


DECEMBER 1958

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEC 10 1958



Inside
Ideas for Every Banking Need
and Best Holiday Wishes

IBM**MANAGEMENT
INTERVIEW**

*E. C. Sammons, President
The United States National Bank of Portland*

The U.S. National Bank
of Portland Tells:

HOW IBM 650 CUTS COMMERCIAL CHECKING COSTS BY 20%

Electronic accounting is now a work-a-day routine under which more than 78,000 commercial checking accounts are posted by The U. S. National Bank of Portland, Ore. Key to the system is an IBM 650 electronic data processing system.

What benefits is the bank gaining? How is the job done? How do customers react? Here, in an interview, bank officials provide some of the answers.

Q. How long have you been using the IBM 650 for commercial checking?

A. Since the Spring of 1957. For the record, we actually started our planning in February of 1956. By June of that year, we had a successful test program started in several of our branches.

Q. Briefly, how does your system work?

A. Master balance cards are kept at a central point. Every day each branch sends its counter work to this location. Other work is intercepted before it reaches the branch. Checks and deposits are proved in on adding machines that are intercoupled to IBM key punches. Transaction cards are produced automatically as a by-product of this proof operation. The new balance is computed and an updated trial balance listing of both active and inactive accounts is prepared on the IBM 650. This updated listing



*J. N. Raleigh (left) and C. H. Winkel
Assistant Vice Presidents
The United States National Bank of Portland*

automatically notes any overdraft condition. Each branch gets this up-to-date status of accounts every morning.

Q. What functions are left to the branch?

A. The electronic division merely supplies a service. We provide the branches daily with the necessary information to answer all inquiries, and at the same time return the checks and deposits. The branches retain responsibility for the handling of all of their accounts.

Q. What are the chief benefits you're gaining from the system?

A. We're handling the commercial checking accounting job at an over-all operating saving of more than 20% over conventional bookkeeping machine methods. What's more, we're computing monthly service charges on commercial checking accounts for a fraction of the former cost. More important—we have already traveled about 70% of the road toward the "ultimate system" that bankers like to talk about.

Q. How do customers react to the program, especially to the simplified summary statement?

A. We're sending out over 70,000 of these streamlined statements every month. Fewer than 1/10th of 1% of our customers have requested detailed statements. When we are fully converted, we will be preparing over 90,000 statements a month!

WANT MORE FACTS?

Call your local IBM representative or write:

DEPARTMENT A58-f
International Business Machines Corporation
590 Madison Avenue
New York 22, New York

IBM**DATA
PROCESSING**

ch
ice.
ary
ime
on-
the
ing
20%
at's
om-
ost.
of
like
lly

banker against a brick wall

That's no mere figure of speech this banker is up against. It's a very real brick wall...squarely in the path of his bank's much-needed expansion. What's worse, it's practically new, built when the old quarters were first modernized. The designer who planned it just didn't understand the importance of providing for tomorrow's growth in today's plans.

When Bank Building Corporation designs your new or remodeled quarters,

you can be sure that future expansion will be built into the master plan...at the outset, when it's most economical. To your project will be assigned a team of *specialized* planners and designers who know banking and its unique needs. With more than 3,400 completed financial projects behind them, they're experts in achieving maximum results and maximum efficiency within your budget. It costs no more to do it *right* the first time!



Thinking about remodeling?
This booklet may help you!
Write for "Banker's Guide
to Remodeling"... dramatic
photo case histories of banks
that transformed existing
premises into profitable new
quarters.

DESIGN DIVISION OF

Bank Building  *Corporation*
of America

ST. LOUIS, 1130 Hampton Avenue
NEW YORK • CHICAGO • SAN FRANCISCO • ATLANTA • AUSTIN
Operating Outside the Continental U. S. as: Bank Building Corporation, International

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

CONTENTS FOR DECEMBER 1958

Some material belongs in several different classifications but for your convenience is usually listed under one heading only

HERE AND ABROAD

THE OUTLOOK AND CONDITION OF BUSINESS	<i>William R. Kuhns</i>	37
WASHINGTON	<i>Thomas W. Miles</i>	38
A BANK PROSPERS AS ITS CUSTOMERS PROSPER (EXCERPTS FROM A LETTER OF 1863)		41
HOW "HARNESSED CREDIT" WORKS IN RUSSIA		
• THE ABACUS IS USED, BUT NOT PUBLIC RELATIONS	<i>Jackie House</i>	42
• STATE PLANNING LESSENS NEED FOR PERSONAL JUDGMENT AND INITIATIVE	<i>Donald R. Hodgman</i>	43
HOW CONSUMER CREDIT WEATHERED THE RECESSION	<i>Alfred F. Goodman</i>	54

OPERATIONS AND PERSONNEL

OPERATIONS REPORT		
• SHOP TALK AT DALLAS—THE NABAC CONVENTION		46
INCREASING DEPOSITS THROUGH STATISTICAL MARKET RESEARCH	<i>Spencer Weart</i>	49
WHAT MARKET RESEARCH CAN DO FOR BANKS II	<i>Herbert Bratter and Forrest Clements</i>	52
AUTOMATION + PR = CUSTOMER COOPERATION	<i>Don G. Weller</i>	74

INVESTMENTS

BANKING'S INVESTMENT FORUM		
• INVESTMENT PROBLEM: CASE STUDY No. 4		4
• MODEL ACT DRAFTED BY A.B.A. FOR INCORPORATION AND OPERATION OF A MUTUAL TRUST INVESTING COMPANY		14
• THE INVESTMENT MARKETS	<i>H. Eugene Dickhuth</i>	18
• GOVERNMENT BONDS	<i>Murray Olyphant</i>	20

TAXES, TRUST, AND LEGAL

TAX TREATMENT OF EXPENDITURES FOR INVESTIGATION AND DEVELOPMENT OF NEW BUSINESS	<i>George A. Young</i>	50
BANK LAW NEWS—A SUMMARY OF 1958 STATE LEGISLATION		92

ADVERTISING, PUBLIC RELATIONS, AND EDUCATION

EVERYBODY'S IDEAS ARE WELCOME		45
A.B.A. PUBLIC RELATIONS AND BUSINESS DEVELOPMENT TEAM	<i>G. Russell Clark</i>	56
EXAMINERS LEND A HAND TO SMALL BUSINESS INSTITUTE	<i>Philip S. Shoemaker</i>	60
BANKING'S BUSINESS BUILDING BULLETIN		
• IDEAS AT WORK	<i>John L. Cooley</i>	65
• ADS AND AIDS THAT SELL SERVICES		71
• MORE CHRISTMAS IDEAS		72
THEY'D TEACH A DIGGER TO MANAGE HER GOLD!	<i>Inez Robb</i>	90

THE COUNTRY BANKER

DEAR JIM (No. 069.816): WE'RE AUTOMATED!	<i>Alice Akes</i>	78
FARM CREDIT, RESEARCH, AND CHEMISTRY—THE NATIONAL AGRICULTURAL CREDIT CONFERENCE		82
NEWS FOR COUNTRY BANKERS	<i>Mary B. Leach</i>	84

GENERAL NEWS

HEARD ALONG MAIN STREET		24
BANKING NEWS		98
• SAVINGS		103
• HOUSING AND MORTGAGES		104
• INSTALMENT CREDIT		106
• CALENDAR		108
900 BANKERS SERVE ON A.B.A. COMMITTEES		110
TRUST SERVICE FOR EVERYDAY LIVING—THE MID-CONTINENT TRUST CONFERENCE	<i>John L. DeJong</i>	116
CARL A. BIMSON IS ENDORSED FOR A.B.A. VICE-PRESIDENCY IN 1959		124
NEW BOOKS		137
WHAT'S NEW		141

