47,479	17,895	1.667
September . . 3,878,464	49,119	18,098	1.733
October 4,116,040	49,213	19,132	1.661

ported no losses; 6 percent had less than 1/2 percent loss; and 1 percent experienced losses above 1/2 percent.

"Do you require dealer reserves?" Yes, 167; no, 85. (Average reserves are 3 percent and 5 percent, built up to 10 percent of the outstanding amount.)

"Do you buy mobile home paper with recourse or repurchase?" Recourse, 109; repurchase, 56.

The Association estimates that the sale of mobile homes in 1953 will pass the \$300-million mark.

Time for Higher Rates?

THERE should now be a tendency to reverse the trend toward lower rates for instalment loans, according to Heyward T. Denyes, general vice-president, Industrial National Bank of Detroit.

Speaking at the correspondent conference of the First National Bank of Chicago, Mr. Denyes said that rates should be increased to a "realistic" level "which will permit absorption of reasonable losses.

"Some of these rates of the past few years have been influenced by competition," he continued. "However, I firmly believe that prudent judgment indicates competition today, insofar as it affects rates, should be largely disregarded."

At the same time, Mr. Denyes asserted that he saw "no reason for any of us to be pessimistic about instalment financing either in volume or safety, providing we take the time now to analyze our present policies and practices, making certain that they are geared to anticipate an occasional turndown in business."



"Well, all our nagging little monthly bills are consolidated into one big impossible monthly payment!"

News on Savings

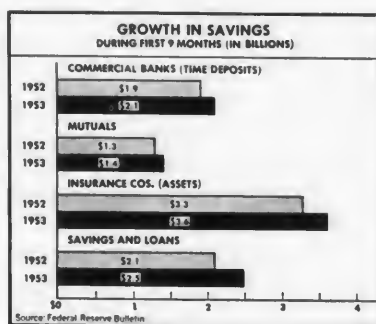
Items and Comment from Our Savings and Mortgage Division and Other Sources

FRB Rules on Certificate of Deposit Secured Loan Rate

A QUESTION has arisen and was directed to the Board of Governors of the Federal Reserve System relating to the permissible rate of interest which may be charged under Regulation Q on time certificates of deposit when used as collateral security for a loan.

The certificate of deposit in question is so drawn as to provide a maturity in three years after date of issue and which will pay interest at the rate of 2 1/2 percent per annum if held to maturity. The certificate further provides for earlier withdrawal of the deposit upon 90 days' written notice during any three successive intervals, with interest progressing at a rate from 1 to 1 1/2 to 2 percent per annum, respectively.

The Federal Reserve decision is that such a certificate of deposit complies with the provisions of Regulation Q. Since the rate of interest payable to a depositor under the terms of this certificate depends upon which of the withdrawal privileges may be elected by him, the Federal Reserve Board has determined that the rate of interest on



the collateral loan which is secured by this certificate shall be not less than 2 percent per annum in excess of the rate of interest to which the depositor would be entitled if he should exercise the particular withdrawal privilege of the certificate available to him at the time of the maturity of the loan.

Instalment Buying of Stocks

A PLAN for the instalment purchase of stocks for as little as \$40 or as much as \$999 per month or per quarter, effective January 25, has been announced by the New York Stock Exchange.

Under the terms of the plan, an investor will make regular payments into an investment fund. His funds

will be pooled with those of other buyers and immediately invested in his choice of stocks. If his periodic payment isn't big enough to buy a full share, he will become the owner of a fraction of a share and ultimately, when his investment is sufficient, he will come into a full share or shares.

The investor may sign up for from one to five years; however, he can withdraw before the expiration of his agreement or he may skip payments when necessary.

Regular brokers' commissions will be charged on purchases.

While the plan has been called "instalment buying" of stocks, no credit is involved.

Management Book

A REVISED edition of *Personal Money Management* has been published by the Savings and Mortgage Division of the American Bankers Association and is available in quantity lots to banks wishing to distribute it to customers, high school students, and civic groups. During the past four years about 200,000 copies of this booklet have been distributed by banks around the country.



The school savings banking booth of the Savings Banks Association of New Jersey at the convention of the New Jersey Education Association

This 32-page booklet is intended to help those who wish to arrange their personal and family income on a basis which will give them the most in life from the funds at their disposal.

In the new edition, the bibliography of suggested supplementary reading has been brought up to date, as have other departments of the book. It consists of nine short chapters devoted to such subjects as a savings program, food, clothing, shelter, household operating expenses, advancement, getting the most for your money, etc. The book contains a number of charts and illustrations and includes a suggested distribution of income broken down into different income groups.

Educating Educators

FROM a booth manned by members of the School Savings Committee of the Savings Banks' Association of New Jersey, the Jersey savings bankers promoted their school savings banking program for the duration of the annual convention of the New Jersey Educational Association in Atlantic City.

The booth was decorated with two panels showing school banking in action, as well as a series of appropriate posters which had been used in a contest conducted by the Howard Savings Institution of Newark.

A small folder on school savings banking was distributed by the committee. It describes what school savings is, what it will do for the student, the school, the home, and the community. It also includes a brief history of the mutual savings banks and school savings.

"The association feels," reports Executive Secretary Percy B. Menagh, "that this worthwhile expenditure of time and money brings us in closer contact with the educators of the state and gives the banks interested in school savings an opportunity to meet with the educators on a better basis."

Demand for GE Displays

IN the first eight months after its inauguration, the General Electric Company's thrift display program was utilized by nearly 100 New York and Connecticut savings banks. Its aim is to encourage the public to invest in savings accounts. Future shows are booked solidly until October 1954.

These displays, which are non-commercial and carry only the GE signature, carry this banner-head slogan: "Your Invested Savings Pace America's Industrial Progress."

Another display series for commercial banks, new this past fall, emphasizes this theme: "Your Dollars at Work Pace America's Industrial Progress." These displays were designed especially for Pennsylvania, New Jersey, New York, Connecticut, and Massachusetts. As other displays are built early this year they will be made available to banks in other sections of the country.

Additional information about the program may be obtained from General Electric Co., Schenectady.

John W. Kress Honored

JOHN W. KRESS, president of the

Savings and Mortgage Division of the American Bankers Association and executive vice-president of The Howard Savings Institution of Newark, N. J., was honored by bankers of his state recently at a dinner held in connection with an investment forum sponsored by the Savings Banks Association of New Jersey. Howard D. Biddulph, president of the Savings Banks Association and vice-president and trust officer of the Bloomfield Savings Bank, was in charge of the affair in recognition of Mr. Kress's election as president of the A.B.A. Division. It was attended by 175 bankers and guests.

In the course of his remarks acknowledging the honor bestowed upon him, Mr. Kress said:

"There are over 53-million people under 21 years of age, leaving approximately 97-million adults in whose hands most of the wealth is concentrated.

"(1) 68-million people in this country have savings accounts valued at \$66.3-billion.

"(2) 75-million people own U. S. Savings Bonds in the amount of \$58-billion.

"(3) 13-million people have shares in savings and loan associations, valued at \$21-billion.

"(4) 66-million ordinary life insurance policies are in force, with present day value of \$150-billion.

"(5) 3-million people own farms which are valued at \$40-billion.

"(6) 15-million people are living in houses, other than farmhouses and apartments, which are valued at \$115-billion.

"(7) We have at least 52-million registered automobiles, buses and trucks, estimated to have an average value of \$1,000. This represents \$52-billion.

"(8) The market value of common shares of corporations listed on the New York Stock Exchange is estimated to be worth \$102.8-billion, whose ownership is represented by 16- to 16½-million shareholders.

"These figures account for \$605-billion of the national wealth. Authorities agree that the national wealth of this country at the present time is somewhere around 750-billion. The difference between these two figures, \$145-billion, is accounted for in a large measure by wealth found in schools, colleges, hospitals, libraries, and governmental holdings of all kinds in cities, states, and the nation."

MARCH 2-3
HOTEL STATLER
NEW YORK

**A.B.A. ANNUAL
SAVINGS AND MORTGAGE
CONFERENCE**
and
**NATIONAL SCHOOL
SAVINGS FORUM**

• **PROGRAM** •

- The 1954 Savings and Mortgage Picture • Investments • The Use of Electronics by Small and Large Banks • Building Savings Deposits • New Aspects of Open-End and Package Mortgages • What Has Been Learned in Making Out-of-State Mortgages • Financing Home Improvements • Competing for Mortgages in 1954 • The Republican Administration's Attitude Toward Housing Legislation • The Outlook for Mortgage Credit.

(Savings activities will be emphasized on Tuesday, March 2. Mortgage financing will be covered on Wednesday, March 3.)

EXHIBITS—Educational Displays of building and modernization materials and bank operating equipment will be featured throughout the conference.

NATIONAL SCHOOL SAVINGS FORUM—The forum will be held at 4 P. M. on Tuesday, March 2, in the Keystone Room, followed by dinner in the same room at 7:15 P. M. Bank exhibits will show various types of school savings banking operations and promotion, equipment, and materials. (Registration for the conference is not necessary for attendance at the school savings forum. Dinner reservations should be made in advance, at \$7 per person.)



Banks may use the coupon form on this page for advance registration. Upon receipt of this form hotel reservation cards will be mailed.

A.B.A. ADVANCE REGISTRATION

Savings and Mortgage Division
American Bankers Association
12 East 36 Street, New York 16, N. Y.

Date _____

Our bank will be represented by the following at the A.B.A. Annual Savings and Mortgage Conference, Statler Hotel, New York, N. Y., March 2-3, 1954.

Name _____ Title _____

Name _____ Title _____

REGISTRATION FEE — \$10 PER PERSON

(Please make _____ reservations for the School Savings dinner, \$7 per person.)

OUR CHECK FOR \$ _____ IS ENCLOSED. (Make check payable to A.B.A.)
(Refunds will be made, upon request, to those unable to attend)

Bank _____

City _____ State _____

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

1954 Outlook for Building and Mortgage Funds

Chamber Optimistic

A CONTINUED high rate of home building is forecast for 1954 by the Chamber of Commerce of the United States. Work on nearly 1,000,000 new homes is expected to begin next year, according to the Chamber. Reports from mortgage lenders indicate there will be adequate funds at no higher interest rates than now, and possibly slightly lower rates.

Commerce Sees Slight Slide

EXPENDITURES for new construction are expected to total about \$34-billion in 1954, slightly (2 percent) less than the record volume of nearly \$34¾-billion evident for 1953, according to outlook estimates prepared jointly by the Building Materials and Construction Division of the U.S. Department of Commerce and the U.S. Labor Department's Bureau of Labor Statistics.

A mild contraction in private construction seems likely in the coming year, say the departments, but indications are that publicly financed activity will about equal 1953's volume. It is estimated that private expenditures in 1954 will total \$22.8-billion, and public outlays \$11.2-billion.

Private housing and industrial plant will probably decline along with farm construction and defense facilities (public industrial and military installations).

Johns-Manville Analysis

IN 1954 we are likely to see fewer new homes going up, less public construction, and not as many new factories as we saw in 1953, predicts the Johns-Manville Corporation.

However, we are likely to see continuing good business in the commercial and institutional building fields and from increased public utility construction and a potential mar-

ket of \$11.5-billion or more in maintenance, expansion, and modernization of existing structures. The modernization or "fix-up" market could easily offset an expected decline in new housing starts in 1954.

This would seem to sum up the possible changes in the construction picture ahead, barring any major fluctuations in the nation's economy, says Harold R. Berlin, vice-president of Johns-Manville Corporation.

Mr. Berlin pointed out that a new record volume estimated at \$45.8-billion was achieved in 1953 by construction in four categories. These categories and their outlook for 1954 are:

(1) New housing starts in 1953 numbered about 1,050,000 and cost approximately \$11.9-billion. This figure may taper off to 900,000 units or somewhat over \$10-billion in the coming year.

(2) Private new nonresidential construction, which is commercial, industrial, public utilities, farm, institutional, and recreational facilities, was estimated at \$11.3-billion last year and should hold at about \$11-billion in the coming year.

(3) New public construction, such as new highways, sewerage, waterworks and public buildings, and to a much lesser extent than in 1952 atomic energy facilities, was

estimated at \$11.1-billion in 1953 and may decline to \$10.5-billion in 1954.

(4) Maintenance alteration and modernization of existing structures cost an estimated \$11.5-billion in 1953 and is quite likely to go substantially higher if vigorously pursued by the selling force.

"The anticipated 900,000 new housing starts in 1954, while somewhat lower than the 1953 figure is due in part to the drop in the backlog of deferred demand for new homes—although there is still something of a shortage, particularly in the rapidly growing suburban communities," Mr. Berlin stated.

Wenzlick Sees 1960 Boom

THE next big real estate boom in the United States will occur in the 1960s and will be one of the greatest we've ever had, Roy Wenzlick, widely known real estate analyst and trend forecaster, predicted recently.

The coming boom, however, will be preceded by a period of depressed real estate activity, said Mr. Wenzlick. He added that substantial drops will occur next year and there will be a continued decline for the next four or five years.

Mr. Wenzlick, who is president of Roy Wenzlick and Company of St. Louis, addressed bank directors and officers at the seventh annual Conference of Bank Correspondents of the First National Bank in St. Louis.

Prices of residential structures will go down slowly during the next several years in Mr. Wenzlick's opinion. He hinged his real estate predictions on U. S. Census Bureau figures on marriage rates and the number of females reaching marriageable age each year.

S&L Gives Builder Offices

A MORTGAGE lender in Upper Darby, Pennsylvania, is incorporating

Dr. Roy Wenzlick used king-size easel sheets to document his building forecasts

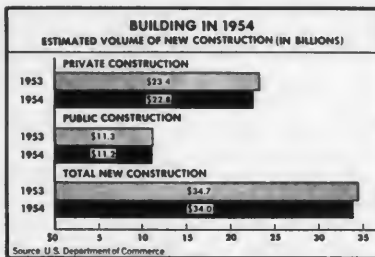


a unique plan to further contacts with builders and thereby expand opportunities for obtaining mortgage loans. The First Federal Savings and Loan Association is setting aside 23 headquarters offices in their new building for building contractors in their area. The offices are provided "rent free" with their telephone service controlled by a central operator. Other services, including a "list" of over 500 subcontractors, are available to the builders. The Upper Darby Association investigates the list and is aware of which of the subcontractors are reasonable and dependable.

New FHA Bulletins

FHA HAS announced tighter rules for repair and modernization loans under Title 1 FHA. They are intended to correct certain abuses which have developed in the Title I program in some instances, and the new regulations are designed to correct them.

The new regulations, effective December 1, require more information relating to the dealer which will



assure lending institutions if all laws and regulations are being followed. The new regulations will also assure that no bonus or cash payments have been involved in obtaining the insurance.

Another new requirement is that the lending institution must advise the borrower of its approval of his request for credit at least six days prior to disbursing the proceeds of the loan to the dealer from whom the material was purchased, and who may have accepted the application for credit.

Housing Starts in November

NONFARM housing starts totaled 80,000 in November, according to

Commissioner of Labor Statistics. This figure includes 1,600 public housing units.

The November starts were down 8,000 from October. The seasonally adjusted annual rate of private housing starts, including the November estimate, was 1,069,000.

The August starts have been scaled down to 93,200 and the August seasonally adjusted annual private starts revised to 962,000.

Lump-Sum Tax Checks

THE Provident Institution for Savings in Boston reports that during October it issued 59 lump-sum checks totaling over \$1,500,000 in payment of taxes due Massachusetts communities. This method, which was inaugurated this year, eliminates for city and town tax collectors' offices the task of handling nearly 3,500 checks covering taxes on individual properties in the bank's mortgage portfolio.

To each of the lump-sum checks is attached a detailed list of the properties covered by the tax check.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Chase's Correspondent Bank Pension Plan

THE Chase National Bank of New York is distributing to its correspondent banks a folder describing the bank's correspondent bank employee retirement plan. Senior Vice-president George Champion explains that this plan is not intended to be competitive with retirement benefits plans sponsored by state banking associations in several states.

In commenting on the plan, Mr. Champion said that obviously banks in Chicago, Philadelphia, Boston and in several other big cities would not be interested in it; likewise, banks that solicit pension trusteeships for themselves, banks with retirement plans, and banks in states which have state association plans of their own would not be interested.

Benefits under the plan are summarized as follows:

(1) Normal retirement at age 65—with provisions for earlier or later retirement.

(2) Retirement benefit to be a monthly income for life equal to 1 percent of the employee's average monthly salary for the last five years of service multiplied by the number of years of service, reduced by one-half of his Social Security Old Age Benefit, with provision for a minimum benefit.

(3) An employee may elect to provide a benefit for a surviving beneficiary by accepting a reduced retirement benefit for himself.

(3) No benefits except upon retirement.

(5) Employees will not contribute.

General advantages enumerated by Chase are:

(1) Composite investment of

funds with attendant broader diversification and higher yields.

(2) Lower cost for actuarial and trust services.

(3) Additional security for retired employees from their prior claims against the fund and the pooling of retirement reserves.

NCB's New Retirement Plan

A REVISED retirement plan for officers and employees of The National City Bank of New York and City Bank Farmers Trust Co., and certain subsidiary corporations has been adopted by the boards of directors of both institutions. The plan is subject to Treasury Department approval and ratification at the annual meetings of shareholders to be held on January 12, 1954. It is intended to supersede existing plans on April 1, 1954.

The bank and the trust company,

under the revised plan, will assume the entire cost of providing retirement benefits and employees will not be required to make any contributions. Under the present plans, employees contribute about one-fifth and the institutions about four-fifths of the cost.

Eligible employees employed in the Continental United States may participate when they attain the age of 25 and complete 12 months of continuous employment. A participant's normal retirement age is 65 but he may at his option retire at any time after he is 60. Under the revised plan the retirement income, subject to certain limitations, is 2 percent of average compensation during the last 10 years of employment, multiplied by the total number of years of continuous employment up to 30, less one-half of the Social Security benefit payable at age 65. Under the revised plan, a trust fund with City Bank Farmers Trust Company as trustee will be established, to which contributions will be made each year in such amounts as an independent

More than 200 trustmen heard "A Trust Investment Committee in Action" panel at the New York State Bankers Association's Trust Division recent meeting. L. to r., B. H. Torrance, City Bank Farmers Trust Co., New York, moderator; F. T. Root, The Marine Trust Co., of Western New York, Buffalo; R. C. Effinger, Irving Trust Co., New York; J. L. Kolb, Elmira Bank & Trust Co.; and R. M. Wilcox, Guaranty Trust Co., of New York



actuary may determine to be necessary for the purposes of the plan.