BANKING's Advertisers . . . 142

BANKING

The Staff

Editor WILLIAM R. KUHN
Managing Editor WILLIAM P. BOGIE
Senior Associate Editor JOHN L. COOLKY
Associate Editor MARY B. LEACH
Associate Editor RICHARD L. KRAYBILL
Assistant Editor ETHEL M. BAUER
Assistant Editor RUTH E. BUCKWELL
Advertising Manager JOHN J. McCANN
Assistant Advertising Managers ROBERT J. STEHL
WILLIAM E. MOHAN
Representative: East WILLIAM P. COOLEY
Circulation Manager ROBERT R. SPOONER
Washington Correspondents HERBERT BRATTER
THOMAS W. MILES



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

TITLE REGISTERED U. S. PATENT OFFICE
BANKING—Vol. LI, No. 6. Published monthly at 5601 Chestnut Street, Philadelphia 39, Pa. Copyright 1958 by American Bankers Association. Marie E. Selzman, Executive Vice-president, 12 East 36th Street, New York 16, N. Y., U. S. A.
Chicago Office (John J. McCann), 33 South Clark Street, Chicago 3, Ill.; Washington Office, 730 Fifteenth Street, N.W., Washington 5, D.C. Subscriptions: \$5.00 yearly; Canada, \$5.50; foreign, \$6.00; single copies, 50 cents. Second class Postage paid at Philadelphia, Pa. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

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

In This Issue

Want More Business?

Market Research is a cold, professional term for finding more customers and keeping them. It's the subject of two studies in this issue. One, by Spencer Weart on page 49, shows how to tap deposit potential with the aid of statistical MR. The other, page 52, continues an interview which Herbert Bratter had with Dr. Forrest W. Clements on "What Market Research Can Do for Banks." The first instalment appeared in October.

"Harnessed Credit"

The chances are you haven't observed the Soviet Union's banking setup at first hand—or second hand, either. But we know two folks who have. One is Professor Donald R. Hodgman of the University of Illinois who spent last summer inspecting the State Bank and the administration of credit in the USSR. He reports on page 43. The other is Jackie House, editor of the Citizens and Southern National Bank's staff magazine. She writes of her recent experiences in a land which, if it didn't invent banking, nevertheless uses it. (Page 42).

Three Meetings

This year's Mid-Continent Trust Conference at St. Louis was particularly significant; its guests were 19 law school deans and law professors invited by the A.B.A. and local trust groups. (Story on page 116.) Another important Association meeting, the National Agricultural Credit Conference held at Omaha, is reported on page 82. This month's Operations Report (page 46) covers NABAC's convention in Dallas.

Wanted: Information!

We're planning for next month a story on bank-endowed chairs at colleges and universities. Some are now functioning, but we figure there must be others. If you know of one, please write BANKING'S editor.



THIS MONTH'S COVER

The seasonal gift-wrapping (courtesy of Hallmark) on the December issue speaks for itself. It encloses a rich variety of ideas on subjects ranging from USA automation to USSR banking. Good reading to you!

BANKING'S Investment Forum

INVESTMENT PROBLEM: Case Study No. 4

CASE Study No. 4, which was the fourth in a series of hypothetical trust investment problems and their suggested solutions, appeared in the December 1957 issue of the American Bankers Association's Trust Bulletin. Four possible investment plans were offered in the situation posed in Case Study No. 4, reflecting, of course, market conditions in the fall of 1957.

On the following pages the problem of Case Study No. 4 is reconsidered in the light of today's market conditions and in the terms of the four original investment plans.

PROBLEM:

Charitable Trust

Your bank has been named trustee of a perpetual charitable trust fund, to be operated for the benefit of the charity ward of a local hospital. The trust has been started with a bequest of \$80,000. Terms of the trust indenture provide the trustee with complete investment authority; 90% of income must be paid over to the hospital each quarter, with the remaining 10% added to principal to offset possible capital losses. There can be no invasion of principal. Conference with the administrative head of the hospital reveals that the operating expenses of the charity ward are such that the foreseeable amount of income from the trust will meet only a small portion of the total amount required.

Outline the approach you would take and the specific manner in which you would put the funds to work in this trust.

ANSWER "A"

Since a year ago this account has shown an appreciation of \$14,561, or approximately an 18% increase. The principal increase in values is (CONTINUED ON PAGE 6)

Suggested Changes—Answer "A"

SELL:	Market	Total	Income
150 shares El Paso Natural Gas.....	34½	\$ 5,118.75	\$195.00
100 shares Socony Mobil.....	50¼	5,025.00	200.00
		<u>\$10,143.75</u>	<u>\$395.00</u>
Cash (including transfer of income).....		435.00	
		<u>\$10,578.75</u>	
BUY:			
100 shares Sylvania Electric.....	47	\$ 4,700.00	\$200.00
100 shares Standard Oil of Calif.....	56¼	5,625.00	200.00
		<u>\$10,325.00</u>	<u>\$400.00</u>

Original and Revised Portfolios—Answer "A"

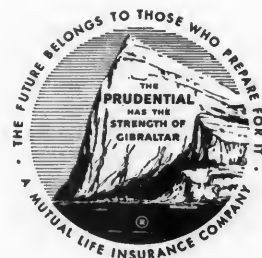
Amount	BONDS	Cost 1957	Income Realized	Value 1958	Anticipated Income
\$10,000	U. S. Treasury 4% due 8/1/61	\$10,000	\$ 400.00	\$10,162.50	\$ 400.00
10,000	American Telephone & Telegraph 5% due 11/1/83.....	10,150	500.00	10,775.00	500.00
5,000	General Motors Acceptance Corp. 5% due 8/15/77.....	5,125	250.00	5,325.00	250.00
5,000	Phillips Petroleum 4¼% due 2/15/87.....	5,000	212.50	5,612.50	212.50
	TOTAL BONDS.....	\$30,275	\$1,362.50	\$31,875.00	\$1,362.50
Shares	STOCKS				
100	American Tobacco.....	7,200	500.00	9,000.00	500.00
200	Corn Products.....	6,100	300.00	9,800.00	360.00
150	El Paso Natural Gas.....	4,350	(sold 10/9/58)	\$5,118.75	
75	Kennecott Copper.....	6,600	450.00	7,631.25	300.00
100	Pacific Gas & Electric.....	4,550	240.00	5,775.00	240.00
5	Pacific Gas & Electric (subscribed).....	—	—	288.75	12.00
75	Pacific Telephone & Teleg....	8,700	525.00	10,481.00	525.00
200	Pacific Lighting.....	7,200	400.00	9,800.00	480.00
100	Socony Mobil Oil.....	4,700	(sold 10/9/58)	\$5,025.00	
100	Standard Oil Co. of Calif.....	—	—	5,625.00	200.00
100	Sylvania Electric.....	—	—	4,700.00	200.00
	TOTAL STOCKS.....	\$49,400	\$2,835.00	\$62,601.00	\$2,817.00
	1957 Annual Income.....		\$4,197.50		5.24%
	1958 Annual Income.....		4,179.50		*4.42%

RECAPITULATION

	1957	Percentage	1958	Percentage
Bonds.....	\$30,275.00	37.84%	\$31,875.00	33.71%
Stocks.....	49,400.00	61.75%	62,601.00	66.20%
Cash.....	325.00	.41%	85.00	.09%
	<u>\$80,000.00</u>	<u>100%</u>	<u>\$94,561.00</u>	<u>100%</u>

* On market value and not cost.

PRUDENTIAL ANNOUNCES A NEW GROUP CREDITORS MORTGAGE INSURANCE PLAN



■ TO GIVE YOU PROMPT SETTLEMENT IN CASE A MORTGAGOR DIES

■ TO HELP BRING IN NEW ACCOUNTS BY OFFERING LOW-COST PROTECTION AND THE STRENGTH OF PRUDENTIAL'S NAME

Now you can help eliminate the legal problems and the possibility of having to repossess and resell when a mortgagor dies—and at the same time offer prospective mortgagors a low-cost protection for themselves.

Prudential's new Group Creditors Mortgage Insurance is as simple in practice as it is sound in principle. Life Insurance

coverage, on a Group basis at low Group rates, is provided on the lives of your eligible mortgagors, equal to the amount of the individual mortgage (subject to legal and underwriting limits). As the mortgage is reduced, the Life Insurance protection is reduced accordingly; if the mortgagor dies you—the mortgagee—are paid the full amount of the insurance to be applied toward paying off the mortgage. Prudential furnishes you simple, streamlined forms to administer the plan along with easily understood literature to explain the benefits of the insurance to prospective mortgagors.

On the average, one out of every six of your potential customers already has some form of Prudential insurance. So help

bring in new accounts by offering this low-cost protection backed by the strength of Prudential's name—and at the same time assure your institution of prompt settlement in case a mortgagor dies.

You can get the complete details of Prudential's new Group Creditors Mortgage Insurance by mailing the coupon.

*This coverage is not available in a few states.

To: Group Dept. The Prudential, Newark 1, N. J. Please send me your free booklet giving details on Group Creditors Mortgage Insurance.

NAME _____

ADDRESS _____

CITY & STATE _____

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

HOME OFFICE: NEWARK, N. J. • LIFE INSURANCE • ANNUITIES • SICKNESS & ACCIDENT PROTECTION • GROUP INSURANCE • GROUP PENSIONS

(CONTINUED FROM PAGE 4)

reflected in the stock account, which we feel has performed exceptionally well.

In our opinion both the stock and bond accounts should be left pretty much intact. All of the holdings are doing well and we feel they should be retained in the trust for the time being, with the exceptions noted below.

During the past year the market has continued its upward swing and is now selling at an all-time high. Despite this fact, as well as the near uncertainties, we believe it prudent to continue our heavy commitment in equities for the time being.

Recommended switches in the portfolio are shown on page 4.

We feel it advisable to lighten our holdings in El Paso Natural Gas, inasmuch as this utility has not performed as well as originally contemplated. Sale of Socony Mobil Oil, too, is felt advisable, in view of heavy concentration in the Middle East area. Purchase of Sylvania Electric affords the trust an excellent growth stock in the electronics field. Standard Oil of California, we feel, is an excellent diversified, integrated oil holding.

ANSWER "B"

Reviewing the original program for investment of an \$80,000 fund for the benefit of a local hospital, we find that the present percentage of the fund in common stocks amounts to 34.9% as compared with 30.7% as originally invested. It is noted that our original goal was to build the portion of the portfolio invested in common stocks up to an eventual 65% or so. For this purpose we had \$5,000 U. S. Treasury bills which matured 10/23/58. We have used the proceeds of these bills to purchase a like amount of new bills maturing 1/22/59. Although this money has been earmarked for purchase of common stocks at periodic intervals, the rapid rise in the market makes us loathe to add further commons at this time, and we shall continue to hold this amount in order to purchase stocks on any marked market reaction. We also note that every single holding in the account purchased a year ago

(CONTINUED ON PAGE 11)

Portfolio—Answer "B"

	(Par Value or Shares) Total Held After Revision	Change Since Last Review	Original Cost of Holdings	(Current Market Value) Amount
<i>U. S. Treas. Bonds:</i>				
U. S. Treas. Bills 1/22/59	\$ 5,000	0	\$ 5,000	\$ 4,980
U. S. Treas. Notes 4% 8/1/61/59	10,000	0	10,050	10,175
U. S. Treas. Notes 4% 8/15/62 or 2/15/60	10,000	0	10,025	10,175
				<u>25,330</u>
<i>Corporate Bonds:</i>				
Texas Corp. 3% 5/15/65	5,000	0	4,700	4,900
Minn. Honeywell 3 3/4% 8/1/76	5,000	0	4,850	4,800
Cons. Natural Gas 5% 9/1/82	5,000	0	5,200	5,350
Amer. Tel. & Tel. 5% 11/1/83	5,000	0	5,075	5,450
				<u>20,500</u>
				(23.3%)
<i>Tax Exempt Bonds:</i>				
TOTAL BONDS	(None) 45,000		44,900	45,830
<i>Preferred Stocks:</i>				
Gulf States Util. \$4.40 pfd.	40	0	3,280	3,680
W. T. Grant \$3.75, Pfd.	50	0	3,650	3,950
U. S. Steel 7%, Pfd.	25	0	3,500	3,675
				<u>11,305</u>
<i>Common Stocks:</i>				
Chase Manhattan Bank	35	0	1,575	1,925
Guaranty Trust	25	0	1,675	2,175
Travelers Insurance	20	0	1,460	1,700
				<u>5,800</u>
<i>Utility:</i>				
Cleve. Elec. Illum.	45	0	1,530	1,890
Pub. Serv. of Colo.	40	0	1,560	1,920
				<u>3,810</u>
<i>Manufacturing:</i>				
Panhandle Eastern Pipe Line	35	0	1,435	1,855
Standard Oil of N. J.			1,590	1,710
Gulf Oil	16	(Footnote 1)	1,695	1,840
General Electric		0	1,475	1,675
J. C. Penney	20	0	1,600	2,000
Internat'l Business Machines	6	(Footnote 2)	1,475	2,610
Phillips Petroleum	40	0	1,480	1,800
General Foods	30	0	1,410	2,040
		(Footnotes 1 & 2)	12,160	15,530
<i>Metals:</i>				
Intern'l Nickel	20	0	1,460	1,800
				<u>1,800</u>
<i>Chemicals:</i>				
E. I. du Pont	10	0	1,730	2,010
Union Carbide	15	0	1,410	1,695
				<u>3,140</u>
		(Footnotes 1 & 2)	24,560	30,645
			79,890	87,780
				(34.9%)
			CASH...	110
				<u>113</u>
				<u>87,893</u>

	ORIGINAL Amount	RESUME Percentage	Income	Yield
Cash	\$ 110	0.1%		
Cash fund	25,075	31.3	\$ 1,000.00	3.99%
Bonds	19,825	24.8	837.50	4.22
Preferred	10,430	13.1	537.50	5.15
Common	24,560	30.7	995.50	4.06
TOTAL	\$80,000	100%	\$3,370.50	4.21%
PRESENT RESUME				
Cash	\$ 106	0.1%		
Cash fund	25,330	28.8	\$ 920.00	3.64%
Bonds	20,500	23.3	837.50	4.09
Preferred	11,305	12.9	537.50	4.75
Common	30,645	34.9	1,003.50	3.29
TOTAL	\$87,886	100%	\$3,298.50	3.76%