2nd Common Trust Fund

THE Central Trust Company of Cincinnati announces the establishment of its second Common Trust Fund.

The fund is known as Common Trust Fund "B" to distinguish it

from Common Trust Fund "A" which the company created in December 1944. Like the older fund, which contains broad discretionary powers for collective investment of trust assets, the new fund, serving trusts limited to legal investments, will be the first of its type instituted by an Ohio bank or trust company.

Establishment of Common Trust

Bank Farm Service Departments

DOUGLAS F. GRAVES

This is the first instalment of an article by Mr. GRAVES on what a farm service department is and how it functions. He is assistant secretary and manager of the farm division, The Northern Trust Co., Chicago.

Northern Trust presently manages around 100 farms aggregating about 40,000 acres. Although it concentrates its efforts in the Middle West, it has operated in 15 states from Florida to Washington. In addition to Mr. GRAVES, Northern employs another full-time manager and hires other professional managers in the regions in which it operates to supplement this administrative staff.

Mr. GRAVES is a member of the new Committee on Farm Management by Banks of the American Bankers Association.

THE name farm service department is used by many banks rather than farm management department, because in most cases the department does more than just manage farms. It is an agricultural department

which serves the bank in any and all matters pertaining to agriculture. The amount and type of work performed, other than farm management, depends upon the individual bank and how it is organized. In the larger city banks, the farm managers generally confine their management activities to the management of, or the supervision of the management of trust-owned farms, whereas the farm manager in a country bank may have the added responsibility of managing farms for customers other than trust accounts. In general all farm managers perform other services, such as making appraisals, supervising farm sales, and assisting with the agricultural credit for the bank.

The members of the farm service department in many banks engage in a large number of miscellaneous activities, many of which are in the nature of public relations. Nearly all country banks have some program to promote and improve banker-farmer relations. Other activities include soil conservation programs and youth and adult education programs.

There were several farm departments in Illinois banks by 1920. Between 1920 and 1930, other banks followed suit, but it was not until about 1940 that a large number of banks had separate farm service department. There are no complete records available regarding the number of banks in Illinois or other states with farm service departments, but we know that the number was increased at a very rapid rate during the past several years. The size of such departments in these banks ranges from one to five full-time agricultural representatives.

The number of banks offering agricultural service to their customers on a professional basis is not known, since many of the men in these departments are not affiliated with their state farm management association or with the American Society of Farm Managers and Rural Appraisers. This is particularly true if the farm service department is organized around the credit phase of agriculture and is slowly working into the management and appraisal fields.

Fund "B" was prompted by a recent change in the Ohio statute governing investment of trust funds. This statute now permits trustees of funds limited to "legal investments" (heretofore principally U. S. Government, state, and municipal bonds) to invest any amount up to 35 percent of the fund in stocks and certain other securities "as would be acquired by prudent men of discretion and intelligence in such matters." Prior to the revised law, investment in stocks, for example, was not permitted in such funds. Common Trust Fund "B" will be restricted to in-

vestments that conform to the revised Ohio statute.

Trust Cost Accounting

"AFTER 20 years, we are still asking the same old question, 'Are we operating at a profit or a loss?' The medium- and larger-sized trust departments as a general rule know where they stand regarding profits, but smaller trust departments have not attempted to ascertain whether or not they are operating at a profit or a loss," said J. P. Nunemaker, trust officer, United States National

Bank of Johnstown, at Pennsylvania Bankers Association's trust school.

One reason for this apathy, he said, is that many trustmen 'maintain' trust departments to render complete banking services.

"We as trustmen must change the trend of unprofitableness in trust departments by knowing our costs and then bringing business in at fees that are justifiable. With the implementation of cost accounting, you will be able to analyze and find out your costs. After your costs are determined, then you will know that many of your fees are too low," he said.

CALENDAR

American Bankers Association

Jan.	21-22	Eastern Secretaries Conference, Commodore Hotel, New York City
Jan.	25-27	National Credit Conference, LaSalle Hotel, Chicago
Feb.	8-10	35th Mid-Winter Trust Conference, Hotel Waldorf-Astoria, N. Y. C.
Mar.	2	National School Savings Forum, Statler Hotel, New York City
Mar.	2-3	Annual Savings and Mortgage Conference, Statler Hotel, New York City
Mar.	18-19	Agricultural Commission Annual Meeting, Denver, Colo.
Mar.	22-24	National Instalment Credit Conference, LaSalle Hotel, Chicago
Apr.	18-20	Executive Council Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va.
June	7-11	Annual Convention, American Institute of Banking, Statler and Biltmore Hotels, Los Angeles
Oct.	17-20	80th Annual Convention, Atlantic City

State Associations

Apr.	8-10	Florida, Vinoy Park Hotel, St. Petersburg
Apr.	12-14	Georgia, Atlanta-Biltmore Hotel, Atlanta
Apr.	22-24	Alaska, Elks Lodge, Kodiak
Apr.	25-27	Louisiana, Jung Hotel, New Orleans
May	5-7	New Jersey, Chalfonte-Haddon Hall, Atlantic City
May	6-7	Oklahoma, Skirvin Hotel, Oklahoma City
May	6-7	Tennessee, Peabody Hotel, Memphis
May	9-12	North Carolina, The Carolina Hotel, Pinehurst
May	10-11	Maryland, Chalfonte-Haddon Hall, Atlantic City
May	10-12	Missouri, Jefferson Hotel, St. Louis
May	11-13	Ohio, Neil House, Columbus
May	12-13	Indiana, Claypool Hotel, Indianapolis
May	12-14	Kansas, Kansas City
May	13	Delaware, DuPont Hotel, Wilmington
May	14-15	New Mexico, Hilton Hotel, Albuquerque
May	16-18	Texas, Gunter Hotel, San Antonio
May	17-19	Mississippi, Buena Vista Hotel, Biloxi
May	20-21	Alabama, Dinkler-Tutwiler, Birmingham
May	20-22	South Carolina, Ocean Forest Hotel, Myrtle Beach
May	21-22	North Dakota, Dacotah Hotel, Grand Forks
May	23-25	California, Huntington Hotel, Pasadena
May	23-26	Pennsylvania, Chalfonte-Haddon Hall, Atlantic City
May	24-26	Arkansas, Arlington Hotel, Hot Springs
May	27-29	Colorado, Broadmoor Hotel, Colorado Springs

May	29-30	Virginia, Cruise
June	3-6	New York, Lake Placid Club, Lake Placid
June	4-5	South Dakota, Franklin Hotel, Deadwood
June	5	Connecticut, Griswold Hotel, Groton
June	6-8	Idaho, The Lodge, Sun Valley
June	9-13	Dist. of Columbia, Greenbrier Hotel, White Sulphur Springs
June	10-11	Massachusetts, New Ocean House, Swampscott
June	11-12	New Hampshire, Wentworth-By-The-Sea, Portsmouth
June	11-12	New Hampshire Mutual Savings, Wentworth-By-The-Sea, Portsmouth
June	11-12	Wyoming, Wort Hotel, Jackson
June	13-15	Oregon, Gearhart Hotel, Gearhart
June	14-15	Minnesota, St. Paul Hotel, St. Paul
June	14-15	Utah, Utah Hotel, Salt Lake City
June	14-16	Illinois, Drake Hotel, Chicago
June	18-19	Vermont, Equinox House, Manchester
June	21-22	Washington, Winthrop Hotel, Tacoma
June	21-23	Wisconsin, Schroeder Hotel, Milwaukee
June	24-26	Michigan, Grand Hotel, Mackinac Island
June	24-26	Montana, Many Glacier Hotel, Glacier National Park
June	25-26	New Jersey Savings, Monmouth Hotel Spring Lake
June	25-27	Maine, Poland Spring House, Poland Spring
July	22-24	West Virginia, Greenbrier Hotel, White Sulphur Springs
Aug.	29-31	Maine Savings, Poland Spring House, Poland Spring
Sept.	9-11	Massachusetts Savings, Washington Hotel, Bretton Woods, N. H.
Sept.	17-18	Connecticut Savings, Hotel Wentworth-By-The-Sea, Portsmouth, New Hampshire
Oct.	11-12	Nebraska, Fontenelle Hotel, Omaha
Nov	3-5	New York Savings, The Greenbrier, White Sulphur Springs, W. Va.
Nov.	7-10	Iowa, Ft. Des Moines Hotel, Des Moines

Other Organizations

May	30-31	School of Banking of the South, Louisiana State University, Baton Rouge
Sept	26-30	Financial Public Relations Association, Hotel Statler, Washington, D. C.
Oct.	3-6	Consumer Bankers Association, Hotel Roosevelt, New Orleans, La.
Oct.	18-21	National Association of Bank Auditors and Comptrollers, 30th Annual Convention, San Francisco

News for Country Bankers

(CONTINUED FROM PAGE 63)

tion expanding with amazing rapidity, and with the price adjustment that has already been made, the livestock business is just as sound today as any part of our agricultural economy. It is certainly no time to play ostrich and bury our head in the sand."

The panel members noted that the recent adjustments in livestock had the effect of driving a number of marginal operators out of the business. As Mr. Brown put it, "The livestock business is getting back into the hands of experienced livestock men, which to me offers real encouragement for the future. The potential margin between profit and loss has been squeezed down to the point where the marginal and poor operator will be forced out of the business if he has not already been eliminated."

The panel members agreed that the extreme pessimism which has been shown in some quarters in the livestock industry is unwarranted.

Each of the panelists expressed the opinion that the livestock farmers in his particular area were opposed to Government controls and price supports. Mr. Burch said: "The caravan that went to Washington was not truly representative of the producers. Our producers want no part of price supports in the livestock industry. They know that price supports are nothing but a system of price fixing, and it will require controls and regimentation. Before very long, the corn producers are going to have these controls and regimen-

tation, whether they like it or not.

"You have the case of butter. Butter is a good product. It has been eaten since the time of Christ. Everybody knows it is good and healthful, and yet the butter men have priced themselves out of the market."

The panel stated that bankers in livestock-producing areas have a challenge to meet in keeping their customers sound in the period ahead.

"Livestock is big business," Mr. Rohwer said. "It is a business that demands intelligent financing. We have given and we will continue to give our livestock farmers the proper credit facilities. We are not going to sell them out. We are not going to put them out of business. True, we have had two bad years; but the last two years have taken care of the men who are not really cattle feeders, and now the business is back in the hands of the men who understand it."

The panelists told the other bankers that "we are now in a position to show the livestock industry that we are not fair weather bankers but willing to share responsibility through sound banking along with farm management practices which will prove advantageous for the agricultural economy of this country."

4-H Recognizes Banker

NATIONAL recognition by the 4-H Clubs of America was accorded Anthony Judge, Jr., assistant sec-



Anthony Judge, Jr.

retary of the Industrial Trust Company, Providence, at the organization's alumni dinner during the National 4-H Club Congress in Chicago. He was one of eight to receive the 4-H Club Gold Key.

Mr. Judge was honored because of his "leadership and participation in youth, civic, church, school, government, and other public service endeavors, special 4-H Club work, adherence to the ideals and principles for which 4-H Club work stands, and success in (his) chosen career."

He is a former chairman and presently a member of the agricultural committee of the Rhode Island Bankers Association.

Bank Lobby Farm Festival

FARMERS of Southwest Virginia were honored by The First National Exchange Bank of Roanoke recently when, for five days, the bank's farm credit and service department displayed prize fruits and samples of farm goods in its main office and two branches.

The décor of the bank's lobbies emphasized the harvest season. During the display, free cider was served to visitors and the bank's women employees were dressed in blue jeans and straw hats to add to the atmosphere. Of special interest were samples of prize corn, fruits, and other products of unusual size.

"It is our idea in this harvest festival display not only to pay tribute to the good job our local farmers are doing in Southwest Virginia," said Murray G. Via, vice-president in charge of the bank's farm department, "but to emphasize to the people of this area that our products are as good or better than that shipped in from other states. The

(CONTINUED ON PAGE 96)



Martha Trinkle and Kathleen Kelly are attractive additions to the harvest festival display in the main office lobby of the First National Exchange Bank of Roanoke

FARMERS NOW BENEFIT FROM NEW SCIENTIFIC TESTS OF MEAT SCRAP QUALITY

New MURPHY RESEARCH on Enzyme Digestibility, Vitamin B₁₂ and Growth Factors Determines Feedlot Efficiency of Feed Ingredients

Old Method Found Inadequate

Meat scrap is one of the important ingredients in commercial feeds bought by farmers. And it is known that different lots of meat scrap can differ greatly in nutritive value and digestibility—thus varying from good to bad for a feed ingredient. For these reasons, the MURPHY PRODUCTS COMPANY research laboratory set out to find scientific methods of determining nutritive value, digestibility and true feeding quality of meat scrap.

Judging the quality of meat scrap by analyzing its content of protein, fat, moisture, ash and by visual examination of its color and appearance has been the usual practice in the industry. It is now known that such analysis tells only part of the story.

New Approach Measures Quality

Research scientists at MURPHY PRODUCTS COMPANY, seeking to further evaluate feed ingredients in terms of what they will do in the feedlot, are now using a new series of tests for meat scrap. This is an entirely new approach to the problem of measuring quality. It includes: (1) Enzyme-Digestibility Tests (2) Critical

Measurement of Vitamin B₁₂ Tests (3) Actual Growth Study Tests. These tests are of the utmost of importance in determining feedlot efficiency of a commercial feed . . . something very important to the farmer who is buying feed.

What are These New Tests?

The Enzyme-Digestibility Tests subject meat scrap to the action of enzymes in the laboratory under carefully controlled conditions, duplicating with exactness the manner in which it would be digested in the stomach of an animal. On completion of the tests, the undigested residue is collected and weighed and its proportion of the total calculated. The less the proportional amount of residue, the higher the digestibility of the sample.

In the Critical Vitamin B₁₂ tests a Microbiological and a chemical assay is used to measure Vitamin B₁₂ contents of different meat scraps. Vitamin B₁₂ is the vital Animal Protein Factor needed for poultry and swine development.

The results of all other tests culminate in the *Growth Studies of Animals*. In the case of meat scrap rations based on laboratory findings were mixed and fed

to different control groups of chicks. The laboratory showed and the chicks proved that a ration containing meat scrap with a high B₁₂ level and high levels of other key nutrients in meat scrap can make as much as 20% difference in growth and weight after 8 weeks. And that the selected meat scraps promote better feathering and more uniform flock size. This is the way all laboratory findings are checked . . . in the animal under ordinary farm conditions. New findings that prove to be beneficial and economical in the feedlot are then put into effect.

These tests, performed at the MURPHY PRODUCTS COMPANY are but one example of the results of continuous scientific work which flows from the laboratory to the feedlot in order that farmers may have higher quality and more economical feeds. Constant probing into the nutrient secrets of feed ingredients continues to keep MURPHY feeds of the highest quality.

Robert R. Spitzer Ph.D.

Director of Research

500



MURPHY PRODUCTS CO., Burlington, Wisconsin

(CONTINUED FROM PAGE 94)

response to our harvest festival has been so encouraging that we plan to make it an annual affair."

Conservation Booklet

AN ideas and suggestions booklet entitled *Soil Conservation and the Banker* has been prepared by the Soil Conservation Committee of the North Dakota Bankers Association for member use.

"This booklet," states the committee, "was prepared to stimulate the interest and activity of individual banks and bankers in soil conservation in their own communities."

It is illustrated with the before-and-after type of photographs and includes a map showing the soil conservation districts within the state.

Farm Equipment Handbook

THE new 1953 *Farm Equipment Retailer's Handbook*, published by Farm Equipment Retailing, Inc., of St. Louis, includes 157 illustrations and sells for \$7.50.

The subject matter of this publication covers a wide range of topics, including financing and capitalization of equipment retailing.

In the introduction to the book, which is edited by Arch S. Merrifield, it is stated that its "purpose is to set a pattern that will serve as a guide for the less-experienced dealers while perhaps reminding some of the older dealers of the pitfalls they have successfully passed over or the bridges they yet may have to cross."

Anniversary Ad

To mark its 16th anniversary, The Chillicothe State Bank of Chillicothe, Missouri, ran a full-page advertisement in the local newspaper, which included a comparison of the bank's statement of condition on December 31, 1937, with its statement as of November 18, 1953.

The ad featured pictures of the bank's officers and directors on November 20, 1937 and its officers and directors on November 20, 1953. Under display type reading: "We report to you on this anniversary as to the progress you have helped us achieve and the goal you have inspired for a stronger community tomorrow," the bank made a brief progress report and enumerated its

Refreshment hour during the fifth annual Bankers Agricultural Credit Conference of the Florida Bankers Association at the University of Florida, Gainesville. Left to right, J. G. Richardson, vice-president, Commercial Bank & Trust Co., Ocala, and chairman, FBA's Agricultural Committee; C. J. Kimball, chairman, First National Bank, Miami, and vice-president, FBA; H. C. Coleman, president, Commercial Bank, Daytona Beach, and president, FBA; Dr. J. W. Reitz, provost for agriculture, Florida U; and T. A. Lanford, vice-president, Federal Reserve Bank, Jacksonville.



future goal. The ad concluded with these two slogans: "If You Bank With Us You Can Bank On Us" and "We Will Lend a Hand to Help Improve Your Land."

Farm Supply Store Earnings

A TYPICAL farm supply store earns a net profit before taxes of 2 percent of sales volume, after expenses of 11.9 percent, according to a cost-of-doing-business survey of 230 farm supply stores recently conducted by Dun & Bradstreet, Inc. The survey includes breakdowns of operating expenses and profits for all farm supply stores, and for stores grouped by sales volume, form of organization, principal line of merchandise, and rate of net profit earned.

This is one of a series of surveys made to guide small businessmen, providing a basis for comparison with the operating ratios of other business in the same line. Copies may be obtained upon request from any Dun & Bradstreet office, or from the Business Library, Dun & Bradstreet, Inc., 99 Church Street, New York 8, N. Y.

Banker's Responsibility

"AS I see it, we have three primary responsibilities to agriculture," Homer J. Livingston, vice-president of the American Bankers Association, told the Association's National Agricultural Credit Conference in Chicago. "We should provide," he said:

"(1) Safety for the farmer's funds; (2) adequate and continuous credit to meet the farmer's requirements; and (3) leadership in understanding the complex problems of agriculture.

"These are banking's responsibilities to agriculture. The first of these

duties is the affording of a safe and efficient banking service. You would agree that banking's primary responsibility is to remain sound—to keep itself always in a position to hold the farmer's funds in safety and deliver them upon demand.

"Our first responsibility is thus to strengthen our banks by building up our reserves today.

"Our second responsibility is to provide adequate credit. Banking is doing that satisfactorily today. Our Agricultural Commission reports that last year over 12,500 banks—that is, 93 percent of all insured commercial banks—extended credit to farmers."

After discussing various kinds of loans, Mr. Livingston, who is president of The First National Bank of Chicago, said, of the third responsibility of banks to agriculture, we must "be certain we understand fully the complex economic and financial problems of the industry. Opinions formed merely from a hurried reading of the daily headlines can hardly be the basis of sound judgment on these intricate problems. Competent leadership on these matters requires that a banker critically analyze not only the problems of agriculture locally, but that he understand the many economic forces far beyond his community which affect the industry. International affairs as they affect imports and exports, military purchases, governmental policies, tax laws, the rate of industrial production, and changes in the volume of gross national product, all influence the farmer's income.

"As economic and financial counselors to this great industry, we need to bring to it more than a superficial understanding of the vast problems with which it is struggling."



send your earnings upward!

Sell **NCB** TRAVELERS CHECKS

The sky's the limit, when you sell these well-known checks. It's all clear profit to you, because you get **THE ENTIRE SELLING COMMISSION** on the checks you sell—75¢ on each \$100.

They're a natural for customers who expect to travel, when they withdraw funds for a trip, or come into your bank for other accommodations.

National City Bank Travelers Checks are spendable like cash everywhere, with a full refund guarantee if they are lost or stolen. Issued in \$10, \$20, \$50 and \$100 denominations; they remain good until used.

All NCB Travelers Check advertising constantly reminds readers to buy these checks *at their bank*. To help you get your share of the market, point-of-sale and other display material, as well as free newspaper mats, are available. Write for full information.

THE NATIONAL CITY BANK OF NEW YORK

FIRST IN WORLD WIDE BANKING

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

Member Federal Deposit Insurance Corporation



Methods and Ideas

(CONTINUED FROM PAGE 48)

"These advertisements were not intended to invite inquiries," says Lyman E. Wakefield, Jr., the bank's vice-president in charge of advertising and public relations, "but no advertising we have ever done has produced as many letters as this series."

Reprints have been mailed to several hundred business executives—and here, too, a novel touch was used. The ads were enclosed in folders, each featuring a small attention getter: a patch of blue denim, a horseshoe nail, an empty rifle cartridge, a small Swedish flag.

"We think," Mr. Wakefield comments, "these ads prove that bank advertising will get high readership if its message is dramatized and told in a way that arouses curiosity and creates suspense."

Olmsted and Foley Advertising Agency is doing the series.

A KIT FOR SAVERS

NUMEROUS banks do that "something special" for openers of new savings accounts. Perhaps it's a coin bank, a booklet listing the bank's services, or just a thank-you letter.

FIRST NATIONAL BANK IN ST. LOUIS has packaged a number of useful items along this line. Each new saver receives a personalized kit containing aids to save him time and trouble in carrying on his banking business.

The kit, designed by Vice-president Willys K. Bliss and Arthur C. Hemminger, the First's director of public relations, is contained in a white envelope imprinted with a "thank you" message that bears the depositor's name. In the envelope are: the customer's passbook; a card with the serial number of the account; a slip explaining that the card is for the depositor's convenience and protection; bank-by-mail supplies (deposit slip, envelope and withdrawal ticket); a brochure explaining how the service operates; a list of banking services for individuals and corporations.

"People seem to like the idea of receiving a savings package," says Mr. Bliss. "The fact that it is personalized makes it even more appealing."

BANK BOOKLET AIDS BUSINESS MANAGEMENT

AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago has prepared a booklet to help business management look ahead on a factual basis.

"What Happens If Sales Decline?" is a practical tool. It stresses the importance of planning, which is the major responsibility of management, and offers five sample budgets drafted with the sole purpose of stimulating thought and study on the subject of financial planning.

In working up this presentation, the bank's credit division and loaning officers weren't motivated by a pessimistic view of the business future, but rather by a feeling that regardless of the outlook, management should consider problems that would arise if sales fell off.

COOPERATIVE PROMOTION

EVER hear of the Independent Community Bankers of Minneapolis? It's the organization formed a couple of years ago to promote the interests of eight small banks which felt that the best way to meet the competition of larger institutions was to pool their efforts and promote themselves as a group. Through

One of the cooperative ads used by the eight ICBM banks

We're Spotted All Over Town
Your Friendly
Independent Community Bankers

Wow! Look! **2 1/2%**

Your Independent Community Bankers now offer the unusually high interest rate of 2 1/2% on amounts of \$500 or more on Time Deposits. All Deposits Insured up to \$10,000.

- CAMDEN PARK STATE BANK 4171 Lyndale Ave. North, CH. 2347
- CHICAGO LAKE STATE BANK 823 East Lake Street, CH. 6136
- CITIZENS STATE BANK 5081 Euclid Blvd. 154 Louis Park, MN 6519
- COLUMBIA HEIGHTS STATE BANK 2089 Crested Ave. N.E., ST. 5006
- FIDELITY STATE BANK 2338 Central Ave., ST. 0411
- HIGHFIELD STATE BANK 6008 Lyndale Ave. South, SD 97312
- THIRTEENTH AVE. STATE BANK 3200 N. E. Second Street, AT 1255
- UNIVERSITY NATIONAL BANK 718 N. Washington Ave. N.E., CL. 3009

Members of Federal Deposit Insurance Corporation

the ICBM they are doing just that.

After selecting an advertising agency (Bozell & Jacobs, Inc., Minneapolis) the group developed a campaign for selling certificates of deposit. The ads featured cartoon illustrations of dogs and appeared four times weekly for nine months. Supplementing this copy with counter and window cards, the banks increased deposits by more than \$14,000,000.

During the past year the ICBM featured neighborliness in its advertising. "Bank with your neighbor because you can bank on him" appeared in all ads. Each was devoted to a particular service and each carried a picture of the individual who specialized in that service. For example, "Meet the man who'll handle your business loan."

The eight banks hold monthly meetings at which they exchange ideas and experiences on service charges, personnel, or other common problems. Members of the group include: Camden Park State Bank, Chicago Lake State Bank, Citizens State Bank, Columbia Heights State Bank, Fidelity State Bank, Richfield State Bank, Thirteenth Avenue State Bank, and University National Bank. All are in Greater Minneapolis.

IN BRIEF

The growth parallel of a tree and a bank was the theme of a window display used by THE HANOVER BANK, New York City, at its Rockefeller Center Office. The center of the exhibit was a cross-section slice of an old tree. Ribbons ran from eight of the rings to a placard listing dates important to the nation's economic development and to the bank. A poster told viewers: "Each ring in this old tree represents a year of new growth. So has The Hanover Bank grown in strength and resourcefulness through its 123 years."

THE TRENTON (N. J.) SAVING FUND SOCIETY gave space in its main banking room for a two-day flower show by the local florists' association. More than 10,000 people attended. The bank gave carnations as souvenirs.

The ROSLYN (New York) SAVINGS BANK is distributing four prints of
(CONTINUED ON PAGE 100)



Christmas Club

A Corporation

*LIGHTS THE WAY
TO A
MERRY CHRISTMAS
THROUGHOUT
THE WHOLE YEAR*

There is power in teamwork

The business of Christmas Club, A Corporation does more than supply the mechanical needs to operate an efficient Christmas Club.

The entire staff of Christmas Club, A Corporation works twelve months of the year, as a powerful team, coordinating, promoting and selling the value of public participation in the most efficient system of banking in the world.

The emblem of Christmas Club, A Corporation identifies an organization that builds savings, builds character, and builds business for financial institutions.

With the cooperative and coordinated teamwork of Christmas Club, A Corporation, financial institutions and the public, a dynamic force is set into motion that generates the power to produce sound economic financial practices that lead to individual financial security.

Christmas Club, A Corporation invites you to join the team and offers you the advantages of a national operation that is geared to your local level.



Christmas Club

A Corporation

FOUNDED BY HERBERT F. RAWLL

230 PARK AVENUE, NEW YORK 17, N.Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS



ARE YOU LOOKING TOWARDS PERU . . . ?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation over 60 years ago. If you are interested in doing business in Peru, a letter addressed to us will assure you our friendly co-operation.

BANCO DE CREDITO DEL PERU

Head Office - - LIMA

73 Offices Throughout the Country

CAPITAL - S/.80,000,000.00 SURPLUS - S/.55,925,354.01

"Peru's Oldest National Commercial Bank"

Our banking friends . . .

will find this institution especially well equipped to handle their Chicago accounts promptly and efficiently. Our complete facilities are at your disposal.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



Scudder
Stevens
& Clark



Prospectus on request:

10 Post Office Square
Boston 9, Massachusetts

One Wall Street
New York 5, New York

117 South 17th Street
Philadelphia 3, Pa.

Common Stock Fund, Inc.

(CONTINUED FROM PAGE 98)

famous old houses in its community, including the homes of Theodore Roosevelt and William Cullen Bryant.

CENTRAL BANK OF OAKLAND, California, was host to 25 school teachers on Business Education Day.

Canada Savings Bonds can be sold on the instalment plan, and BANK OF MONTREAL stresses this feature in its advertising of the securities: a 5 percent downpayment, with monthly instalments spread over a year. IMPERIAL BANK OF CANADA, for its bond promotion, sent to each branch manager a phonograph record urging him and his staff to increase sales of the new series. The message also suggests ways for attracting buyers.

INDUSTRIAL TRUST COMPANY of Providence, Rhode Island, has a two-hour color film covering all phases of its operations. The narration is by officers of the bank.

CENTRAL NATIONAL BANK of Cleveland made house-to-house calls in the territory served by the new Westgate Shopping Center.

NATIONAL BANK OF COMMERCE OF CHICAGO is distributing the 1954 edition of its "Business Trends and Progress," a color chart that concisely portrays business activity, commodity prices, stock averages, consumer spending, national income, purchasing power of the dollar, etc., from 1799.

TRUST COMPANY OF GEORGIA, Atlanta, sponsoring an educational television show, offers two weekly awards to local school children for comments on the program.

SEATTLE - FIRST NATIONAL BANK has reprinted, in a brochure entitled "A Report to the Nation on This Busy Corner of America," a series of its newspaper advertisements inviting business leaders to "look to Washington State" and offering detailed information on the section's opportunities.

STATE BANK & TRUST COMPANY of Wellston, St. Louis, is distributing "sidewalk superintendent" buttons during the construction of its new building.

Get the Most from Your Equipment

(CONTINUED FROM PAGE 48)

achines in neighboring banks, will give you a good comparison.

Equipment that is coming into wider use in banks is the *counting machine*. It is useful in proving large currency deposits, double checking currency, cash examinations, and other jobs where records can be obtained by numerical count. For instance, in handling a large volume of club accounts the coupons can be run through and the total multiplies by the various denominations, thus producing a fast, accurate proof.

The *teller's machine*, which has proved its worth in validating cashed checks and deposits, is very flexible and its usefulness is still expanding. Personal loan payments may be taken at any commercial teller's window; a receipt of a different color is issued. The advantages of accepting payments at these windows include the convenience of customers and better utilization of tellers. All of them are available on peak days.

If your *bookkeeping machines* are 10 years old, we suggest that you look at the equipment available today. The increased speed, visual sight alignment, automatic operation, tabulating features, check count, combination journal sheet and short list features, automatic overdraft signals are services that can be used advantageously in processing checking accounts. In fact, the writer has seen cases where turnover of personnel, particularly in the bookkeeping department, has been caused not by the work involved but by the equipment with which the operators have had to work.

In closing this series, let's stress again the importance of making a careful analysis of the equipment with which your employees must work, the importance of knowing what the machines will do, and the proper training of the operators. Synchronized operations, will good equipment properly used by well-trained personnel, will result in increased production and lower operating costs. To get the most out of today's dollar spent for machines we must get the most out of the equipment we buy.

Free to Executives: Business Trends Chart

1954 edition of famous chart ready for mailing

Yours for the asking . . . the 1954 *Business Trends & Progress Chart* . . . a full-color graph that's suitable for framing. Charts consumer spending, national income, plant and equipment expenditures, the economic pulse, other vital business facts, from 1796 to date. Send for your free copy today. Use the handy coupon below.

American Credit Indemnity Company of New York

▼ MAIL THIS COUPON TODAY ▼

American Credit Indemnity Company of New York
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A.I.B. Plans Forum Series

Program to Cover Economics of Banking and Monetary Policy

EARLY in 1954 the American Institute of Banking will introduce a series of "Executive Forums" designed to give bank officers a better understanding of present-day Federal Reserve monetary policy and Treasury debt management and their effect upon the credit system.

The series, to be known as "The Economics of Banking and Monetary Policy," aims to by-pass the standard approach of textbook theory by going directly to the functions of the various segments of the banking system under present conditions, analyze problems of the Federal Reserve System and the Treasury, and provide such an understanding of actions taken by the authorities that bank officers will be able to interpret them when they occur. It is to be a facts series rather than a theory course.

The program is predicated on a series of six studies being prepared specifically for this series by the Economic Policy Commission of the American Bankers Association with the assistance of an editorial review committee of outstanding bankers and economists. The titles of these studies are: "Our Financial System at Work"; "How Our Reserve Banking System Operates"; "Loans, Investments, and Interest Rates"; "The Effects of Federal Reserve Policies"; "The Effects of Treasury Operations"; "Basic Issues of Monetary Policy."

6 Pamphlets—3 Themes

In the introduction, the authors state that the series of six pamphlets "will have three underlying themes." One theme is the relation between banking and economic conditions.

Noting that the banker's main interest is in the problem of economic stability, the authors point out that there is general agreement today that the crucial economic problem of the times is the avoidance of big swings in business activity and prices, the prevention of disastrous

inflation, and the prevention of serious deflation and mass unemployment; also that the achievement of stable growth at a high level of employment has become the overriding objective of public economic policy. The implications of this for banking and the contribution that banking can make to economic stability will be considered.

The second theme is interest rates, dealing with such questions as the basic causes behind interest rate movements, what would happen to bond prices and interest rates in the event of a business depression, and how debt management policy will influence the future course of rates.

The third theme is the volume of bank credit—the volume of bank loans and investments and the volume of bank deposits—and the factors affecting them.

Pamphlet Content

The first pamphlet will present a panoramic view of our monetary and credit system. It will outline the nature of our monetary set-up, and indicate in general terms the role of savings banking, commercial banking, the Federal Reserve System, and the Treasury as integral parts of the credit system. It will also sketch briefly the character of the American money market and the functions it performs.

Pamphlet No. 2 will be devoted largely to an explanation of the functioning of the American reserve system of banking. It will cover the characteristics of the major suppliers of credit, the relationship between bank credit and reserves, the factors affecting member bank reserves, the significance of excess reserves, and adjustments in bank reserve positions.

Pamphlet No. 3 will examine the demand side of the credit picture, with special emphasis on the factors affecting various types of bank loans and the volume of bank investments. It will proceed to a discussion of the composition of the money market and the relationships between various interest rates.

Pamphlet No. 4 will be an analysis of the relation between credit and economic conditions, and how these are affected by the monetary policies of the Federal Reserve System. There will be an explanation of the objectives and techniques of Reserve credit policies and their relationship to the three major themes.

Pamphlet No. 5 will cover the major problems of debt management and Government fiscal policy and analyze the effects of the actions and policies of the Treasury on interest rates, business conditions, the money supply, and the value of the dollar.

Pamphlet No. 6, the concluding pamphlet, will consist of a discussion of three fundamental problems of monetary management. In the case of each of these problems, arguments will be presented from three points of view: right, left, and middle-of-the-road.

Aim to Fill the Gap

Leaders in banking education feel that the huge public debt, the magnitude of the Federal budget, and the flexibility accorded to monetary policy since 1951 have placed the problems of debt management and monetary policy and their relationship to banking in what they call a "new setting." They see the need for educational material for bank officers at this point and aim to fill the gap with this program.

So far, nine A.I.B. chapters are planning to offer the forum series. They are: Atlanta, Chicago, Detroit, Los Angeles, New York, Philadelphia, Rochester (New York), St. Louis, and San Francisco chapters. Leaders will be carefully chosen, and a rather selective choice of students is contemplated. Based upon the experience had with the program this winter, plans are to offer it on a nationwide basis next autumn.

Review Committee

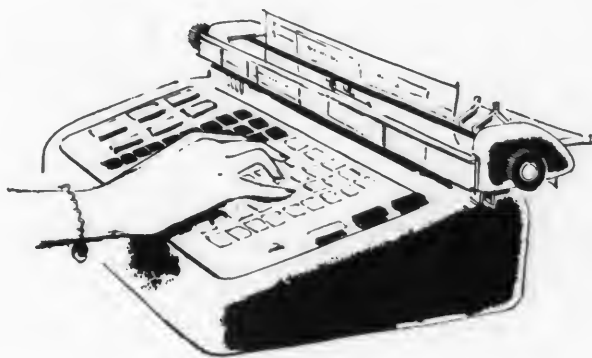
The Editorial Review Committee
(CONTINUED ON PAGE 104)

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98th consecutive dividend

• A quarterly dividend of 45¢ a share, plus an extra dividend of 5¢ a share, has been declared on the common stock of this company, payable on January 2, 1954, to shareholders of record December 9, 1953.