PRESENT YIELD = 3.76% on market

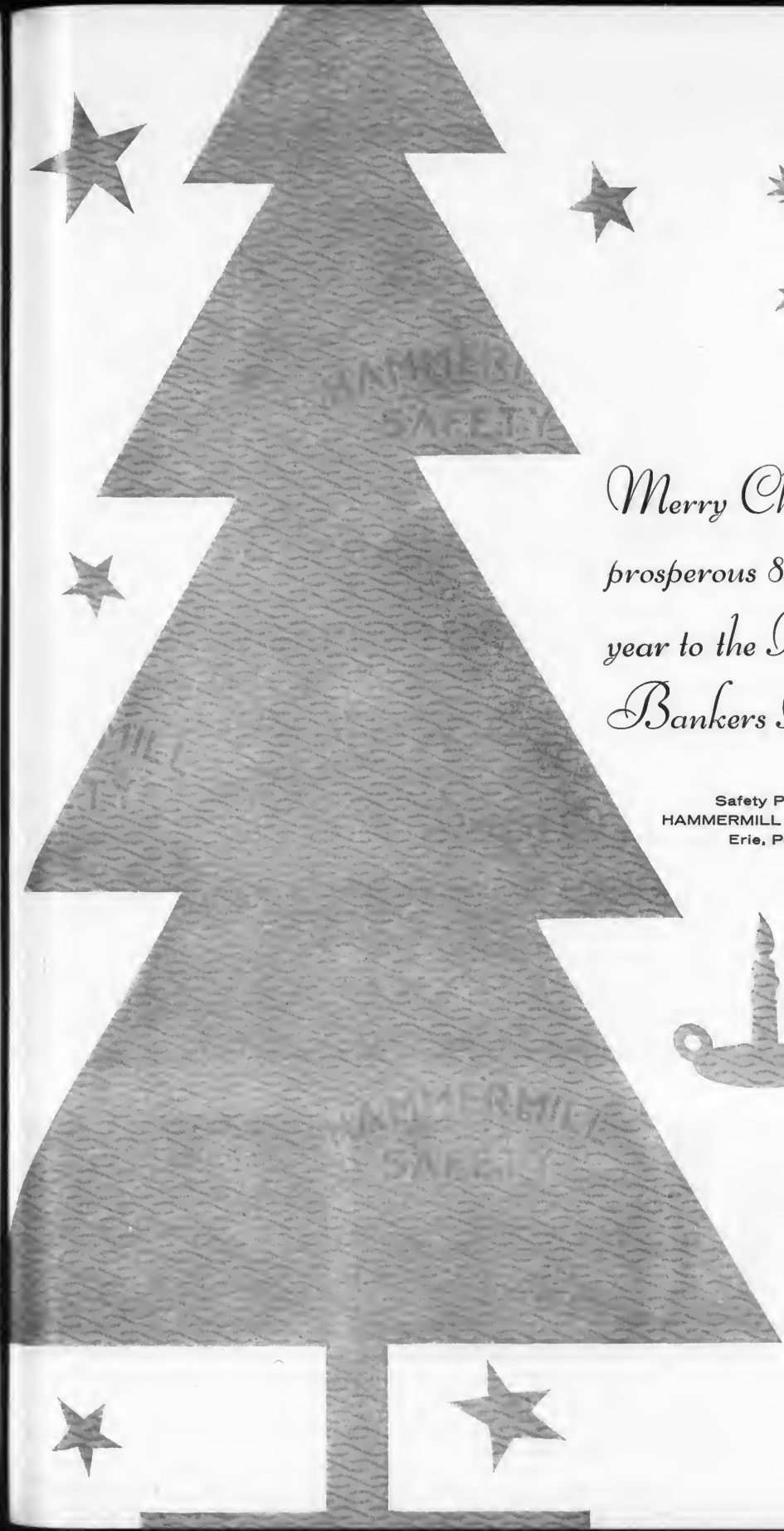
PRESENT YIELD = 4.12% on cost

NO GAINS TAKEN

BOOK GAIN = \$7,886 (9.85% on \$80,000)

FOOTNOTE 1—Received on 12/3/57 75/100 shs. Gulf Oil as a 5% stock dividend on original holding of 15 shs. Bought 25/100 shs. Gulf Oil on 12/3/57 @ 116 = \$64.00.

FOOTNOTE 2—Received on 1/28/58 125/1,000 shs. International Business Machines as a 2 1/4% stock dividend on original holding of 5 shs. Bought 875/1,000 shs. International Business Machines on 1/28/58 @ 320 = \$280.



*Merry Christmas and a
prosperous 84th anniversary
year to the American
Bankers Association*

Safety Paper Division
HAMMERMILL PAPER COMPANY
Erie, Pennsylvania

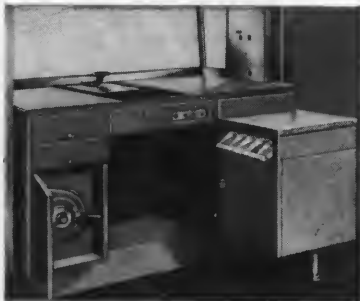
Radically new front extends from curb to canopy...exclusive with Mosler's "New Picture Window."

This new Mosler drive-in window defies comparison with any other window you can purchase.

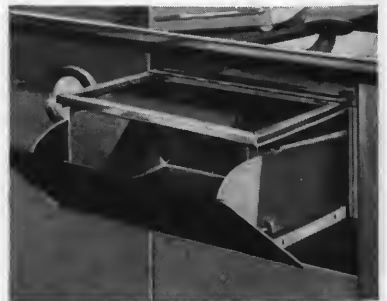
Mosler's new drive-in window is not simply a re-designed drive-in window. It is a completely new concept in automotive banking...from curb to canopy. Five pictures only begin to tell its story. Send coupon for full details...today!



The only window human-engineered on the basis of hundreds of interviews and camera studies for comfort, efficiency, economy, beauty. Comfortably services all vehicles from sports cars to trucks.



Exclusive! Modular, under-counter accommodations give flexible storage below counter, ample work space above. Bay-type window offers unobstructed view of approaching cars.



Brilliantly perfected! Electrically operated deposit drawer stops anywhere up to 14 inches. Button extends it further. Open-end "tunnel" design lets customers reach straight in.



For the first time! An all-new high fidelity intercom that eliminates squeaks, echoes and squawks. This new system is constant, not manual, also features a periscope-type microphone.

World's largest builder of safes and vaults

THE MOSLER SAFE CO.

320 Fifth Avenue, New York 1, N. Y.

Please rush full details—color brochure, specifications, etc.—on Mosler's "New Picture Window" to:

NAME _____ POSITION _____

NAME OF BANK _____

CITY _____ ZONE _____ STATE _____



real

HIND SIGHT ISN'T ENOUGH...for peace of mind

A little foresight on the part of customer and Mortgage Officer could spare many a widow further heartache and sorrow. Progressive Mortgage Officers now realize that Mortgage Redemption Insurance is Customer Relations at its very best . . . and wipes out much of the worry and strain of a home mortgage operation.

Federal has a flexible plan you can use... profitably!

You insist on fire insurance to protect your mortgages, but the chances of a home owner dying during the mortgage period are 16 times greater, according to actuarial tables.

No prudent lender takes this risk needlessly.

Federal's flexible Plans, designed by lenders themselves, meet the requirements of every mortgage need. We serve a rapidly growing list of progressive financial institutions from coast to coast with these vital Plans.



Each Plan is specifically designed to meet your exact needs and includes all Sales and Operational procedures, completely eliminating burdensome detail. You reduce home

mortgage risks at no cost to your institution.

Federal Mortgage Redemption Insurance removes the natural fears of a family undertaking what is normally its largest financial obligation. It is persuasive proof of friendly interest in your customer's welfare; true Customer Relations at its best.

Federal also offers low-cost, individualized group employee welfare plans designed for your specific needs.

*Trained service representatives coast to coast.
Your inquiry is invited.*

FEDERAL

LIFE & CASUALTY COMPANY

WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN



Over half a century of personal protection service

JOHN H. CARTON
President

HAROLD L. BUCK
Vice-President
Sales

(CONTINUED FROM PAGE 6)

now has a larger market value than its cost. These securities were purchased for long-term holding and we suggest disturbing them in no way at this time.