E. H. Volwiler, President
November 27, 1953

ABBOTT LABORATORIES
Manufacturing Pharmaceutical Chemists
North Chicago, Illinois

MIT

Massachusetts Investors Trust

**DECLARES ITS
117th Consecutive Dividend**

The Trustees have declared a quarterly dividend of 27 cents a share, payable December 24, 1953 to shareholders of record at the close of business December 4, 1953. This dividend is entirely paid out of dividends and interest received by the Trust on its investments.



ROBERT W. LADD, Secretary
200 Berkeley Street, Boston

ARO

The ARO EQUIPMENT CORP.

Bryan, Ohio

*Quarterly
Dividend Notice*

The Board of Directors has declared a regular quarterly dividend of 30¢ per share on common stock payable January 15, 1954 to shareholders of record at the close of business, January 2, 1954.

L. L. HAWK
Sec.-Treas.

December 3, 1953

(CONTINUED FROM PAGE 102)

consists of: Karl R. Bopp, vice-president, Federal Reserve Bank of Philadelphia; Falkner C. Broach, senior vice-president, National Bank of Tulsa, Oklahoma; Howard S. Ellis, professor of economics, University of California, Berkeley; former president, American Economic Association; Wesley Lindow, vice-president, Irving Trust Co., New York; Paul W. McCracken, professor of business conditions, University of Michigan, Ann Arbor; Marcus Nadler, professor of finance, New York University, New York; L. Sumner Pruyn, vice-president, First National Bank of Boston; Roy L. Reiersen, vice-president, Bankers Trust Co., New York; and John H. Wills, vice-president and economist, Northern Trust Co., Chicago.

Economic Policy Group

Members of the A.B.A. Economic Policy Commission are: Evans Woollen, Jr., chairman of the board,

Fletcher Trust Co., Indianapolis, chairman; John R. Evans, president, First National Bank, Poughkeepsie, New York; Mervin B. France, president, Society for Savings, Cleveland; Warren M. Jenkins, president, The First National Bank of Everett, Washington; Herbert V. Prochnow, vice-president, The First National Bank of Chicago; Rudolph E. Reichert, president, Ann Arbor Bank, Ann Arbor, Michigan; John W. Remington, executive vice-president, Lincoln Rochester Trust Co., Rochester, New York; Lester E. Shippee, president, Hartford-Connecticut Trust Co.; Charles L. Smith, chairman of the board, First Security Bank of Utah N. A., Salt Lake City; J. Harvie Wilkinson, Jr., executive vice-president, State-Planters Bank and Trust Co., Richmond; Stuart Wilson, president, State National Bank, Texarkana, Arkansas; and Willis D. Wyard, president, First and American National Bank of Duluth.

A COUNCIL ON FAR EASTERN TRADE MEETS IN NEW YORK CITY

Greater trade with the Far East is a primary objective of the Far East-America Council of Commerce and Industry, which held its annual conference recently in New York City. Among those present were, left to right, Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs; Arthur B. Foye, senior partner, Haskins & Sells, and president of the council; Japanese Ambassador Eikichi Araki; and John D. Rockefeller III





The Canadian Bank of Commerce

HEAD OFFICE — TORONTO

STATEMENT AS AT 31ST OCTOBER, 1953

ASSETS

Cash on hand and due from Banks and Bankers	\$ 229,668,364
Notes of and Cheques on other Banks ..	100,252,926
Government and Other Public Securities . . . } <small>Not exceeding market value</small>	626,746,833
Other Bonds and Stocks	65,366,132
Call and Short Loans <small>(Security held of sufficient marketable value to cover)</small>	51,586,583
Total Quick Assets	\$1,073,620,838
Loans and Discounts <small>(After full provision for bad and doubtful debts)</small>	768,740,595
Acceptances and Letters of Credit for Customers <small>(See control)</small>	40,191,455
Bank Premises	17,938,641
Other Assets	11,324,215
Total Assets	\$1,911,815,744

LIABILITIES

Notes in Circulation	\$ 16,467
Deposits	1,798,447,204
Acceptances and Letters of Credit <small>(See control)</small>	40,191,455
Other Liabilities	3,396,085
Total Liabilities to the Public	\$1,842,051,211
Capital Paid Up	30,000,000
Reserve Fund	38,000,000
Dividends declared and unpaid	921,235
Balance of Profit as per Profit and Loss Account	843,298
Total Liabilities	\$1,911,815,744

PROFIT AND LOSS ACCOUNT

Year Ended 31st October, 1953

Profits for the year ended 31st October, 1953, before Dominion Government taxes but after appropriations to Contingent Reserves, out of which full provision has been made for bad and doubtful debts	\$12,514,210
Less:	
Provision for Dominion Government taxes	\$5,558,000
Depreciation on Bank Premises	1,166,968
Net Profits after the foregoing deductions	\$ 5,789,242
Dividends	3,600,000
Amount carried forward	\$ 2,189,242
Balance Profit and Loss Account 31st October, 1952	1,654,056
	\$ 3,843,298
Transferred to Reserve Fund	3,000,000
Balance Profit and Loss Account 31st October, 1953	\$ 843,298

JAMES STEWART
PRESIDENT

N. J. McKINNON
GENERAL MANAGER

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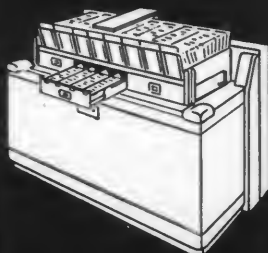
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Reese

(CONTINUED FROM PAGE 49)

said, "I pointed out that since last May the Government has plainly indicated that it is going to be ahead of the demand for money and not behind. The people are accustomed to a high level of prosperity; they want to keep it; and the Government plans to insure a continuation of prosperity by every reasonable device, and business is ready to go along."

In this talk he also touched on the prospect of continuing Government spending, price supports that

are still in existence, public works programs of Federal, state, and local governments, and the built-in cushions, such as social security, old age pensions, and business pension funds.

President Reese, who was accompanied by Mrs. Reese and their son David, had some transportation difficulties on the eastward journey. When their plane was 700 miles east of Newfoundland engine trouble developed and they had to turn back. Later, when they were leaving London for Paris, a blanket of fog settled over the field within a matter of minutes and they had to return and take surface transportation to the French capital.

High School Student-Bankers

(CONTINUED FROM PAGE 56)

money is insured while at school and in transit to the Alabama National Bank of Montgomery, which serves as depository for the school bank. The principal of the school is bonded.

Much enthusiasm has been created in the community by this school project. All school funds are handled by the bank—club accounts, athletic funds, cafeteria funds, PTA money, departmental funds, and personal accounts for both students and faculty members. The Union Bank and Trust Company of Montgomery became interested in the work of

student bankers, who make annual spring visits to the Montgomery banks, and gave the bookkeeping machine to the school bank. Mildred Smith of the *Montgomery Advertiser* staff has been generous in her encouragement of the activity through publicizing it in the local paper. In 1950 the *Alabama School Journal* and also *School Activities* published articles about the bank. The March 1953 issue of *Open Road for Boys* carried an interesting account of it, pointing to it as having set a record at which others might shoot.

The student-bankers get a lesson from Woodford Parks, cashier, during a visit to the First National Bank, Montgomery, Alabama. Miss Kelly is third from right in the back row.



Mid-Winter Trust Conference Program

PLANS for the 35th Mid-Winter Trust Conference of the American Bankers Association, to be held in The Waldorf-Astoria, New York City, February 8, 9, and 10, are announced by N. Baxter Maddox, president of the Association's Trust Division. Mr. Maddox is vice-president and trust officer of the First National Bank, Atlanta, Georgia.

The conference, an outstanding event in the trust business each year, is expected to attract about 1,800 trust executives from banks throughout the country.

In keeping with the conference's purpose of providing trustmen with an opportunity to explore many phases of the current economic and political situation and their effect on trust work, several outstanding men from diverse fields are being invited to address the meeting. Among the nonbankers who have already accepted the invitation to speak are Samuel C. Waugh, assistant secretary for economic affairs, Department of State; Robert C. Gilmore, Jr., president, National Association of Life Underwriters; Dr. Marcus Nadler, professor of finance, New York University; and William J. Jameson, president, American Bar Association.

Reese to Speak

Bankers who will address the conference will be headed by Everett D. Reese, president of the American Bankers Association and of The Park National Bank of Newark, Ohio. Other representatives of banking will include Mr. Maddox; Earl S. MacNeill, vice-president, Irving Trust Company, New York City; Carlisle A. Bethel, chairman of the Trust Division's Committee on Taxation and senior vice-president and trust officer, Wachovia Bank and Trust Co., Winston-Salem, North Carolina; Stetson B. Harman, president of the American Institute of Banking and trust officer and assistant secretary, First Trust and Savings Bank of Pasadena; J. O. Brott, general counsel of the American Bankers Association; and William Powers, deputy manager and director of customer and personnel relations of the A.B.A.

As in past years, a special feature of the conference will be a luncheon

given by the New York Clearing House on February 10. At the luncheon, greetings in behalf of the host banks of New York City will be extended by N. Baxter Jackson, president, New York Clearing House, and chairman of the board, Chemical Bank and Trust Co., New York.

Three panel discussions have been planned for the conference: one on "Investments" under the direction of Robert Coltman, chairman, Trust

Division Committee on Trust Investments, and vice-president, Philadelphia National Bank; one on "Problems of Smaller Trust Departments" under the direction of Ralph A. McIninch, president, Merchants National Bank, Manchester, New Hampshire; and one on "Handling Businesses in Trusts" under the direction of Joseph W. White, vice-president, Mercantile Trust Company, St. Louis, Missouri.

IMPERIAL BANK OF CANADA

79th ANNUAL STATEMENT

CAPITAL | RESERVE
\$7,000,000 | \$12,000,000

Year Ending 31st October, 1953

ASSETS

Deposits with and Notes of Bank of Canada.....	\$ 56,115,740.66
Notes of and Cheques on Other Banks.....	46,415,769.91
Other Cash and Deposits.....	7,824,656.74
Government and Municipal Securities (not exceeding market value).....	188,619,087.49
Other Bonds and Stocks (not exceeding market value).....	8,219,432.99
Call Loans (secured).....	9,003,462.84
TOTAL QUICK ASSETS	\$316,198,150.63
Commercial and Other Loans (after provision for bad and doubtful debts).....	291,208,111.17
Liabilities of Customers under Acceptances and Letters of Credit (as per contra).....	6,985,878.02
Bank Premises.....	8,746,168.54
Other Assets.....	10,812.31
	\$623,149,120.67

LIABILITIES

Deposits.....	\$595,918,713.08
Acceptances and Letters of Credit Outstanding.....	6,985,878.02
Other Liabilities.....	238,718.62
TOTAL LIABILITIES TO THE PUBLIC	\$603,143,309.72
Dividends due Shareholders.....	438,903.45
Capital, Reserve and Undivided Profits.....	19,566,907.50
	\$623,149,120.67

PROFIT AND LOSS ACCOUNT

Profits for the year ended 31st October, 1953, after contributions to Staff Pension Fund and after making appropriations to Contingency Reserves out of which full provision for bad and doubtful debts has been made.....	\$ 3,653,099.53
Provision for depreciation of Bank Premises, Furniture and Equipment.....	464,933.03
Provision for Government of Canada Income Taxes and Provincial Taxes.....	\$ 3,188,166.50
	\$ 1,402,166.50
Dividends at the rate of \$1.20 per share.....	\$840,000.00
Provision for Bonus of 30c per share payable 1st December, 1953.....	210,000.00
	1,050,000.00
Balance of Profits carried forward.....	\$ 352,166.50
Profit and Loss Balance 31st October, 1952.....	1,214,741.00
	\$ 1,566,907.50
Transferred to Reserve Fund.....	1,000,000.00
Profit and Loss Balance 31st October, 1953.....	\$ 566,907.50

RESERVE FUND

Balance at credit of account 31st October, 1952.....	\$ 11,000,000.00
Transferred from Profit and Loss Account.....	1,000,000.00
Balance at credit of account 31st October, 1953.....	\$ 12,000,000.00

L. S. MACKERSY
President

J. S. PROCTOR
General Manager

Human Relations in the Bookkeeping Department

(CONTINUED FROM PAGE 53)

ment the girls sing, individually or collectively. Or, they may be observed to dash from their machine to another girl for a "quick chat." Or, they may shout to another girl working at a machine a few feet away from their own.

These informal activities (i.e., activities that are not listed in job descriptions) plus the daydreaming described above provide the girls with an opportunity for human contact, something they sorely miss and greatly require. To be sure, their behavior does not look efficient. It does not look orderly, but, we suggest, it is healthy.

Too often we think that high morale comes when a group works quietly and in an orderly fashion. This is not necessarily true. The quiet, orderly concept of efficiency is based upon an engineering outlook that efficient situations are those that resemble machinelike precision operation. Again, the two supervisors confirm these conclusions. They report that tension increased anytime the girls were requested to "quiet down."

More and more we are realizing that a truly efficient work place is one where people may also find some sort of self-expression. Just exactly what do we mean by this?

The answer is not an easy one to provide. Let us look at it this way:

All human beings are organized, integrated, dynamic systems that we call personalities. These personalities have parts. These parts continually require expression. This is characteristic of anything that is living: It must find expression. The moment expression ceases, so does life. This means that when we hire a young girl to work a machine, we are hiring a human being who has a personality that took many years to develop and which will constantly require expression.¹

This is where the trouble arises. The bookkeeping job, as it is formally defined at the moment, cannot

possibly provide expression for the many complicated and developed needs that a normal girl brings with her to her job. The most the job can provide is the opportunity to express some minor "doing" abilities. In other words, picture, if you will, a dynamic, active, integrated personality requiring expression and working at a job that permits her almost none. This seems to be one of the important problems a bookkeeper faces.

What may the girl do to adapt? Most girls report that they try at first to adapt by "telling" their personality, "O.K. Quit your grumbling. I realize that you can't find expression on this job. So just hold off till it is time to quit. Remember, we're trying to earn a living!"

In other words, the girl may try to convince herself that she has to accept the situation and wait till "after hours" to find opportunities for personality expression. The big difficulty with this approach, the girls note, is that it can't last too long. As one put it, "After a while you feel like you just *have* to say something or do something. You just can't lock up your feelings inside all the time."

Thus we see an example of something that scientists have known for quite a while. Personalities must find some sort of expression, and they will "raise Cain" with the individual until they do. (To make matters worse as far as the bookkeepers are concerned, most of them, being young adolescent girls, have not as



"Luckily I found out before we were married! That 5-figure monthly income of his was \$217.85!"

yet developed their abilities to delay personality expression and thus to accept some temporary frustration.)

The point to all this is, therefore, that the daydreaming and the other informal activities are (from the human point of view) necessary, even though they may not look "efficient."

In connection with this, it is interesting to note that from the bookkeepers' point of view, the most important ability that their work requires is "patience with one's self in order that the job does not get you down." The second most important ability for them to have, according to the girls, is the ability to daydream and work. We note, therefore, that the abilities the girls mention as being most important are related to the human problems they face on their job, not the technical ones.

The Officers and the Bookkeepers

The third most important ability the girls report is "patience with the complaints of the officers."

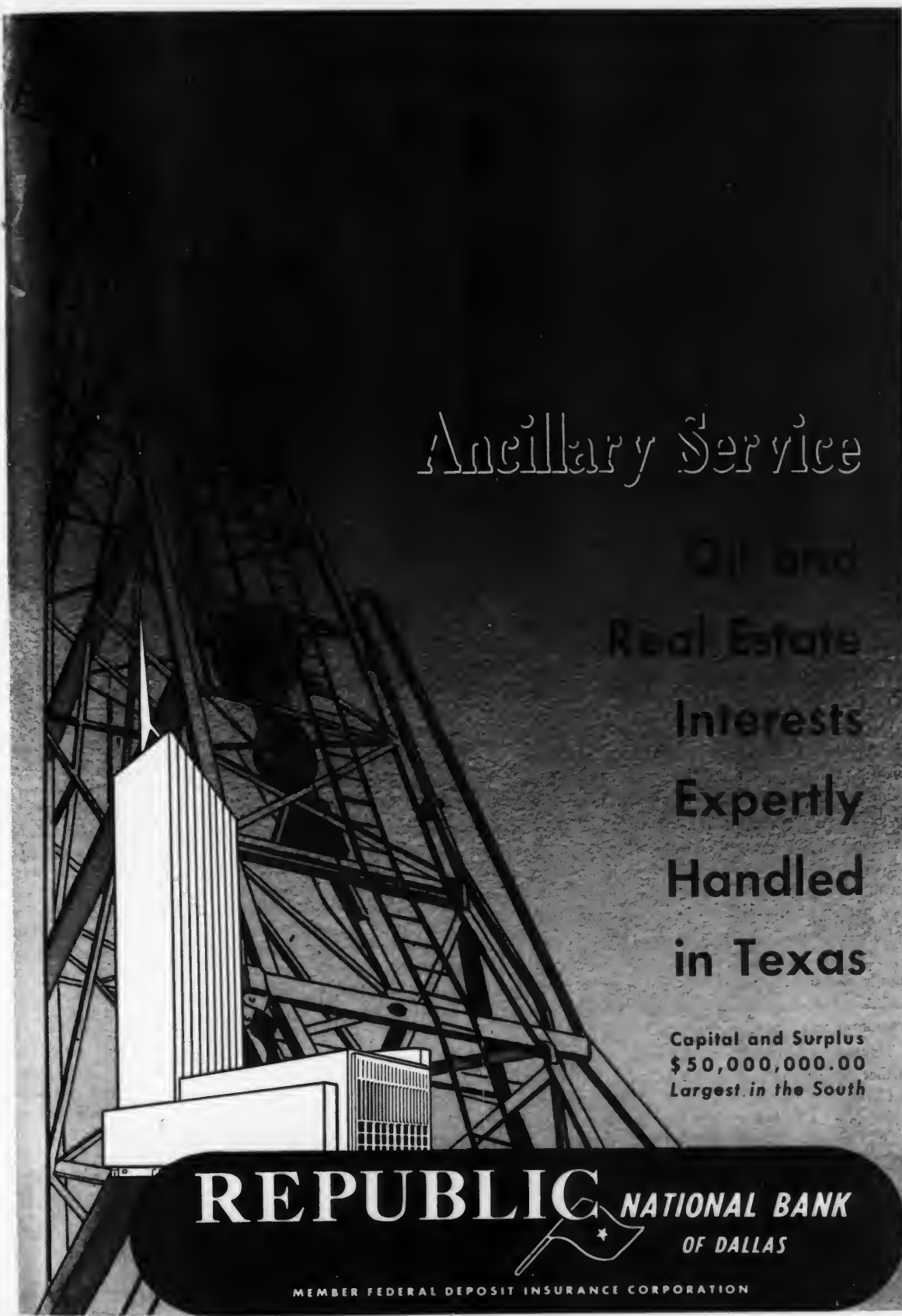
This complaint is related to the fact that the officers tend to bring errors made by the bookkeepers, and reported by the customers, to the formers' attention. Typically, the officers come to the bookkeeping department and, in their best human relations approach, inquire as to why the error was made. Although this seems to them (the officers) to be a perfectly justifiable question with a seemingly simple answer, the girls are embarrassed and infuriated. For one reason, how can the girls remember why they made a specific error, especially since they daydream while they work?