ANSWER "C"

The basic considerations discussed in the original answer to the problem continue the same, and it appears that no changes in the individual items are necessary at the present time. A comparison of the current market value of the account

with cost reveals an appreciation of 15.6% in the last year, which seems satisfactory in light of the over-all objectives. While the stock market has appreciated substantially, we believe it is prudent to maintain the current representation in equities.

The statement of the problem indicates that 10% of available income must be added to the principal of the trust, and, accordingly, \$340 has been so transferred after deducting the usual trustee's commission. These funds, together with some of the cash previously on hand, have been used to purchase 10 shares of Standard Oil Company of New Jersey

common stock at 59, to make a holding of 140 shares.

The accompanying schedule shows the securities in the account and the income return realized in the last year and anticipated for the ensuing one on a cost and market value basis.

ANSWER "D"

In the original solution of this problem, an investment ratio of 60% in bonds and 40% in common stocks was established as appropriate to the purpose for which the trust was intended.

A little less than 20% was initially invested in equities, but \$14,000 of the bond account was put in short-term Federal land bank bonds due July 15, 1958, as a common stock reserve fund.

It is more beneficial to appraise individual issues than to try and mastermind the market, so in May of this year, when the economic picture seemed sufficiently clear to warrant our committing some reserve funds, it appeared that stocks of certain selected industries had established a reasonably firm base and were beginning to show sufficient signs of recovery to be in a buying range.

In view of these developments, we would have begun to increase our common stock holdings by utilizing the reserve funds set up for this purpose with the annual increment of 10% of income to bring our equity position more nearly in line with our 40% objective, and as the Federal land bank bonds, selling at par, would mature on July 15, our commitments would have been made no later than that date and most probably earlier, but for the purpose of this review we have assumed June 30 as an arbitrary date for these purchases.

The building industry was reviving, prospects for the new model year of the automobile industry were reassuring, barring a prolonged strike (which fortunately did not materialize), certain integrated companies of the natural gas industry in excellent growth areas showed promise even with the Memphis rate case pending, and, with consumer income holding up well, the outlook for retail trade appeared to be very good. From these industries, we selected Johns - Mansville, General Motors with their diversified prod-

Portfolio—Answer "C"

TYPES OF SECURITIES AND ISSUERS	Par Value or Shares		10/17/58 Market Value		Annual Income	
	Total Held After Revision*	Original Cost of Holdings	Percent of Total Amount	Percent of Total Fund	Realized Since Last Review	Anticipated Incoming Year
U. S. TREASURY & GOVERNMENT						
AGENCY BONDS:						
U. S. Treasury 4's, 8/15/62.....	\$5,000	\$5,025	\$5,088	5.5%	\$200	\$200
CORPORATE BONDS:						
Phillips Pet. Conv., 4½'s, 1987.....	10,000	10,000	11,200	12.1	425	425
GMAC, 5's, 1977.....	10,000	10,200	10,800	11.6	500	500
Southern Calif. Edison, 4¾'s, 1982...	10,000	10,000	10,600	11.4	475	475
TOTAL BONDS.....		\$35,225	\$37,688	40.6%	\$1,600	\$1,600
		Bond yield—On mkt.		—	4.2%	4.2%
		—On cost		—	4.5%	4.5%
PREFERRED STOCKS:						
Atchison, Topeka & Santa Fe.....	600	\$5,400	\$5,700	6.1%	\$300	\$300
		Preferred stock yield—On mkt.		—	5.3%	5.3%
		—On cost		—	5.5%	5.5%
COMMON STOCKS:						
Rubber:						
Goodyear Tire & Rubber.....	80	\$6,400	\$7,600	8.2%	\$192	\$192
Electrical Equipment:						
General Electric.....	110	6,490	7,480	8.1	220	220
Steel:						
U. S. Steel.....	120	6,360	10,200	11.0	360	360
Oil:						
Standard Oil Co. of N. J.*.....	140	7,350	8,260	8.9	292	315
Chemicals:						
Du Pont.....	40	6,800	8,120	8.7	260	240
Building:						
Johns-Manville.....	170	6,290	7,820	8.4	340	340
TOTAL COMMON STOCKS:.....		\$39,690	\$49,480	53.3%	\$1,664	\$1,667
		Common stock yield—On mkt.		—	3.4%	3.4%
		—On cost		—	4.2%	4.2%
CASH.....	—	25	25	—	—	—
GRAND TOTALS.....	—	\$80,340	\$92,893	100.0%	\$3,564	\$3,567
	Total Percent Yield:	On Cost	On Mkt. Value			
	Realized	4.5%	3.8%			
	Anticipated	4.4%	3.8%			

* Ten shares SO New Jersey common bought at 59.

ucts, United Gas Corporation with substantial gas reserves serving a fast-growing area. and Sears Roebuck (with its important wholly-owned subsidiary Allstate Insurance Company) in the merchandising field.

All of the stocks selected have the attributes of good yield and various degrees of future growth prospects which are compatible with an in-

vestment program for this perpetual charitable trust where current income is important.

Except for the increase in common stocks, no other changes would have been made in the portfolio, and the revised ratios at the market on October 21, 1958, would be:

U. S. Government bonds	11.3%
Corporate bonds	45.5
Common stocks	43.1

Cash

0.1
100.0%

COMMENTS

In this hypothetical charitable trust, the bequest was received in cash and complete investment powers were vested in the trustee. Cur- (CONTINUED ON PAGE 14)

Portfolio—Answer "D"

	Par Value or Shares		Current Market Value		Annual Income		
	Total Held After Revision	Change Since Last Review	Original Cost of Holdings*	Amount	Percent of Total Fund	Realized Since Last Review	Anticipated Incoming Year
GOVERNMENT AGENCY BONDS:							
		\$14,000					
Federal Land Bank Bonds*		Sold 6-30-58				\$586.98	—
4½% due 7/15/58.....	—	@ 100	—	—	—	\$450.00	\$450.00
Federal Land Bank Bonds**	\$10,000		\$10,000.00	\$10,300.00	11.3%		
4½% due 10/1/70-67.....						\$1,036.98	\$450.00
			\$10,000.00	\$10,300.00	11.3%		
CORPORATE BONDS:							
Aluminum Co. of America**							
S. F. Deb. 4¼% due 1/1/82.....	\$5,000	—	\$4,950.00	\$5,093.75	5.6%	\$212.50	\$212.50
American Telephone & Telegraph							
Deb. 5% due 11/1/83**.....	5,000	—	5,073.00	5,412.50	5.9	250.00	250.00
Dresser Industries, Inc. Co.....							
Sub. S. F. Deb. 4½% due 3/1/77..	5,000	—	4,975.00	5,375.00	5.9	206.25	206.25
Inland Steel Co. S. F. 1st Mtge							
4½% due 7/1/87**.....	5,000	—	5,012.50	5,187.50	5.7	218.75	218.75
Northern Natural Gas Co. S. F.							
Deb. 4½% due 11/1/76**.....	5,000	—	5,000.00	4,918.75	5.4	225.00	225.00
Sears Roebuck Acceptance Corp....							
Deb. 4½% due 2/1/72**.....	5,000	—	4,950.00	5,175.00	5.6	231.25	231.25
Southern California Edison Co.....							
S. F. 1st Mtge. 4¾% due 7/1/82**	5,000	—	5,012.50	5,375.00	5.9	237.50	237.50
Standard Oil Co. (Ohio).....							
S. F. Deb. 4¼% due 1/1/82**.....	5,000	—	4,987.50	5,037.50	5.5	212.50	212.50
TOTAL BONDS.....			\$39,960.50	\$41,575.00	45.5%	\$1,793.75	\$1,793.75
		Bond yield—on mkt.	—	—	—	4.32%	4.33%
		—on cost	—	—	—	4.43%	4.49%
COMMON STOCKS:							
		Bought 100					
<i>Automobile</i>		@ 39½					
General Motors Corp.....	100 shr	6-30-58	\$3,962.50	\$4,975.00	5.4%	\$50.00	\$200.00
		Bought 100					
<i>Building</i>		@ 39¼					
Johns-Manville Corp.....	100 shr	6-30-58	3,975.00	4,662.50	5.1	50.00	200.00
<i>Containers</i>							
American Can Co.....	100 shr	—	3,900.00	4,975.00	5.4	200.00	200.00
<i>Food</i>							
General Foods Corp.....	100 shr	—	4,200.00	6,762.50	7.4	200.00	200.00
<i>Oil & Natural Gas</i>							
Phillips Petroleum Co.....	100 shr	—	3,700.00	5,112.50	5.6	170.00	170.00
<i>Public Utility—Electric</i>							
Gulf States Utilities Co.....	100 shr	—	3,500.00	4,950.00	5.4	170.00	180.00
<i>Public Utility—Natural Gas</i>							
United Gas Corp.....	130 shr	Bought 130 @ 31½ 6-30-58	4,095.00	4,566.25	5.1	48.75	195.00
<i>Retail Trade</i>							
Sears Roebuck & Co.....	100 shr	Bought 100 @ 29½ 6-30-58	2,962.50	3,387.50	3.7	25.00	110.00
TOTAL COMMON STOCKS.....			\$30,295.00	\$39,391.25	43.1%	\$913.75	\$1,455.00
		Common stock yield—On mkt.	—	—	—	3.67%	3.69%
		—On cost	—	—	—	4.77%	4.80%
Cash.....	—		\$103.12	\$103.12	.1%	\$—	\$—
GRAND TOTALS.....			\$80,358.62	\$91,369.37	100.0%	\$3,744.48	\$3,698.75
		Total Percent Yield:	On Cost	On Mkt. Value			
		Realized	4.67%	4.10%			
		Anticipated	4.61%	4.05%			