Since we're talking about the officers, let us make one further comment. The officers in this bank tend to deplore the lack of loyalty exhibited by the bookkeepers, and describe the latter as "young girls" who are "immature," "careless," "mostly interested in money," and "who do not show much loyalty to the bank."

Why do the officers feel this way? They reach their evaluation of the bookkeepers by watching them on the job. Thus, they walk into the bookkeeping room and find that the girls may be working but at the same time, singing, yelling, talking, and behaving generally in a very unbusinesslike manner. Furthermore, the officers know that the bookkeepers,

(CONTINUED ON PAGE 110)

¹For a nonacademic analysis of the personality factors that employees may bring to their work see Chris Argyris, *Personality Fundamentals for Administrators*, Yale, Labor & Management Center, 1953 (revised edition).

An illustration of an oil derrick structure on the left, with a modern building partially visible at its base. The background is a dark, textured grey.

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CHRISTMAS CLUB DIVISION

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(CONTINUED FROM PAGE 108)

as a group, have a poor attendance and punctuality record.

"How can we help but come to this conclusion?" inquires one of the officers.

We find, therefore, a situation in which the bookkeepers are blamed for the very behavior that we suggest is necessary if they are to maintain some sort of personality balance.

One other point may be worthwhile mentioning about the officers' evaluations. The officers never tell the girls directly how they feel about them. Yet, the girls report, they *know* the officers view them in such a dismal light.

Thus, 94 percent of the girls report that they believe the officers really look upon them as (characteristics presented in rank order):

- (1) People who continually make errors in their work.
- (2) People who are careless and do not worry too much about quality in their work.
- (3) People who are childish, naive, and too young; lacking a sense of mature responsibility.
- (4) People who have very low prestige in the bank.
- (5) People who quit more often than any other group in the bank.

The important point to remember is that the officers report that they never directly communicate these feelings to the girls. They're very careful to be "polite," "kind," "warm," and "diplomatic." Moreover, they report that they are continually telling the girls that their work is very important. They are continually trying to build up the bookkeeping department as the main department in the bank. However, their sincere efforts do not seem to lead to the expected results.

We may ask: How can they expect positive results? Actually, their "selling" campaigns fall on unfriendly ears, since the girls know that the officers don't really think much of them as individuals or as a department. The girls, knowing the officers' "hidden" feelings, find it very difficult to accept criticism and to discuss their errors calmly without becoming upset.

The bank officers look down upon the bookkeepers for the very behavior that the bookkeepers must exhibit if they are to maintain some

(CONTINUED ON PAGE 112)

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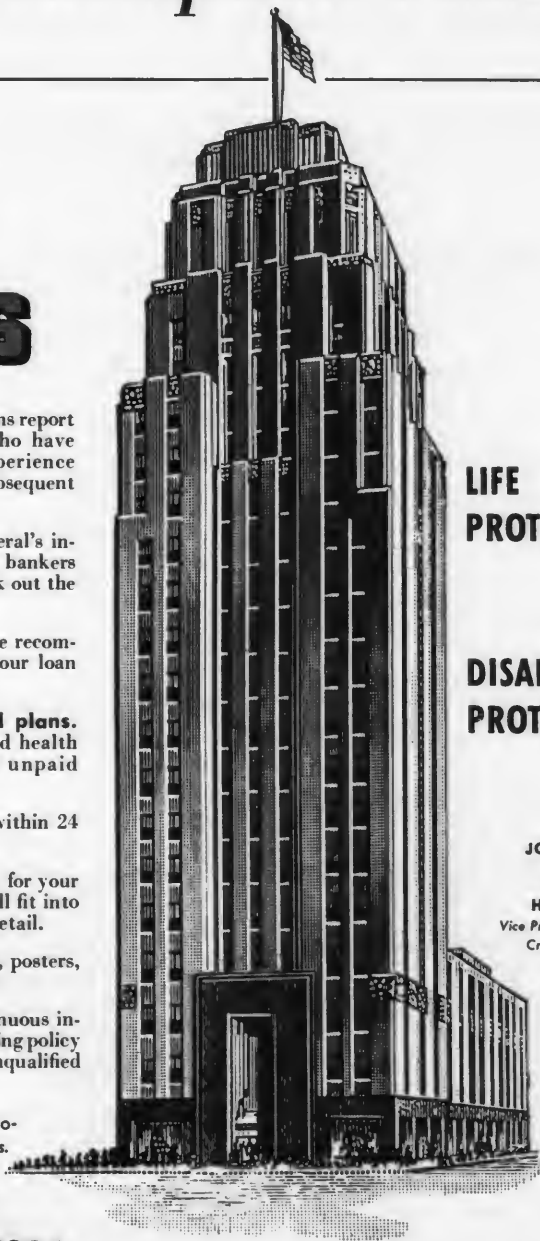
5. Claims paid promptly. Checks air mailed within 24 hours of receipt of claim.

6. Streamlined procedure, simple forms. Easy for your customers, easy for you. Insured Credit Plans will fit into your present operations with little or no added detail.

7. All promotional tools. Rate charts, plaques, posters, folders, newspaper ads—we supply items needed.

8. Seasoned company, highest rating. Continuous insurance service since 1906. Best's and Dun's—leading policy owners' reporting service—give Federal their unqualified recommendation.

Write for complete portfolio—plans, forms, customer promotions—on Insured Credit Plans or Mortgage Redemption Plans.



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*Vice President and Manager,
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LIFE AND CASUALTY COMPANY

Wolverine-Federal Tower

Battle Creek, Michigan

(CONTINUED FROM PAGE 110)
personality balance. Thus, the officers view the singing, talking, and so on as signs of insubordination and lack of interest in their work. The tardiness and absenteeism are explained by such things as "lack of loyalty" and "immaturity" of the girls.

The latter two conclusions point out an important principle of administration. Effective administration requires that the administrator understand and respect the kind of reciprocal relationship his subordinates expect of him. In this bank, for ex-

ample, the girls view themselves as being "hard-working," "loyal," and "mature" (i.e., as mature as their job permits them to be). Naturally, they expect the officers to respond to them in terms of their own conceptions of themselves; they expect to be treated as mature individuals. The officers, on the other hand, deal with the girls in terms of their own conception of the girls (i.e., the girls are immature). Since the officers' conception is antagonistic to the girls' conception of themselves, trouble arises. Consequently, the possibilities for effective manage-

ment, high morale, and high production are reduced.

The other employees, following the officers "lead," also criticize the bookkeeping department. It isn't long before the department has the lowest status or prestige of all the departments in the bank. As one girl put it, "We're the lowest of the low"

Wages a Factor

Relatively low wages make the situation even more difficult for the girls. "We not only have to go through an awful lot; we've got to accept baby-sitters wages for it."

A word on wages. They are important to the bookkeepers. The wages represent to them their "real" worth as far as the bank is concerned. However, the low wages, per se, do not necessarily lead to a high turnover. In this bookkeeping department over 95 percent report that the wages are low, yet turnover is one-third of that figure. In other words, at least two-thirds of the employees remain in spite of the low wages.

Suggested Viewpoint

Finally, the study suggests that a useful policy is for the administrator always to view the informal activities created by the employees as *adaptive* activities. They are activities the employees create (and therefore feel strongly attached to) to adapt to the difficulties that they experience in the work situation in which the bank has placed them. If the informal activities are antagonistic to the formal ones (as are some of the informal activities mentioned above), then it behooves the officer to find out why this is so. We suggest that instead of fighting these activities or trying to minimize them, the officer may find it useful to use them as symptoms of the problems that his employees are having.

We do not mean to imply that all informal activities *must be accepted* by the bank management. Rather, we are implying that before any action is taken, they must be *understood*.

It is our belief that the first step to constructive administrative action is to know the bookkeepers' problems from their point of view. Needless to say, more research is required to expand and complete this picture. Once this is done, the important task of creating new administrative practices may begin.

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(CONTINUED FROM PAGE 40)

to satisfy union labor, was not finally revealed at the time of writing.

It is possible some minor adjustments pleasing to labor could pass. The majority of Congress, however, probably would balk at an extensive debilitation of the T-H act.

There are several other controversial projects pending. One is to raise postage rates. Another is to bar any treaty from changing the provisions of the U. S. Constitution. Another is to make information about atomic energy available both to U. S. industry—together with fissionable materials—and information available to friendly foreign governments.

Again the subject of U. S. participation in construction of the St. Lawrence seaway will arise. So will legislation on shipping, statehood for territories, highways, and public works.

Representative Carl T. Curtis (R., Nebr.) is chairman of a Ways and Means Subcommittee which is getting ready a report to the full committee on revision of the social security laws, including extension of coverage.

Presumably Congress in some two months will also have before it a report and recommendations from the (Manion) Commission on Intergovernmental Relations. This Commission is studying ways of returning governmental functions to the states and of working out a better division of Federal and state functions and sources of revenue. It is directed to report March 1, 1954.

Seek Debt Limit Rise

It appears that another early subject will be the question of raising the Federal statutory debt limit. The Treasury favored a boost of \$15-billion, the amount it sought unsuccessfully in last year's session.

From the Treasury viewpoint it will require \$15-billion to handle the new money needs of the Government until such time as defense spending slackens off considerably.

Work on Housing with Congress

In connection with the report of the President's Advisory Committee on Housing Policies and Programs, this fact is made clear: This was a report to the President. It does not

122nd Annual Statement

THE BANK OF NOVA SCOTIA

Established 1832

H. L. ENMAN
President

C. SYDNEY FROST
General Manager

CAPITAL AUTHORIZED

\$25,000,000

CAPITAL PAID-UP
\$15,000,000

RESERVE
\$33,000,000

Condensed General Statement as at 31st October, 1953

ASSETS

Cash, clearings and due from banks.....	\$174,653,009
Government and other public securities not exceeding market value.....	188,137,706
Other bonds and stocks, not exceeding market value.....	21,424,357
Call loans (secured).....	42,927,750
Other loans and discounts (after full provision for bad and doubtful debts).....	495,403,336
Liabilities of customers under acceptances and letters of credit (as per contra).....	19,156,871
Bank premises.....	23,364,659
Other assets.....	561,185
	<u>\$965,628,873</u>

LIABILITIES

Notes in circulation.....	\$ 32,810
Deposits.....	895,421,085
Acceptances and letters of credit outstanding	19,156,871
Other liabilities.....	1,049,084
Capital paid-up.....	15,000,000
Reserve fund.....	33,000,000
Dividends declared and unpaid.....	905,716
Balance of profits, as per Profit and Loss Account.....	1,063,307
	<u>\$965,628,873</u>

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constitute the President's housing program.

There is an intention of framing a housing program. However, this will be drafted, if it is developed, by officials of Federal housing agencies in cooperation with the leaders of Congress, particularly with the members of the two banking committees, which have jurisdiction over this subject matter.

So the advisory committee report must be read as interesting, but not necessarily indicative of what the housing program will be.

Administrator Cole's Philosophy

Albert M. Cole, Administrator of the Housing and Home Finance Agency, has stated that what he wants is an unified and integrated approach both to housing and community improvement. "A bits and pieces approach will not give us the permanent and progressive improvement in housing and urban standards that we want. It divides our housing efforts into unrelated compartments and often creates as many problems as it solves," said Mr. Cole.

Banks' Predominance Credited In Small Business Lending

That commercial banks are the predominant source of small busi-

ness loans is given ample acknowledgment by the Small Business Administration. This point was stressed particularly in the pamphlet, "The Bank-SBA Participation Plan," which Wendell B. Barnes, acting SBA Administrator, mailed to all banks. (See page 57.)

"SBA recognizes that private lending institutions have done and will continue to do an outstanding job in meeting the credit needs of both small and large business," the pamphlet stated. At the same time it was noted that in some fields, particularly term credit, legal and other restrictions prevent banks from making loans.

SBA means to cooperate with commercial banks, Mr. Barnes stated. "It is the policy of the Small Business Administration to cooperate with the banks of the nation in carrying out its assignment by Congress and President Eisenhower to assist small business," said the acting Administrator.

See Monetary Policy "Staying Put"

Unless events in the business world upset what is more or less the official appraisal of 1954 prospects, monetary policy probably will "stay put" as it is for the immediate future.

This official appraisal is to the effect that business over-all will be pretty good in 1954. Specific industries will from time to time have readjustment problems with the vanishing of the manufactured inflation of recent years, and with the return of competition. However, officials do not look for these adjustments to affect many industries simultaneously, or to be overly serious.

The cut in personal income taxes of Dec. 31 will help buttress personal expenditures. Expiration of the excess profits tax together with improvements in the revenue system are expected to give business an incentive.

As credit begins to contract this winter the Federal Reserve is expected to let some of its bill holdings run off. Should the contraction be overly large and threaten a "sloppy money" situation, it could be anticipated that the "Fed" would further sell bills or other short securities to offset this.

On the other hand, with an appraisal of pretty good business ahead, it is still anticipated there will be no further overt moves taken to ease credit, such as lowering the discount rate or reducing further required bank reserves.

Patman Bond Plan Favors Trusts, Insurance, Mutual Savings

There is every expectation that if Representative Wright Patman (D., Tex.) does succeed in getting any consideration this year from Congress for his new bond sales idea, it will be viewed with disfavor by the Treasury.

Mr. Patman, third ranking Democrat on the House Banking Committee, announced that he would not only introduce in the new session, but also work for, a bill "which will assure that in the issuance of United States Treasury bonds, preference is given to the subscriptions of trust funds, insurance companies, mutual savings banks, and other subscribers seeking to invest funds which represents 'real savings'."

Officials are said to believe that the objective of giving preference to savings money already lies within the Treasury's own administrative discretion.

Banks Exempt from Fee Order

Bank supervisory agencies probably all are exempt from various
(CONTINUED ON PAGE 116)

HAVE YOU SEEN

(1) An address outlining the philosophy the foremost housing official of the Government would like to have guide the new housing program. Write to Albert M. Cole, Housing and Home Finance Administrator, Washington 25, D. C., for a copy of his address to the U. S. Savings and Loan League.

(2) A package of three pieces of literature which will help you both in understanding how to deal with the Small Business Administration and in explaining its possibilities and limitations to prospective customers.

(a) In case you overlooked the copy sent you, there is the pamphlet, "The Bank-SBA Participation Plan" which explains explicitly the terms and division of interest in participation loans, and gives a list of SBA offices throughout the country, and a statement of SBA philosophy.

(b) The press release of December 7, 1953, by Wendell B. Barnes, Acting SBA Administrator, which officially lists elementary requirements for qualifying for SBA assistance.

(c) The revised (Nov. 16) "Loan Policy Statement" of the SBA Loan Policy Board, which spells out SBA rules in legal, explicit detail.

Any of these may be obtained by writing to the Administrator, Small Business Administration, Washington 25, D. C.

(3) An analysis of the decline in the farm population of the United States, by states and geographic areas, from 1920 to 1950. Write to the Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D. C., for "Farm Population Annual Estimates by States, Major Geographic Division, and Regions, 1920-50."

"PROFITS IN THE YEAR AHEAD ARE NOT FOR THE TIMID!"

National Gypsum Company profits in 1954 will reach an all-time high, Board Chairman Melvin H. Baker revealed to the financial press recently. With reductions in cost from technological improvements completed in 1953 and omission of the excess-profits tax in 1954, earnings per share should be at a high level. New Gold Bond products—bringing the total products to well over 200—will help keep sales moving at a fast pace and compensate for possible shrinkage in new construction.

Aggressive selling has played a major role in National Gypsum's increased sales and profits. Creative salesmanship has been demonstrated in the dynamic growth of the company from a one-plant operation in 1925 to its present size of 35 plants, with annual sales of about \$117,000,000.

Would you like a copy of "The Challenge to Salesmanship," a stimulating, widely-reported talk by Mr. Baker before the National Industrial Conference Board? Write to Melvin H. Baker, Chairman of the Board, National Gypsum Company, Buffalo 2, New York.



MELVIN H. BAKER, *Chairman of the Board, National Gypsum Company*

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orders issued by Budget Director Joseph M. Dodge requiring them in general to submit proposed new fees or charges for services they perform for the businesses they supervise or aid.

For example, the Civil Aeronautics Board is considering proposed registration fees or an aviation gasoline tax, to collect part of the cost of maintaining the civil airways. And agencies issuing licenses or certificates of convenience and necessity are being asked to propose fees that would come nearer to paying for the cost of handling these documents.

These orders were issued because such a project was required by a part of an appropriation act of the 1953 session.

Bank supervisory agencies were said to be exempt because their

charges are already framed in statute, and these agencies are self-supporting.

As to other Federal agencies, they are making cost studies and considering proposed higher fee systems to meet these costs as ascertained.

Lecture on War Finance

Many bankers from time to time are going to be invited to listen to a 1-hour lecture on "war finance." The lecturer will be an officer of the Industrial College of the Armed Forces, Washington, D. C.

This college is a graduate institution for senior regular officers, only, of the three services. Its primary function is to acquaint these senior regular officers with the latest information and planning of industrial mobilization in case of war. There are 32 subjects. Officers in

attendance spend 10 months in the college.

Variety of Subjects

War finance is only one of the 32 courses. Other lectures deal with the problems of geographical areas, controls over the economy, organization of the Defense Department, materials stockpiling, various phases of procurement, and so on.

In order to make the latest information and thinking on industrial mobilization more widely known to the services and to the public, however, the Industrial College of the Armed Forces has a special program.

That program is to condense each of the 32 courses into a 1-hour lecture. Two teams, of five lecturers each, travel widely around the country giving these 1-hour talks on the 32 industrial mobilization subjects.

GOVERNMENT BONDS

(CONTINUED FROM PAGE 51)

sitated by the operation of the now discredited Mills Plan will disappear over the March 15 tax date.

The 2¾ percent bonds—due in not quite eight years and offered to the extent of "about" \$2-billion—received so heavy an oversubscription that the "about" amounted to \$2,238,000,000. More noteworthy was the use by the Treasury of its right to make preferential percentage allotments in favor of true investment subscriptions. This practice seems certain to be more effectively used in future cash offerings of longer-term bonds.

All in all, both market and business developments were helpful to the Treasury and were encouraging to holders of Government securities as 1953 came to an end.

New Offering of CCC Certificates

Late in October \$350,000,000 Commodity Credit Corporation 2½ percent certificates of interest to mature August 2, 1954, were offered for commercial bank subscription and heavily oversubscribed.

On December 7 an additional amount of \$450,000,000 was offered with the same August 2, 1954 maturity but with the rate reduced to 2¼ percent in recognition both of the shorter term and of the change which had taken place in short-term market.

Furthermore, the banks this time were requested to "limit their applications to amounts not to exceed one half of their present capital, surplus, and undivided profits" so that a larger allotment than the 13½ percent in October should result. Repurchase by the CCC is again available. The rate of 2¼ percent for about

7½ months is generous. Allotments of 25 percent to 40 percent seem likely.

Once again the reason for the issue was to avert a drain on Treasury funds due to CCC requirements. Such a drain has now been offset to the extent of \$800,000,000.

What Happened Marketwise to the New Issues?

A good way of getting a quick look at what happened in the market last year is just to take the new issues brought out on various dates and see what they are selling for now. Like this:

Issue	Date of Issue	Maturity	Issue Price	Bid 12/7/53	Yield 12/7/53	Decline in Yield From Issue Date
2¼% Ctls.	2/15/53	2/15/54	100	100½¢	.40%	-1.85%
2½% Bonds	2/15/53	12/15/58	100	100¾¢	2.31%	-.19%
3¼% Bonds	5/1/53	6/15/83/78	100	104½¢	2.97%	-.28%
2½% Ctls.	6/1/53	6/1/54	100	100½¢	1.24%	-1.38%
2½% Ctls.	8/15/53	8/15/54	100	100¾¢	1.41%	-1.21%
2½% Ctls.	9/15/53	9/15/54	100	100¾¢	1.40%	-1.25%
2½% Notes	9/15/53	3/15/57	100	102½¢	2.08%	-.79%
2¾% Bonds	11/9/53	9/15/61	100	101½¢	2.52%	-.23%
1¾% Notes	12/1/53	12/15/54	100	100½¢	1.57%	-.30%
2½% Bonds	12/1/53	12/15/58	100	100¾¢	2.31%	-.19%

The first four issues all sold below their issue prices during the market decline in May and June, but the subsequent market recovery went far enough to raise prices and to lower yields as indicated in the above table.

Successive issues of 2½ percent certificates in June, August, and September were said, at that time, to "set a pattern."

Came December and a 1⅞ percent rate shattered the pattern by a full ½ percent.

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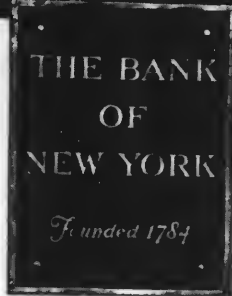
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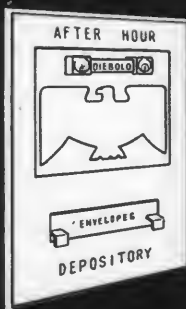
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Gold Policy

(CONTINUED FROM PAGE 42)

Mr. Burgess told the governors of the World Fund last September: "We do not believe that the danger of inflation is wholly past. . . . Our firm belief is that a change in the price of gold would disrupt the efforts being made in other countries to restore stable currencies. . . . Tampering with the price of gold would be a step backward." To the National Foreign Trade Council, Mr. Burgess more recently said: "The dollar is more firmly committed to the present gold value." This position he reiterated in a recent press interview. No change in gold price is going to result from the hearings.

As to a dollar redeemable internally, Mr. Burgess seems equally adamant. We are not ready for it, he holds, and won't be until we get our own financial house in better order and get other principal currencies on a convertible basis. He states that he expects us ultimately to move closer to the kind of dollar described in the Republican platform, but seems to regard achievement of that goal as a long way off.

Having said this much, we hasten to add that it is possible that the Administration, face to face with the problem to be posed in the coming public airing of the subject, may try some small measures of appeasement. There are perhaps steps it might take which would seem to change the existing position of gold in the United States without actually changing it very much, if at all. It might, for instance, issue a formal regulation making it legal for the public to hold old gold coins. But, although not generally realized, it is already legal to do this. In 1933 all gold coins and bullion were called in—nationalized—with the exception of numismatic pieces. The 1933 exceptions, we have reason to believe, were so written as to exempt the coin collection of President Franklin D. Roosevelt. Subsequently, as gold coins turned up, they used to be sent to Washington for an official opinion as to whether they qualified as numismatic; the Treasury depending on the verdict of the Smithsonian Institution's curator of coins. In time his verdict became so uniformly favorable to the owner of the gold coins that today such pieces as turn up no longer need be sent to

Washington, but merely described. For all practicable purposes any gold coin of the U. S. not worn smooth or mutilated and any foreign gold coin not of very recent date may be privately hoarded with the Treasury's blessing.

The Treasury might conceivably ease its regulations governing internal trade in gold and exports of the metal. All along it has been legal, under the regulations, to trade internally in gold in its natural state.

It should not be a very difficult matter for Treasury lawyers so to amend the Treasury's gold regulations as to increase the categories of uncontrolled gold—in addition to natural-state gold, fabricated gold, etc.—notwithstanding past Treasury interpretation of the provisions of the Gold Reserve Act of 1934 limiting private holdings of the yellow metal. The regulations could be changed without amending the law.

It would be possible to introduce such change with or without relaxing the present controls on gold exports. Were internal gold trading to be thus authorized, it might give the appearance of a concession to such mining spokesmen as Senators McCarran and Case. Yet, with the disappearance recently of the premium on gold bullion in foreign gold markets for the first time since 1939, it is not likely that such an internal free market would of itself generate a premium.

Nor is it very likely that, were gold bullion freely obtainable here and freely exportable, much of the metal would be privately exported precisely for the reason that the foreign premium on bullion has disappeared, at least for the present. Thus the Treasury conceivably could relax the tight regulations applying to gold exports which were promulgated when foreign gold premiums were becoming high. It could ease or abolish the end-use certificate, which at present governs gold bought in amounts of \$200 or more; consular affidavits, which now provide a check at the other end; and the existing tight licensing requirements.

It is even conceivable, although we are not predicting it, that Government lawyers could find a way around the Bretton Woods Agreements Act provision reserving to Congress alone the right to alter the par value of the dollar. We refer

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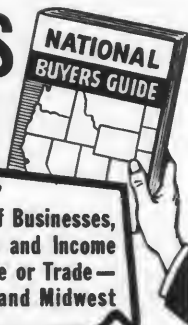
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to a situation where the official par value would be observed by the Government, while the free market price of gold would be allowed to fluctuate. Other members of the World Fund have set the example: Mexico, the Philippines, Egypt, etc.

Senator Bridges does not ask early enactment of his bill. He cites the unbalanced budget, "a temporary situation," as the reason why the platform promise cannot be redeemed forthwith.

Earlier hearings by the Douglas and Patman subcommittees had no results to encourage gold-coin advocates. The reports of both subcommittees accepted the Federal Reserve thesis that to restore domestic gold convertibility would be a vote of no confidence in the monetary authorities. Senator Bricker states: "Ultimately there must be some kind of a standard for a money system, if we are to end the chaotic condition that exists today." But "ultimately" can be a long way off. The full text of the Republican gold

plank is less promising, perhaps, than the highlights that have caught Senator Bridges' eye. The plank promises: "To restore a domestic economy, and to use our influence for a world economy, of such stability as will permit the realization of our aim of a dollar on a fully convertible gold basis."

In the House the outlook is not more promising. True, some bills for gold coinage have been introduced, one by influential Daniel Reed. But Mr. Reed is very busy with more pressing affairs, and powerful Jesse Wolcott, chairman of the Banking and Currency Committee, thinks "the currency problem must be solved on a world scale." He favors a world monetary conference without Russia to seek a return to the international gold standard. Actually, the International Monetary Fund in Washington is a continuous world monetary conference without Russia. It, too, it may be said, is striving diligently to make the full Republican gold plank a reality.

What's Wrong with Appliance Financing?

(CONTINUED FROM PAGE 45)

manufacturers' guarantee of conversion in exchange for a commitment may reduce the risk factor and to that extent is helpful. "It would seem that the real problem was probably deeper than this," he said. As stated above, Paul Welch, emphasizes the desirability on the part of manufacturers of being more selective in setting up dealers, making certain that they have adequate capital with which to work, and then instructing them how to manage their business affairs efficiently.

This suggestion has been developed in more detail by another banker:

"There are three major changes that would be of material benefit, in addition to adequate capital structure:

- "(a) Devise some means whereby appliance dealers can maintain adequate controls and accounting procedure, so that they would know not only where they are going but where they have been.
- "(b) Appliance dealers should concentrate on one manufacturer's products for their major line of appliances. Very

few appliance dealers are in a position to stock a well balanced, representative line of more than one manufacturer's products.

"(c) Appliance dealers should sell merchandise instead of terms; insist on sound equities being established initially and maintained throughout the life of the contract."

All the measures suggested above will undoubtedly make appliance financing more attractive. There is one final suggestion, however, which seems to come close to the heart of the matter. "If the manufacturers propose to keep their retailers financially healthy, it is our belief that production must be keyed somewhat closer to anticipate demands in the industry and that some genuine effort must be made to protect their outlets." In view of the characteristic of consumer demand for appliances, this is more easily said than done. Nevertheless, it is of primary importance and the more nearly manufacturers achieve this goal the fewer will be the deterrents which now limit appliance financing and the sounder the industry will be.

The SBA and the Banks

(CONTINUED FROM PAGE 57)

- 1½ percent per annum on the declining balance of SBA participation in excess of 50 percent of such balance up to and including 75 percent.
- 2 percent per annum on the declining balance of SBA participation in excess of 75 percent up to and including 90 percent.

This schedule of fees is in contrast to the flat 2 percent previously charged the banks by the RFC. The yield to the bank on a 6 percent loan under the present plan ranges from about 4 percent to 5 percent, depending on the percentage of SBA participation. Under the SBA-bank participation program, private lending institutions stand to benefit, not only from the low fee charged but also from the opportunity the participation program offers the banks of maintaining liquidity of assets and at the same time of broadening their lending activities on a constructive basis.

Every effort is made by our agency to hold paper work to a minimum.

Forms in Use

The bank or lending institution can accept a loan application from a borrower on its own forms; then, if it desires to ask SBA to take a part of the loan on a deferred basis, the banker simply fills in one page of an application on SBA Form 6 and sends it in to the nearest SBA field office. If SBA approves the participation, the understanding is noted on a brief participation agreement, SBA Form 138. The private lender then disburses the entire amount of the loan and furnishes SBA with a copy of all vouchers covering disbursements and repayments.

At any time, upon 10 days' notice, SBA will purchase its agreed-upon percentage of the outstanding balance of the loan.

In the case of an immediate participation, the paper work is approximately two pages longer than in the case of a deferred participation, since SBA will need to know more about the borrower. SBA Forms 4 (application) and 136 (agreement) must be completed. Occasionally, after SBA has made a direct loan, a bank will reconsider and desire to take a part of it on an immediate basis. The paper work here

Dear Miss Secretary

We introduce to you here a brand-new Smith-Corona—model "Eighty-Eight"—completely new, and the finest office typewriter we have made in all our fifty years of making fine typewriters. There are two added keys . . . four added characters. There are many other features, many new, many exclusive. But only your fingers can tell you of the effortless speed, responsive action, feather-light touch of this superb new typewriter. It will type beautiful letters for you, with minimum work, minimum fatigue. See and try model "Eighty-Eight" at your own convenience, in your own office. Our representative will call by appointment.



SMITH-CORONA INC

Call any Smith-Corona Dealer or Branch Office (See your Classified Telephone Directory) or write to us at Syracuse 1 N Y



So many startling NEW features . . .

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NEW Instant-Set Margins

automatic, accurate, fast!

NEW Colorspeed Keyboard

44 keys now standard, with 4 added characters!

NEW "Write"

clean, clear, uniform!

AMAZING Page Gage

takes the guesswork out of page-end typing!

NEW Touch

responsive, balanced, feather-light!

NEW Touch Selector

range increased by 50%

NEW Keylever Action

speed where it counts!

NEW Type-bar Segment Mounting

die-cast, strong, massive, rigid!

The ALL-NEW

Smith-Corona

"Eighty-Eight" SECRETARIAL

LeFebure

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



LeFebure SORTERS

SAVE TIME
SAVE WORK
SAVE SPACE



STEEL BANK and OFFICE UNITS

to fit your needs
and space.

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

TRAINED REPRESENTATIVES
IN MOST PRINCIPAL CITIES



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

LeFebure

CORPORATION
CEDAR RAPIDS, IOWA

involves SBA Forms 4 (application) and 137 (agreement).

It should be clearly understood that lending is not the only function of the Small Business Administration. Indeed, it should not be thought that business loans are the only part of its lending function. We are charged by Congress with the duty of making disaster loans, as well. Approximately \$5,000,000 of our \$55,000,000 revolving fund for this fiscal year has been set aside for disaster loans, to relieve the effects of natural catastrophes.

In addition to our lending functions, SBA has the mission of rendering assistance to small business in two other principal fields. We work at the job of getting a fair share of Government and other contracts for small firms. We have men at the various supply centers of the armed services whose job it is to screen all bids for those which can properly be set aside for small business. This "joint determination" program is greatly helped by the authority we are given to certify that a small firm which is a low bidder on a contract is actually competent to do the job and should not be passed over for fear that it will not be able to deliver. Our certificates of competence are conclusive with regard to capacity and credit.

Contract Procurement

In addition to the lending function and the contract-procurement function, we are concerned with giving aid to small businesses by increasing their technical and managerial know-how.

Every month, SBA distributes thousands of copies of leaflets and pamphlets on managerial and technical subjects. We get the most skilled talent in industry to write them. Managerial aids number 40 and cover a wide range of subjects—production, methods engineering, figuring break-even points, how small plants can sell to the Federal Government, business insurance, accident prevention, subcontracting, pricing policy in bidding on Government contracts, materials control, advertising, packaging, budgeting, etc.

Technical aids for small business number 30 and are constantly being added to. They cover such things as the proper alignment of machine tools, cutting oils and coolants, surface finishing techniques for various

metals, lengthening the life of tools, etc. One which is of particular interest to owners of small plants who are looking for new products or new methods is titled *Inventions—Government-owned; Government-licensed; and Registered for License or Sale*. This refers to several thousand patents which the Government owns or controls.

SBA also maintains 30 field offices over the country staffed with men who understand the problems of small business. These are available for consultation, for example, on what is the matter with a plant which is not making money. Once the trouble is analyzed, a list of experts—professional people in the different lines, such as public accountants, tax attorneys, engineers, etc.—is made available. We do not provide advice that should come from professional people.

The owner of a small business frequently lacks knowledge of Government procurement regulations. He may not know how to get on a bidders' list or how to prepare a bid. He may need information on the location of Government procurement offices and what items are open for contracting or subcontracting. This is the type of everyday help which our field offices render.

How effectively the Small Business Administration can carry out one of its three major functions—the lending function—depends largely on the cooperation of bankers and other private lenders. Working together on the participation program in a spirit of mutual confidence, banks and SBA can form a team which will not only be profitable to bankers, in a business sense, but also will be truly constructive in promoting the economic health of the community and, thus, of the nation.

A girl considers college a success if she quits to get married.

God made everything out of nothing, but man often makes nothing out of everything.

The dinner to which you are not invited is the one that gives you stomach trouble.

We could save time by teaching babies how to drive a car instead of how to walk.

Correspondent Services You Can Use

The following paragraphs are excerpts from a talk given by WILHELM R. MESENBRINK, vice-president, First National Bank in St. Louis, at the seventh conference of bank correspondents, which that organization sponsors.

SOMEONE once remarked that a good correspondent bank man should be:

*As gregarious as a seed tick;
As fond of travel as a wild
goose;
As diplomatic as a pickpocket
at a policeman's ball;
And as thick-skinned as an
armadillo.*

* * *

No list could hope to cover all the things a correspondent bank does for its customers. We could write a book—and an interesting one—about the special jobs we have been called upon to handle. Some of them are usual—like getting hotel, railroad, and airplane reservations, theatre and ball game tickets, shopping, supplying school information, and the like. Some of them are of a serious personal nature, like getting assistance for the sick, giving counsel regarding medical services needed, and occasionally aiding someone saddened by the passing of a relative or close friend. Sometimes they are so unusual as to have a humorous side.