* Held as common stock reserve.

** Non callable or non refundable five to ten years.

TENSION.

Touch 'n Seal ENVELOPES

... the added touch that brings in additional bank-by-mail business!

HERE'S PROOF: This 3 column x 22" two-color advertisement appeared September 16, 1958, in the St. Louis Globe-Democrat and September 18 in the St. Louis Post-Dispatch. Cost of the ad was borne entirely by the Mercantile Trust Company in St. Louis.

Now MERCANTILE introduces "Touch 'n Seal" BANKING-BY-MAIL

Yes, it's now easier than ever for you to Bank-by-Mail at Mercantile. In fact, it's twice as easy—because Mercantile is introducing both a new streamlined Bank-by-Mail envelope and a newly-designed deposit form! The manual Touch 'n Seal envelope has pressure-sensitive adhesive on the flaps... takes just a touch of the fingertips to seal it. And the simplified deposit form is made of remarkable, specially-treated paper... fill it out and—you have two clear copies without using carbon paper. Simply mail the original and one copy with your deposits to Mercantile... keep a copy for your personal record 'til your receipt is returned. No need to send your postback! Banking by mail is a real time-and-step-saver! So start banking this modern way, right away!

LOOK!
New kind of paper making duplicate copies like magic without carbon paper!

Mail in TODAY!

I would like to open a checking account at Mercantile Trust. Please send me application material and new, easy-to-use forms.

NAME _____
ADDRESS _____
CITY _____ STATE _____

Serving More St. Louisans Than Any Other Bank

No wonder the Mercantile Trust Company, St. Louis, is sold on Tension Touch 'n Seal! They've seen these envelopes help sell more bank-by-mail accounts. Customers have again and again voiced their appreciation of the convenience and ease of Touch 'n Seal...the envelopes that seal without moisture. Just press latex-adhesive flaps together and the envelope is locked for mailing.

Ideal for mail rooms, too. Touch 'n Seal holds bulky statement enclosures without popping flaps. No weight-adding tape or other fasteners to increase your postal bill. Eliminates one complete step in the mailing operation—cuts handling time 20%!

Touch 'n Seal is just one of the many Tension contributions to better business through better envelopes. Find out now how Tension envelope innovations can help you cut costs and increase operating efficiency. Mail coupon for free Touch 'n Seal samples and other new envelope ideas.

TENSION ENVELOPE CORPORATION

19th and Campbell Streets Kansas City 8, Missouri

There's a Tension Factory or Sales Office near you:

- | | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|
| St. Louis 10, Missouri
5001 Southwest Ave.
Prospect 3-7700 | Minneapolis 1, Minn.
129 North 2nd Street
Federal 2-0547 | Kansas City 8, Mo.
19th & Campbell Sts.
Harrison 1-0092 |
| (Factory)
So. Hackensack, N. J.
Huyler & Wesley Sts.
Hubbard 7-1880 | Des Moines 14, Iowa
1912 Grand Avenue
Cherry 4-4126 | Ft. Worth 12, Texas
5900 East Rosedale
Jefferson 6-8311 |

(Sales Office)
New York 16, N. Y., 270 Madison Ave., LEXington 2-6212

CLIP IT! MAIL IT! PROFIT!

Tension Envelope Corp., 825 E. 19th Street, Kansas City 8, Mo.
Please send me free Touch 'n Seal sample kit and other examples of Tension cost-cutting envelopes. We're sending samples of our present envelopes.

Name _____
Title _____
Bank _____
Address _____
City _____ State _____

rent income is of major importance and there is a small built-in hedge against inflation and security losses by a provision for 10% of the income to be added to the principal each quarter.

In the original answers for this study, Answer "A" had an asset diversification of 61.75% in stocks and 37.84% in bonds; "B" had 30.70% in common stocks, 13.04% in preferred stocks, and 56.12% in bonds; "C" had 48.88% in common stocks, 6.75% in preferred stocks, and 44.03% in bonds; and "D" had 19.12% in stocks and 79.95% in bonds. The annual income ranged from \$3,370.50 to \$4,197.50, with an average of \$3,688.56 to yield 4.60%.

During the period under review,

the common stock ratios increased and bond ratios decreased principally because of the rise in common stock prices, except that "D" increased common stock holdings by investing reserve funds provided for this purpose.

There is no accepted formula or fixed pattern for a sound investment program and, as shown by these answers, satisfactory results can be achieved in several different ways. Events of the past year have demonstrated that carefully selected investments will weather temporary adversities and confirm their intrinsic value if one is not unduly influenced by short or intermediate movements of the market.

All solutions have balanced portfolios of stocks and bonds combining reasonable income and growth po-

tentials commensurate with the size and purpose of the trust.

The appreciation in market value of the four accounts varied from \$7,886 to \$14,561, with an average gain of \$11,500 or 14.37%, which should be considered a good performance under prevailing conditions, and, while the current yields at market were lower, the amount of annual income was not adversely affected.

As the stock market continued to make new highs there were mixed feelings of caution and optimism, and some economists were predicting that corporate earnings for 1959 will exceed previous record levels. Bonds were lower and the spread between high-grade preferreds and bonds was very narrow, but there has been some recent evidence of stability in fixed income securities.

Model Act Drafted by A.B.A. for Incorporation and Operation of a Mutual Trust Investing Company

THE Committee on Fiduciary Legislation of the Trust Division of the American Bankers Association has prepared a Model Act for the Incorporation and Operation of a Mutual Trust Investment Company, which will serve as a guide to state associations or groups of banks in the various states in preparing legislation for adoption by state legislatures to authorize such mutual investment companies. It has been approved by the Executive Committee of the Division, said an announcement by Carlisle A. Bethel, president of the Division and vice-chairman of the board and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C.