Playing Hard-to-get

Some of the out-of-the-way chores that we have been called upon to perform are in the field of procurement. The hard-to-get items we have dug up for customers range all the way from chromium bath tub spigots to freight cars. . . .

Several years ago one of our officers was called upon by a local banker to dispose of a herd of six circus elephants upon which his bank had slapped a lien when the show went broke and left a group of local merchants holding the bag. The elephants were sold to the St. Louis Zoo and other pachyderm fanciers and the proceeds were used to help pay off the circus man's creditors. . . .

We would like to mention areas in which you can—if you wish—take



First National's President McDonnell

advantage of our observations and experience. . . .

In connection with your Government bond portfolio, for instance, many of you may be wondering now what effect the new 1954 tax provisions will have on your net earnings and how you can best adjust your investments in the months ahead to take full advantage of any tax reduction you will receive. . . .

All of you are familiar with the increasing number of defalcations that are coming to light every day. . . . We urge you to check your general procedure with our auditor. It could very well be that he can make suggestions that will help you improve your system. . . .

In transit operations, we are constantly working with each and every one of our banks to effect quicker presentation of items. . . .

Another significant service is foreign trade, which includes payments and collections in foreign countries and foreign financing of every type. . . .

Also extremely important today are the related fields of merchandising, customer relations, and advertising. . . .

Another timely subject that should be mentioned is consumer credit. We find that while a majority of banks are doing a good job, there are still a number of smaller banks which are handling instalment paper in the same manner as short-term, sin-

gle-payment loans. If your bank is still handling instalment paper this way, we urge you to instal a modern system now, while economic conditions are favorable.

Our methods and analysis division has found that there are still many banks without a sound, workable proof system. . . . We believe a properly devised proof system is essential to the operation of any bank, regardless of size.

Do you mail statements to your customers every month? Or are you still following the habit of mailing statements to customers only when the statement sheet has been filled? Our auditor tells me this can be a risky practice. He recommends that statements should be delivered or mailed on a monthly basis.

We have also found that many banks apparently do not recognize their contingent liability in safe deposit operations. The only way to avoid these dangers is to adopt a fool-proof system and adhere to it rigidly. . . .

Perhaps the greatest problem confronting banks today is in the closely related fields of employee relations and personnel administration. . . . I will merely remind you to check your compliance with the Fair Labor Standards Act.

Significant Institution

The significance of correspondent banking was ably expressed by our president, Bill McDonnell, at our first correspondent bank conference in 1947 when he described correspondent banking as "the very heart-beat of the American system of banking."

"Correspondent banking at its best," he said, "brings to the Main Streets of banking the credit facilities and technical knowledge of the metropolitan bank. It provides efficient and flexible banking services for country districts as well as city areas. Every bank, large, medium or small, has a tremendous stake in preserving and enlarging correspondent banking. It is the American substitute for nationwide branch banking. It is the American answer to nationalization of banking. It is a vital part of the American system of free enterprise."

"EVERYTHING'S UP TO DATE IN KANSAS CITY"

Yes, indeed, everything's up to date in Kansas City . . . or will be as soon as we finish the new addition to our Kansas City plant. It seems just a few months ago that we moved into this nice new building, but actually seven years have gone by. And now we have outgrown what we thought was adequate space.

As we adjust to the enlarged area we will introduce new machines and new procedures, all designed to produce more effortlessly. Even before the new walls are up, we will be moving equipment around to accommodate an improved flow of production already thoroughly tested and known to be better than existing methods.

From time to time, as we contemplate major changes of this sort, we catch ourselves momentarily debating the

advisability of investing in capital items instead of adding to our liquidity. Invariably, however, when we weigh the value of a machine as compared to the same amount in cash, the machine always gets the nod. Perhaps we never will be rich in dollars, but we hope some day to become rich in experience and we think that constant changes in methods may bring this about.

Within the next month or two, therefore, we are confident that our Kansas City operation will be just about the last word in check printing efficiency. We are not too hopeful that this rating will last, because what is tops today may be outmoded tomorrow. For a fleeting moment, however, we feel sure that everything will be up to date in Kansas City.

De Luxe
CHECK PRINTERS
Inc.

Manufacturing Plants at:

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

New Books

HANDBOOK OF AUDITING METHODS. Edited by J. K. Lasser. D. Van Nostrand Company, Inc., New York. 749 pp. \$12. This book on the mechanics of auditing was largely written by some 70 experts, each of whom contributes a chapter covering his particular business or industry. In addition, there is a section by Mr. Lasser, who supplies basic principles. The individual authors describe their industries, tell how to get more information about them, how to prepare proper audit programs, and suggest methods for auditing assets, liabilities, income expense items. They also point out typical frauds and how to handle them.

1954 CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Men, New York. 810 pp. \$10. This 46th edition includes an analysis of Pennsylvania's new Uniform Commercial Code and digests of changes in conditional sales legislation in six states, chattel mortgage laws in 10 states, and mechanic's lien statutes in seven states. The volume also does its usual job of presenting information on Federal and state laws and regulations affecting credit.

MANAGEMENT SUCCESSION IN SMALL AND GROWING ENTERPRISES. By C. Roland Christensen. Harvard Graduate School of Business Administration, Boston. 217 pp. \$3.25. Based on case studies of more than 100 companies, this study highlights successful approaches to the subject. The author is assistant professor of business administration at the school.

FIRST NATIONAL TAX AND BUDGET GUIDE, 1954. By Sidney Margolis. Whiteside, Inc., and William Morrow, New York. 143 pp. \$2.95. A book for "people who prefer spending or saving money to paying taxes." There are sections on how to save on income taxes, how to control outgo, and automatic tax and budget records.

There IS a reason for
Diebold superiority
in **VAULT
VENTILATORS**



Engineered protection—
designed and built in the
knowledge that fresh air
is your most important asset
when lock-in occurs.
No reduction in vault
classification.

Diebold
INCORPORATED
CANTON, OHIO *York*
Pre-eminent Since 1859

STANDARD

Wherever money is wrapped!



Auto-wrap
**BILL
BANDS**

Save Time
In ABA colors
Easier Handling

Special

PLAIN BILL
BANDS (1/4" x 2 3/4")
Convenient for
split packaging
and teller hand-
ling.

A Complete Line of Money Wrappers

Cartridge Containers Currency Straps
Tubular Coin Wraps ABA Style Straps
Window Coin Wraps Auto-wrap Bill Bands
Send for Free Samples



STANDARD PAPER GOODS MFG. CO.
WORCESTER 8, MASS.

NEW! FOR BANKERS AND FINANCIAL EXECUTIVES

10	1964	239	70	1	1
10	3081	239	71	1	1
10	4099	239	72	1	1
10	4571	239	73	1	1
10	4679	239	74	1	1
10	5880	239	75	1	1
10	6064	239	98	1	1
10	6199	239	99	1	1
10	3420	239	99	33	33
10	182891	182891			
10	5364	240	00	1	1
10	4559	240	01	1	1
10	6049	240	03M	1	1
10	6785	240	04	1	1
10	6832	240	54	1	1
10	5103	240	55	1	1
10	6353	240	56	1	1
10	7260	240	57	1	1
10	6898	240	58	1	1
10	5963	240	59	1	1
10	6250	240	60	1	1
10	6285	240	61	1	1
10	4870	240	62	1	1
10	4469	240	64M	1	1
10	6480	240	65	1	1
10	4637	240	66	1	1
10	5397	240	67	1	1
10	6515	241	86M	1	1
10	6001	241	87	1	1
10	5422	241	88	1	1
10	377	241	89	1	1
10	7197	241	90	1	1
10	7030	241	91	1	1
10	7770	241	92	1	1
10	15630	241	93	1	1
10	7135	242	96	1	1
10	4759	244	09	1	1
10	5906	244	10	1	1
10	5770	244	11M	1	1
10	5731	244	12	1	1
10	4059	244	13	1	1
10	5394	244	14	1	1
10	5216	244	15	1	1
10	5904	244	34	1	1
10	6241	244	35	1	1
10	5781	244	35	35	35
10	5646				
10	193218				



ACCOUNT RECONCILIATION PLAN

TOTAL OF CHECKS PAID IN 1000 CHECK SEQUENCE

as originated by NATIONAL BANK OF DETROIT

Mr. Harry C. Schaefer, Vice President
Mr. Bruce F. Studebaker, Vice President
Mr. Fred Mondair, Assistant Vice President

SYMBOLS INDICATE OUTSTANDING CHECKS

TOTAL INDICATES NUMBER OF ITEMS IN 100 CHECK SEQUENCE WHICH HAVE BEEN PAID

TOTAL AND NUMBER OF CHECKS PAID IN THIS PERIOD

TOTAL OF PAID CHECKS AS SHOWN BY STATEMENT

2552866 ← 456 Items

2369975

REPRESENTATIVE CORPORATION PAYROLL ACCOUNT "B"

BALANCE AS PER STATEMENT SEP. 28, 19-	\$ 1,283.78
DEPOSITS: OCT. 12 - \$ 7,893.83	
18 - 8,926.16	
30 - 7,546.05	
NOV. 2 - 2,483.81	
BALANCE AS PER STATEMENT NOV. 23, 19-	\$ 25,528.66

Would you like to know how time, money, and tedious work can be saved in reconciling large-volume payroll accounts? Users of the new Account Reconciliation Plan — originated and developed by National Bank of Detroit — report time savings up to 90%.

To learn more about the Plan — which not only saves time and money, but also provides an opportunity for banks to be of greater service to their customers — send for this booklet, published by International Business Machines Corporation. Or, better yet, visit us and see the Plan in operation.

NATIONAL BANK OF DETROIT

Member Federal Deposit Insurance Corporation



CANADA'S FIRST BANK

Reports to **U.S. BUSINESSMEN**

Bank of Montreal Head Office: Montreal

GORDON R. BALL, President
ARTHUR C. JENSEN, General Manager

Gentlemen,

The progress in Canada of Canada's First Bank is one measure of its ever-increasing ability to serve American businessmen operating north of the border. I am pleased, therefore, to submit to you the Annual Statement of Condition of the Bank of Montreal reflecting another year of steady growth.

During the past fiscal year, increases in our deposits and our loans have brought these items in our balance sheet to the highest figures in the B of M's 136-year history...marking an all-time high in our resources which amount to \$2,364,374,739.11. This expansion has, naturally, been accompanied by substantial growth in our clientele, and today the Bank serves more than 2,000,000 customers in all walks of life.

You are invited to make use of this Bank's substantial resources and facilities and exceptional knowledge of the industry and people of Canada at every phase of your expansion northward. Communicate with us through your American bank or through our nearest U.S. office.

Yours very truly,

Arthur C. Jensen
General Manager



BANK OF MONTREAL

Statement of Condition . . . October 31st, 1953

ASSETS

Cash on hand and due from banks and bankers	\$ 298,784,604.12
Notes of and cheques on other banks	161,999,192.36
Government and Other Public Securities (not exceeding market value)	864,057,948.23
Other Bonds, Debentures and Stocks (not exceeding market value)	118,432,878.12
Call Loans	70,491,996.27
	<u>\$1,513,766,619.10</u>
Commercial and Other Loans	787,270,564.87
Bank Premises	22,358,524.78
Customers' Liability under Acceptances and Letters of Credit (as per contra)	38,564,147.00
Other Assets	2,414,883.36
	<u>\$2,364,374,739.11</u>

LIABILITIES

Deposits	\$2,226,960,332.98
Acceptances and Letters of Credit Outstanding	38,564,147.00
Other Liabilities	2,144,722.16
Capital	\$36,000,000.00
Rest or Reserve Fund	60,000,000.00
Undivided Profits	705,536.97
	<u>96,705,536.97</u>
	<u>\$2,364,374,739.11</u>

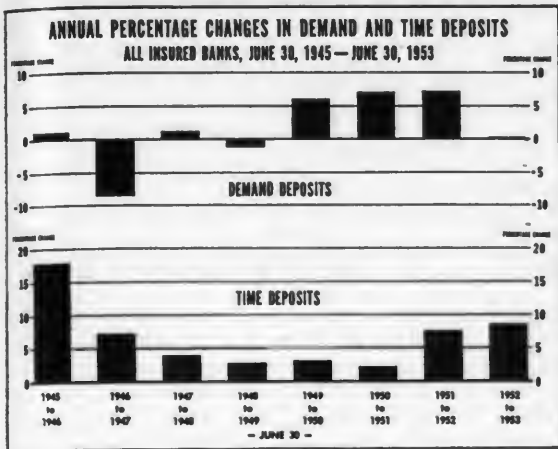
NEW YORK 5: 64 Wall Street—Cecil T. Aulph,
Frank W. Hunter, Gordon V. Adams, Agents

CHICAGO 3: Special Representative's Office, 38 South Dearborn Street—William T. Burgess, Special Representative

SAN FRANCISCO 4: Bank of Montreal (San Francisco),
333 California Street—Albert St. C. Nichol, President

LONDON, ENGLAND: 47 Threadneedle Street, E. C. 2,
9 Waterloo Place, S.W. 1

600 BRANCHES ACROSS CANADA



FDIC Report Shows 14,579 Banks With Total Assets of \$209-billion

ON June 30, 1953, the 14,579 banks operating in the United States (continental U. S. and other areas) held assets totaling \$209-billion according to the June 30 report of the Federal Deposit Insurance Corporation, just released. Deposits aggregated \$190-billion, while capital accounts totaled nearly \$16-billion and other liabilities approximated \$3-billion. Both assets and deposits were slightly lower than the record level at the beginning of 1953, but each was greater than the preceding June.

Investments in United States Government obligations and in loans and discounts each comprised about one-third of total assets. Other investments, consisting principally of state and municipal securities and corporate bonds, totaled \$18-billion. Nonearning assets included cash balances of \$42-billion and some of the \$3-billion of miscellaneous assets.

About two-thirds of the deposits of all banks were in demand accounts and one-third in time and savings accounts. Commercial banks held nearly all of the demand deposits and about two-thirds of the time deposits. Practically all of the deposits in mutual savings banks were time deposits.

Of the banks, 13,986 were commercial or stock savings institutions, and they held 88 percent of total bank deposits. The 528 mutual savings banks had about 12 percent of total deposits. The 65 nondeposit trust companies complete the total bank count.

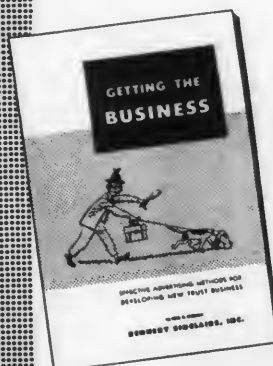
Many a young man who asks for a girl's hand later finds himself under her thumb.

Nowadays children are called bright when they make remarks that used to call for a licking.

You need more than "walk-in" trust business to build TRUST PROFITS

"Walk-in" trust business isn't going to build a profitable trust department. You need to get the business from those wealthy men and women who just don't "walk in." In fact, too often the best business in your town may walk by, not in.

It's been our business for over twenty-two years to help our customers get more of this "walk-by" type of profitable trust business. We've been successful to the extent of almost a billion dollars in additional planned estates and immediate trust business. We believe we can help your trust department make more money.



For further information, write for our booklet, "Getting the Business."

Kennedy Sinclair
INCORPORATED
140 CEDAR STREET, NEW YORK 6, N. Y.

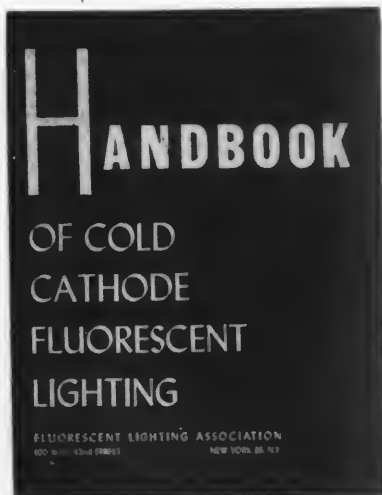
BUSINESS AIDS

Each month this column will list recent acquisitions, including manufacturers' literature and other special announcements of interest to our readers—though no statement should be regarded as a product endorsement.

Copies of literature may be obtained by addressing requests to the company named, or to BUSINESS AIDS EDITOR, BANKING, 105 West Adams Street, Chicago 3, Illinois.

Cold Cathode Lighting

THE Fluorescent Lighting Association has issued a 52-page manual, a "Handbook of Cold Cathode Fluorescent Lighting," containing text, charts, graphs, and diagrams and installation photographs. Prepared by Bernard F. Greene, consultant to the association, the book covers complete data on the electrical and photometric properties of the cold cathode lamp and auxiliaries along with information on the proper methods of using and installing this type of light source. The book is offered at \$1 per copy at the association's offices, 100 West 42nd Street, New York, N. Y.



Trust Methods

ADDRESSOGRAPH methods in the trust department of the United States National Bank of Portland, Oregon, are outlined in a 37-page booklet recently issued by the *Addressograph-Multigraph Corporation*, Cleveland 7, Ohio. The book illustrates how the bank adapted addressograph plates to various phases of its trust accounting system. It shows the application of the coded master plate files on various records and business forms used by the department. Write the corporation for your copy of "Trust Accounting," Bulletin No. 2324A.



Checkpoint on Windows

THE Aluminum Window Manufacturers Association has published a brochure containing approved specifications, covering all types and sizes of "quality approved" aluminum windows. The publication was designed to help mortgage bankers assess the value of the many types of aluminum windows on the market. For a copy, write the association at 74 Trinity Place, New York 6, N. Y.

Employee Handbook

THE *Hamilton National Bank* of Washington, D. C., offers readers of this page a sample copy of its new employees' handbook, titled "You and Your Bank." It has two unique features: Instead of the usual format, this booklet is pocket- or purse-sized for greater convenience, and it carries a birthday reminder page, suggested by one of the bank's staff, which gives it greater retention value. For a copy, write Lois A. White, assistant cashier.

Thermo-Fax

THE "Thermo-Fax" process is a completely dry office copying method for duplicating originals. It requires no stencils, transparencies, or special masters. The new machine uses a controlled beam of heat to copy directly from black and white originals. Copies are ready for distribution immediately upon removal from the duplicator—an operation requiring some 15 seconds. Complete information on the machine and the process is offered by the Duplicating Products Division, *Minnesota Mining & Manufacturing Company*, St. Paul 6, Minnesota.