The model act is intended to assist groups of banks in the states to prepare bills for enactment by their legislatures which would permit them to incorporate companies to invest fiduciary funds that are managed by their trust departments. The companies would be supervised by the state superintendent of banks or similar supervisory authority. Adoption of such legislation in the states would fill a definite need for the trust departments of smaller banks which do not have the volume

of business to justify the creation of a common trust fund. By pooling their investments in a mutual fund placed with a large city trust company, the small institutions would provide for skilled investment management, broad diversification, and probably a more favorable yield, at a minimum cost. The A.B.A. model act incorporates many of the provisions in the Bank Fiduciary Fund which was established in New York on May 1, 1955.

In connection with the formation and operation of a mutual trust investment company, the A.B.A. Committee advises that certain steps be taken, as follows:

(1) Appropriate by-laws must be formulated and should be approved by supervisory authorities, both state and Federal, before the incorporation is undertaken. In addition to the points customarily covered, provision should be made for the special matters peculiar to this type of corporation, including, for example:

(a) Authority to employ custodial and investment advisory services of banks and trust companies located in the state of incorporation, and to pay the cost of such services.

(b) Investment procedures and powers, including any specific in-

vestment restrictions not expressed in the statute.

(c) Methods and standards for valuing the corporate assets and the stock of the company.

(d) Procedure for sale and redemption of stock.

(e) Authority, (if desired, to accept payment for stock in Series G and K Savings Bonds in lieu of cash (see comment 4 below) and any limits on the portion acceptable in that form.

(f) Prohibition against sale of stock to any bank or trust company operating its own common trust fund (if not covered by statute), or possible alternate provision to permit investment in both media subject to a fixed total limit (if preferred and if acceptable to supervisory authorities).

(g) Limit on holdings of one trust (if not set forth in statute) along with adequate tests to determine when two or more trusts created by the same party for the same beneficiaries shall be considered as one.

(h) Limit, if any, on holdings of one bank (if not expressed in statute).

(i) Limiting stock ownership to trusts created for bona fide fiduciary purposes. (This requirement is also expressed in Section 1 (2) and Section 5 (1) of the act, but repetition

(CONTINUED ON PAGE 16)

ize
ue
om
ge
ch
m-
ms,
ar-
ual
to
ed
m,
ng
59
ls.
ad
nd
re
of
es.
ed
or
he
e-
e-
G
sh
ts
n.
of
y
nd
s-
it
to
nd
i-
st
g
ne
y
e-
e.
of
t-
to
y
so
c-
n
C



an idea is one thing

the solution another.

Five hundred years ago Leonardo da Vinci drew plans for an airplane. Da Vinci's dreams were so far ahead of the technical skills available to him that unaided mortal hands five centuries were not only unimpaired and unconsciously practical application of his ideas.

Today, the solution most quickly follows an idea. Old Republic's dynamic approach to insurance problems comes from a positive interest in new ideas, practical solutions to those ideas and quick action to put them into practice.

Our Special Plans Division has supplied the solutions to many of our customers' needs. It is always ready to respond to them.

These resources, readily tested proof of our Credit Life Division has designed special coverage for occupational benefit, sales and commission income, savings, savings and loan investments, mutual funds, term, credit, accident and health policies.

Our Ordinary Life Division offers a complete portfolio of policies to meet the needs of any client or any general agency.

We welcome your inquiries and suggestions.

Old Republic

LIFE INSURANCE COMPANY

CHICAGO 1, ILLINOIS





Now National City's night transit system is faster than ever

Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

NATIONAL CITY BANK of Cleveland

623 EUCLID AVENUE, CLEVELAND 1, OHIO
Member Federal Deposit Insurance Corp.



For over 77 years, Japan's largest financial institution has fostered international trade and commerce. If you need a helping hand in Japan, contact...



The FUJI BANK Ltd.

Head Office: Chiyoda-Ku, Tokyo
Overseas Offices in London, Calcutta
187 Branches Throughout Japan
New York Agency: 42 Broadway, NYC

(CONTINUED FROM PAGE 14)
in the by-laws is suggested by way of emphasis.)

(j) Provision that no compensation shall be paid to directors and officers; that there shall be no "loading charge" on issuance and redemption of stock.

(2) The company must be registered with the Securities and Exchange Commission in accordance with the provisions of the Investment Company Act of 1940 as amended.

Application should also be made to the SEC for exemption from Federal requirements as to proxies, prospectus, and registration of stock.

(3) The corporation should qualify for the favorable tax treatment accorded "Regulated Investment Companies" by the Internal Revenue Code (Section 351 et seq. IRC 1954).

(4) Application should be made to the Treasury Department for approval to accept Series G and K Savings Bonds in payment of stock being sold by the company if this procedure is desired.

(5) Clearance should be obtained from the Board of Governors of the Federal Reserve System that the operation of the company will not constitute a violation of Section 32 of the Banking Act of 1933 as amended and of Federal Reserve Board Regulation R issued pursuant thereto. (This statute prohibits interlocking relationships between officers and directors of members of the Federal Reserve System and securities dealers.)

(6) Clearance should be obtained from Federal supervisory authorities that investment in shares of the company will not constitute a violation of Section 10 (c) of Regulation F, which prohibits the collective investment of trust funds except in authorized common trust funds and pooled employee-welfare funds.

(7) Consideration must be given to the securing of exemption from the op-

eration of certain state laws, either by amendment thereof or by exemption under ruling of state authorities where that is possible. For example:

(a) *State and Local Tax Laws.*

Amendment may be required of income tax laws applying to corporations to give the mutual trust investment company the same favorable tax treatment as is accorded such corporations by the Federal Income Tax law. The possible application of other tax laws (Franchise tax; Gross Receipts tax; etc.) should also be considered, and exemption obtained when necessary.

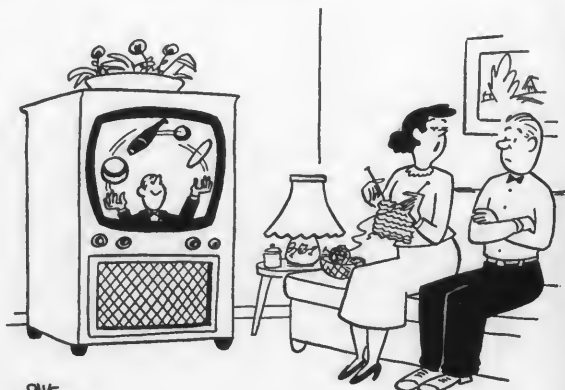
(b) *Blue Sky Laws.* Amendment or official ruling may be required to exempt sales of stock by the corporation.

(c) *Statutes Governing Security Dealers.* The effect of any existing laws should be studied to determine whether amendment or other action is required.