Remington Rand Methods News

Two Keys to Faster Reference, Greater Accuracy in your Bank's Customer Information File

Vertical Method with Conve-Filer

The Winters National Bank and Trust Company of Dayton, Ohio, has approximately 156,000 reference cards in its Customer Information File, yet average reference time is less than one minute, thanks to mechanized vertical



filing. Moreover, increased reference capacity in 60% less space has resulted from the installation of these Conve-Filers, according to CIF Supervisor, Josephine Steger. As Miss Steger says, "This new filing system has served a dual role in overcoming our space problem and also in putting our records in more workable order."

Electrically-powered Conve-Filer delivers any desired card (out of as many as 200,000) to its comfortably seated operator in seconds, with push button efficiency... pays for itself in one to four years. Learn more about this mechanized tool for modern bank management by circling free folder LBV160 on the coupon.

Visible Method with Chaindex

The Central National Bank of Cleveland runs its highly efficient Customer Information File via the visible method, using Chaindex for accuracy and Kardex for speed. With Chaindex, records are printed directly from address plates at the time and origin of the account, thus eliminating transcription errors. Then the Chaindex cards are locked into Kardex pockets, eliminating lost and jumbled records and utilizing Kardex visibility to assure speedy fingertip reference. Plug-in phones let the clerks answer inquiries right from the file, without withdrawing records. See folder SN728 on Central National's application of Chaindex, and MC731 (on a



loan basis) for a complete explanation of the Mechanized Chaindex system for a time and money-saving Customer Information File.

Mechanized Approach Saves Money on Loan & Discount Records and Trust Accounts

A Remington Rand accounting machine pays off quickly in loan and discount accounting.

This machine delivers a complete ledger, journal and notice of note due



plus carbons, in one writing. All classes of loans may be combined on one ledger card—secured, unsecured, discounted, total direct and indirect balances are shown at a glance. Records are machine accurate... all new balances automatically computed, all columns automatically totaled and complete daily proof of posting. One-posting idea ends transcription error... single typewriter keyboard assures touch-method speed.

Our files on mechanized loan and discount procedures and trust accounting are available on loan. Circle MC797 for loan and discount and MC801 for trust records, to see how mechanization materially reduces trust department operating costs, often turning loss into profit.

Top Figuring Speed for Every Operation in All Departments of Any Bank

Computations on mortgage loans, personal loans, analysis of accounts, market value of securities, interest earned on estimated reserves, as well as account distribution, the listing of deposit slips and checks, and dozens of other figurework functions are accomplished faster with the *Printing Calculator*, the truly versatile figuring machine. This all-purpose *Printing Calculator* gives you recorded proof of accuracy in every step on the printed tape. Its 10-key keyboard assures rapid, touch method operation, and combines with short-cut multiplication, automatic division, high-speed listing, addition and subtraction to lighten the



load in every department of your bank. For more information on this figurework phenomenon, circle AC540 on the coupon.

Remington Rand

Room 1637, 315 Fourth Ave., New York 10

"Yes, I'd like to have the literature circled."

LBV160 SN728 MC731

AC540 MC797 MC801

Name _____

Title _____

Bank _____

Address _____

City _____ Zone _____ State _____

B-8

Profit-Building IDEAS For Business

Will You Regret This?

A MIDWEST bank began using Purse service in 1953. The vice president writes: "The first mailing to 250 persons brought 114 requests for our master booklet . . . We have received 3 wills from persons on our list . . . A lawyer tells me he has drawn 6 wills naming us . . . Naturally we are pleased . . . Our one regret is that we did not come to you sooner."

Why have the same regret? Why use trust advertising that does not PROVE its worth? A modest investment in Purse service should be very profitable for your bank. Write now for details, without obligation.

THE PURSE COMPANY

Headquarters for Trust Advertising

CHATTANOOGA 2, TENNESSEE

NEW YORK ★ CHICAGO ★ BIRMINGHAM

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January 1954

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Purchased and Offered by Halsey, Stuart & Co. Inc. alone or with associates*

Amount of Issue	Tax Exempt	Amount of Issue	Corporate	Underwriting Interest
\$ 4,550,000	ALEXANDRIA, VA. 4%, 3% & 2½% Bonds, Due 1954-76	\$ 10,950,000	CHESAPEAKE AND OHIO RAILWAY EQUIPMENT TRUSTS OF 1953 3¼% & 3½% Serial Equip Trust Ctrf, Due 1953-68 (2 issues)	\$ 4,950,000
3,300,000	BIRMINGHAM SCHOOL DISTRICT, MICH. 3¼% & 3% Bonds, Due 1954-70	15,000,000	CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF BALTIMORE CITY 31 Year 3½% Debentures, Due 1984	4,650,000
10,000,000	BOSTON, MASS. 1.53% & 1.38% Notes, Due 1953-54 (2 issues)	16,515,000	CHICAGO AND NORTH WESTERN RAILWAY COMPANY EQUIPMENT TRUSTS OF 1953 3½% & 3¾% Equip Tr Ctrf, Due 1954-68 (3 issues)	7,815,000
100,000,000	CALIFORNIA, STATE OFF 2%, 2¼% & 2½% Veterans' Bonds, Due 1954-73	40,000,000	CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. First & Refg Mtge Bonds, 3½% Series I, due February 1, 1983	7,200,000
3,032,000	CAMILLUS, ETC., ONONDAGA COUNTY, N. Y., C/S/D No. 1, 3.10% Bonds, Due 1954-83	25,000,000	CONSOLIDATED GAS ELECTRIC LIGHT AND POWER COMPANY OF BALTIMORE First Refg Mtge S F Bonds, Series Y 3¾%, due June 1, 1983	2,500,000
12,500,000	CHICAGO BOARD OF EDUCATION, ILL. 3% Bonds, Due 1956-73	12,000,000	DUQUESNE LIGHT COMPANY First Mtge Bonds, Series due Sept. 1, 1983 (3¾%)	3,750,000
9,500,000	DELAWARE, STATE OFF 2¼% Bonds, Due 1954-73	10,500,000	ILLINOIS CENTRAL EQUIPMENT TRUSTS, SERIES 36 & 37, 3% Equip Trust Ctrf, Due 1953-68 (2 issues)	5,550,000
100,000,000	DELAWARE RIVER PORT AUTHORITY† Var. Rates Revenue Bonds, Due 1957-73	20,000,000	ILLINOIS POWER COMPANY First Mtge Bonds, 3½% Series due 1983	4,700,000
4,000,000	DETROIT, MICH.† Var. Rates Bonds, Due 1955-83	10,000,000	KANSAS GAS AND ELECTRIC COMPANY First Mtge Bonds, 3¾% Series due 1983	2,400,000
13,500,000	DETROIT-WAYNE JT. BUILDING AUTH., MICH.† Var. Rates Revenue Bonds, Due 1957-58	7,650,000	LOUISVILLE AND NASHVILLE RAILROAD EQUIPMENT TRUST, SERIES M, 3¼% Equip Trust Ctrf, Due 1954-68	2,550,000
17,800,000	ERIE COUNTY WATER AUTHORITY, N. Y.† Var. Rates Water Rev. Bonds, Due 1954-93	8,000,000	METROPOLITAN EDISON COMPANY First Mtge Bonds, 3¾% Series due 1983	2,300,000
3,000,000	FLINT, MICH. 3% & 3¼% Water Rev. Bonds, Due 1954-83	8,000,000	MOUNTAIN STATES POWER COMPANY First Mtge Bonds, Series due Sept. 1, 1983 (4%)	1,500,000
15,000,000	FLORIDA, STATE BOARD OF EDUC. OF, 2¼%, 2½% and 2.60% Bonds, Due 1955-74	35,000,000	NEW YORK TELEPHONE COMPANY Refg Mtge 3¾% Bonds, Series G, Due 1984	6,800,000
3,100,000	FORT WORTH, TEX.† Var. Rates Rev. Bonds, Due 1954-78	22,000,000	OHIO POWER COMPANY First Mtge Bonds, 3¾% Series due 1983	8,950,000
3,000,000	HOUSTON, TEX.† 2¼%, 2½% & 3% Bonds, Due 1954-78	65,000,000	PACIFIC GAS AND ELECTRIC COMPANY† First & Refg Mtge Bonds, Series V, 4% Due 1984	4,150,000
5,925,000	HOUSTON, TEX.† 2¼%, 2½% & 3% Bonds, Due 1954-78	20,000,000	PHILADELPHIA ELECTRIC COMPANY First & Refg Mtge Bonds, 3½% Ser. due 1983	9,900,000
8,733,000	JERSEY CITY, N. J. 3½% Bonds, Due 1954-83	10,000,000	POTOMAC ELECTRIC POWER COMPANY First Mtge Bonds, 3¾% Series due 1988	2,850,000
6,278,000	KANSAS CITY, MO.† Var. Rates Water Revenue Bonds, Due 1954-84	30,000,000	SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY 24 Year 3¼% Deb Due 1977	4,550,000
8,500,000	LAKE CO. TWP. H. SCH. DIST NO. 113, ILL. 2½% & 2¾% Bonds, Due 1955-73	34,220,100	SOUTHERN NATURAL GAS COMPANY 4½% Convertible Sinking Fund Deb Due 1973	3,747,400
4,190,000	LAKE CO. TWP. H. SCH. DIST NO. 113, ILL. 2½% & 2¾% Bonds, Due 1955-73	29,620,000	SOUTHERN PACIFIC COMPANY EQUIPMENT TRUSTS, SERIES II, JJ, KK & LL, 3¾%, 3¾%, 3¾% & 3% Equip Trust Ctrf, Due 1954-68 (4 issues)	15,395,000
12,000,000	LOS ANGELES, CALIF.† 4½%, 2¼% & 2½% Bonds, Due 1954-73	75,000,000	TENNESSEE GAS TRANSMISSION COMPANY First Mtge Pipe Line Bonds, 4½% & 4% Ser. due 1973 (2 issues) & 5% Debentures due 1973	16,200,000
30,000,000	LOS ANGELES CITY SCHOOL DISTRICTS, CALIF.† 3½% Bonds, Due 1954-78	25,000,000	UNITED GAS CORPORATION 3¼% Sinking Fund Debentures, due 1973	1,600,000
6,745,000	MEMPHIS, TENN.† 2.90% & 2¾% Bonds, Due 1954-83	8,000,000	WISCONSIN PUBLIC SERVICE CORPORATION First Mtge Bonds, Series due May 1, 1983, 4½%	2,500,000
3,300,000	MILFORD, CONN. 2.60% Bonds, Due 1954-73	51,755,000	ADDITIONAL EQUIPMENT TRUST CERTIFICATES AND PUBLIC UTILITY BONDS 15 ISSUES	27,505,000
7,025,000	MONTGOMERY COUNTY, MD.† Var. Rates Bonds, Due 1954-83			
27,094,000	NASSAU COUNTY, N. Y.† 3.10% Bonds, Due 1954-82			
14,250,000	NORTH CAROLINA, STATE OF 4%, 2% & 2¼% Bonds, Due 1958-73			
32,000,000	OREGON, STATE OFF Var. Rates Highway Bonds, Due 1954-66			
4,000,000	ORLEANS PARISH SCHOOL BOARD, LA.† 3¾% Bonds, Due 1955-92			
20,000,000	PENNSYLVANIA, GEN'L STATE AUTH. OF, Var. Rates Bonds, Due 1958-82			
20,000,000	PENNSYLVANIA, STATE HWY. & BRIDGE AUTH. OF, Var. Rates Bonds, Due 1955-74			
33,350,000	PHILADELPHIA, PA.† Var. Rates Bonds, Due 1955-94			
3,000,000	POLK COUNTY, FLA., SPEC. TAX S/D No. 1, Var. Rates Bonds, Due 1955-77			
20,000,000	PORT OF NEW YORK AUTHORITY† 2¼% Consolidated Bonds, Due 1984			
3,750,000	SACRAMENTO, CITY UN. SCH. DIST., CALIF.† 2%, 2¼% & 5% Bonds, Due 1957-76			
4,500,000	SAVANNAH, GA. 3½%, 3.10%, 3% Bonds, Due 1963-83 (2 issues)			
45,000,000	SOUTH CAROLINA, STATE OFF 2.20% & 2.10% School Bonds, Due 1954-73 (2 issues)			
13,225,000	TENNESSEE, STATE OFF 3%, 2.60% & 2½% Bonds, Due 1962-64			
15,000,000	TEXAS, STATE OF Var. Rates Veterans' Land Bonds, Due 1960-89			
20,000,000	WASHINGTON, STATE OFF 4% & 2¾% Bonds, Due 1955-63			
27,000,000	WASHINGTON, STATE OF Var. Rates Revenue Bonds, Due 1954-76			
3,200,000	WAUKEGAN, ILL. Var. Rates Water & Sew. Rev. Bonds, Due 1955-89			
5,100,000	WILLIAMSPORT SANITARY AUTHORITY, PA. Var. Rates Sewer Revenue Bonds, Due 1955-92			
117,842,150	ADDITIONAL TAX EXEMPT BONDS— 131 ISSUES			

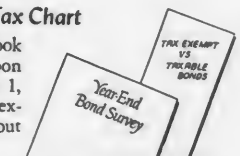
Descriptive circulars or prospectuses and current quotations will be supplied for any of these securities upon request.

* To December 10, 1953

† Issue headed jointly by Halsey, Stuart & Co. Inc. and others. All other issues were headed, or purchased and offered alone, by Halsey, Stuart & Co. Inc.

Send For Year-End Bond Survey and 1954 Tax Chart

Concise survey of 1953 bond market and outlook for 1954, and new comparison chart based upon individual Federal tax rates effective January 1, 1954—to help you determine the value of tax exemption in your income bracket. Write without obligation for folders KC-53.



HALSEY, STUART & CO. INC.

123 S. LA SALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5
AND OTHER PRINCIPAL CITIES

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 37)

This should probably be first on the list, because, if this factor changes, all the rest change.

While banker opinion coincides with that of business generally, our survey showed some interesting geographical variations and similarities.

New England. A 5 to 10 percent decline in the level of business is expected, accompanied by a moderately lower volume of loans and slightly lower rates. This is based on the expectation of small declines in spending by Government and by business, both for expansion and inventory.

On the side of counteracting a decline is mentioned the certainty of governmental action to stem any recession, plus increased spending by state and local governments.

Even with increased competition for sales, it is not expected that demand for instalment or mortgage credit will expand much. Also, the end of the excess profits tax and the possibility for some cut in corporate taxes will lessen business needs for bank funds to finance expansion.

North Atlantic. The underlying forces are sound, but, unless the foreign outlook takes a serious turn, some easing in the general level of business is expected. Opinion here agrees with New England on interest rates and loan prospects, but one observer said that any marked decline in interest rates would be unwarranted because bank operating costs are still on the upgrade.

South Atlantic. The same note appears here regarding the prospect of a slight downturn in general business, at least during the first six months, with a tendency toward easier rates and possibly a little less demand for loans, partly seasonal. Among the industries selected by one commentator as facing a little more difficulty than others are the automotive, at all levels, appliances at all levels, and textiles and lumber.

There is some feeling that any easing of money rates will be the result of such a trend in New York rather than local conditions.

North Central. Here again the combination of factors already mentioned is expected to bring a smaller demand for loans and a softening of rates, although at the moment the loan situation is active.

Despite the lower cash incomes of the farmers, there is no difficulty anticipated in that quarter. Most of the farmers are reported in good shape financially, although the income figure may be down 10 percent in 1954 compared with 1953.

One significant comment was that the generally healthy outlook in this area assumes a continuation of the Federal Reserve Board's flexible money policy and no recurrence of the unfortunate experiences earlier this year.

Tax relief is mentioned as a factor in keeping consumer spending at a high level.

Some problems for the machine tool industry in the area are foreseen because, during the past year, the backlog of orders has steadily declined.

Most observers felt that Government policies would be on the side of easier rates for a while to keep money plentiful for business expansion.

One factor frequently noted on the side of stimulating loan volume was the transfer to banks of some of the volume heretofore handled by the RFC and various agricultural agencies.

New products, revitalized competitive selling, and high employment are also factors cited on the plus side.

South Central. Opinion varies little here from the consensus that business, rates, and loans all point slightly downward, although the outlook holds nothing that should cause worry except the possibility of a deterioration in the foreign picture.

Here as elsewhere the automotive industry is singled out for special concern.

Southwest. Here the outlook is about the same as elsewhere, possibly a shade brighter. A slight decline in general business and in loan volume, mostly seasonal, is foreseen. Interest rates should remain fairly stable.

Soft goods, having had some readjustment, should improve. Oil prices are firm, drilling active, and production should be up. Durables expect high competition but volume should not be much below last year, with adjustments in prices, not production. Construction should be about the same. Commodity prices ought to stabilize around present levels.

Mountain States and West. In fact, as our inspection tour moves toward the Pacific Coast the wonder grows that unanimity could be so complete among widely separated observers. The reason is probably that our sources are all exceptionally well informed and so, in following similar informational directions they tend to reach similar conclusions.

A quarter of a point drop in the prime rate is the maximum that one commentator foresees in the interest picture, adding that this might not even be reflected in the balance of the rate structure. From the same source comes this summarizing sentence: "Unless there is a tremendous cutback on the part of the Government defense program we have the opportunity of seeing 1954 as the second best business year."

Housing and agricultural implements are two industries mentioned, in addition, of course, to automotive, as facing declines.

Agricultural and livestock prices are expected to remain steady, and the aircraft industry should continue at levels comparable to 1953.

Two special factors mentioned as possibly stimulating loans are the requirement under the Mills Plan for paying 90 percent of taxes during the first half of the year and the order from the Defense Secretary to eliminate progress payments on defense orders wherever possible.

In the Northwest are several plus and minus factors affecting that area particularly. For example, important construction of atomic facilities, oil refineries, and aircraft factories is in progress.

WILLIAM R. KUHN

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