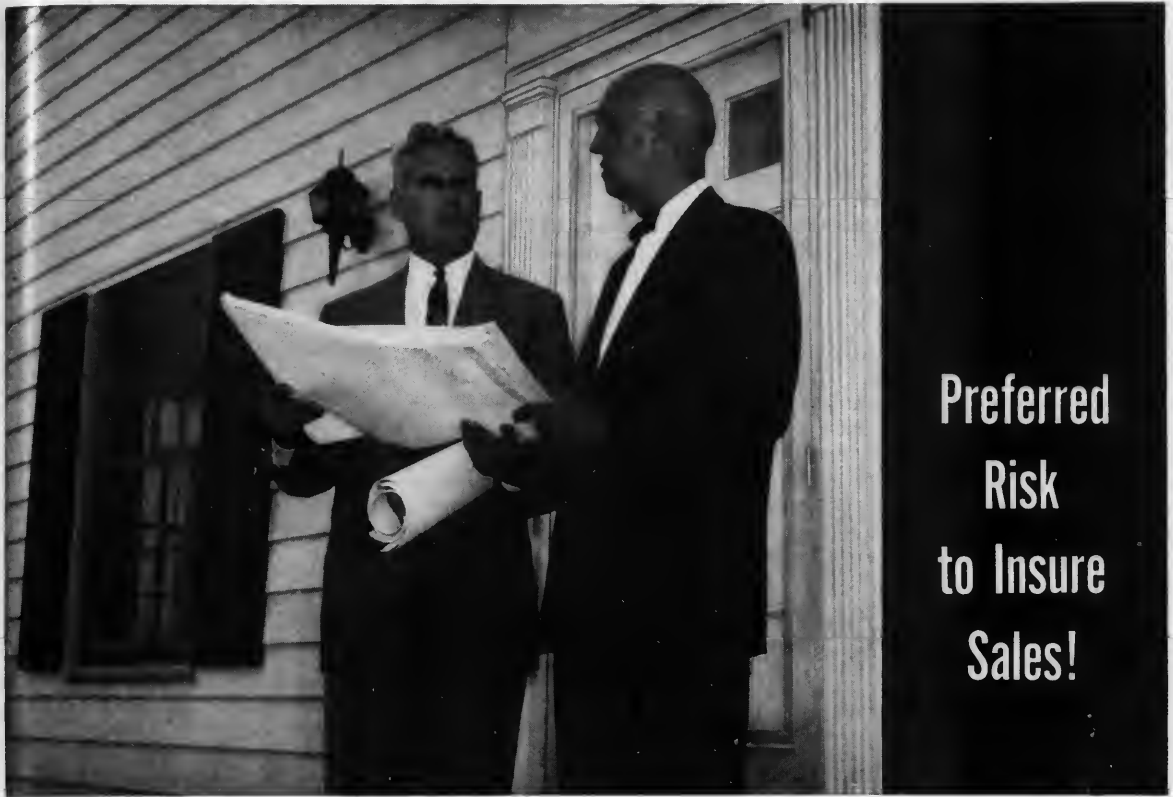
The Committee on Fiduciary Legislation of the A.B.A. Trust Division follows:

LeRoy B. Staver, vice-president, trust officer, United States National Bank, Portland, Ore., chairman; Ralph L. Krueger, vice-president and trust officer, Johnson County National Bank and Trust Company, Prairie Village, Kans.; John T. C. Low, vice-president and trust officer, Lincoln National Bank and Trust Company, Syracuse; H. Woodward McDowell, vice-president and trust officer, Central-Penn National Bank, Philadelphia; J. L. Preece, vice-president and trust officer, Tracy-Collins Trust Company, Salt Lake City; D. W. Putnam, vice-president and trust officer, City National Bank and Trust Co., Columbus; and B. R. Weber, trust officer, Stock Growers National Bank, Cheyenne, Wyo.

"That reminds me... I want to talk to you about our budget!"



DANE
HIRSEH



Preferred
Risk
to Insure
Sales!

“Our 700-home Lincoln Village project in Columbus, Ohio

... is a planned community to stretch shelter dollars by offering more value, and yet make a fair profit for our insurance policyholders. We believe our selection of Pease Homes will allow us to reach this goal,” says Murray D. Lincoln.

Mr. Lincoln, shown on the right above, is President of Peoples Development and its parent organization, Nationwide Insurance Companies. Discussing plans with him at the entrance to one of the 2-story Pease Highwood model homes is Edward F. Wagner, General Manager. This development also includes a variety of ranch-style plans, both rectangular and L-shape, priced from \$14,500 to \$25,000.

Whether you build 7 or 700 homes, this same complete program is available to insure a quick conversion of your F.H.A. approved land to liquid profits. It includes F.H.A. Processing and Financing Service . . . Customized Architectural Service . . . and Personalized Model Home Merchandising and Promotion.

For full information, write or phone William Stricker, General Sales Manager, and arrange for a Sales Representative to call.

**PEASE
HOMES**
and Building Materials

925 FOREST AVE., HAMILTON, OHIO



The Investment Markets

THERE has developed a good deal of confusion about the trend of interest rates and yields. Before and after the boost of the rediscount rate from 2 to 2½%, rates in various sectors of the investment markets have moved in alternate directions, both up and down. As prices began to rise in October, yields on new issues of state and local governments turned down. The yields on the 5-year maturities edged lower as a result of the Treasury's short-term financing. All this was quite logical. Any long-term significance can be ruled out.

The central banks' gently restrictive policy also caused yields on 10-year maturities to drop. An even more noticeable decline could be observed in the 20-year maturities' area.

The supply of new flotations in the tax-exempt sector of the underwriting markets shrank somewhat. In fact, October volume was the lowest for that month since 1952. The volume of corporate financing also dwindled. Moreover, investors who had previously employed a good deal of their funds in the mortgage market, began to earmark some of these funds for investment in securities.

Municipals

In the first part of November, the municipal bond markets proceeded along the road of broadening demand, therefore, unruffled by the commotion and effects of the elections. Inventories on dealers' shelves could be reduced sharply and satisfactorily in all types of securities. The elections benefited the bond market to some extent. Defeat by the voters of a California amendment which would have cut the sales tax and boosted the income tax led immediately to an increased demand for that state's issues. This carried along other bonds, as well.

So far as the immediate future is concerned, January will again be a heavy month for the markets. Despite all efforts made by state and local governments, as well as by corporations, to space out their maturities over the year, the investment demand in the first month of the year still remains considerable.

H. EUGENE DICKHUTH

There will also be the usual competition from the Treasury.

At the last November elections, voters approved about 75%, in terms of dollars, of the proposals submitted to them. At stake throughout the country were about 125 bond issues totaling \$2,490,000,000. Many of them were, of course, school bonds and obligations for other public service projects. It does not follow that all these issues which have been approved will be sold in the immediate future.

The backlog of such flotations approved in previous elections, but not yet marketed, is estimated by the Investment Bankers Association of America at \$4-billion at this time. If the \$2-billion approved this year is added, it means \$6-billion of potential spending, most of it for public improvements. In addition, there will be many billions of other issues to construct revenue-producing projects which do not require voters' approval.

Corporate Market

Investment in the corporate sectors of the market was also marked by heavy demand. Interspersed with some setbacks, the stock market continued merrily on its upward march. Higher prices were set at the thought of better 1959 earnings and the prospects of some more inflation to come, because of the experience with previous Democratic majorities in Congress.

Progress was also made in the investment company field. Combined assets of the 146 open-end and 24 closed-end member companies of the National Association of Investment Companies passed the \$13-billion mark during the third quarter and totaled \$13,282,678,000 on September 30. This compares with \$11,983,705,000 on June 30 and with \$10,280,457,000 on September 30, 1957.

Even more interesting is the number of shareholders. Accounts in investment companies had reached 3,777,262 at the end of the third quarter, against 3,169,812 just 12 months previously. Most stock-

holders in these funds are individuals, but a surprising number of institutional holders are being added steadily to the list, such as churches, charitable organizations, and labor unions. Holdings of investment companies comprise every conceivable industry in the U. S., both so far as equities and bonds are concerned. One industry deserves special attention at this time.

Jets Bring Problems

With the advent of the jet age in commercial air passenger transport, very serious financial problems have arisen. Every new piece of equipment is costlier than its predecessor, because of more advanced construction and improvements.

One method of overcoming the ever-increasing expenses of more costly machinery for industry, generally, has been to provide for accelerated and generous depreciation, as was done during periods of national emergency.

Yet, on November 9, the U. S. Supreme Court ruled—no doubt, with a good deal of legal and legalistic justification—that the Civil Aeronautics Board had not been empowered by Congress to prescribe depreciation methods for the nation's airlines.

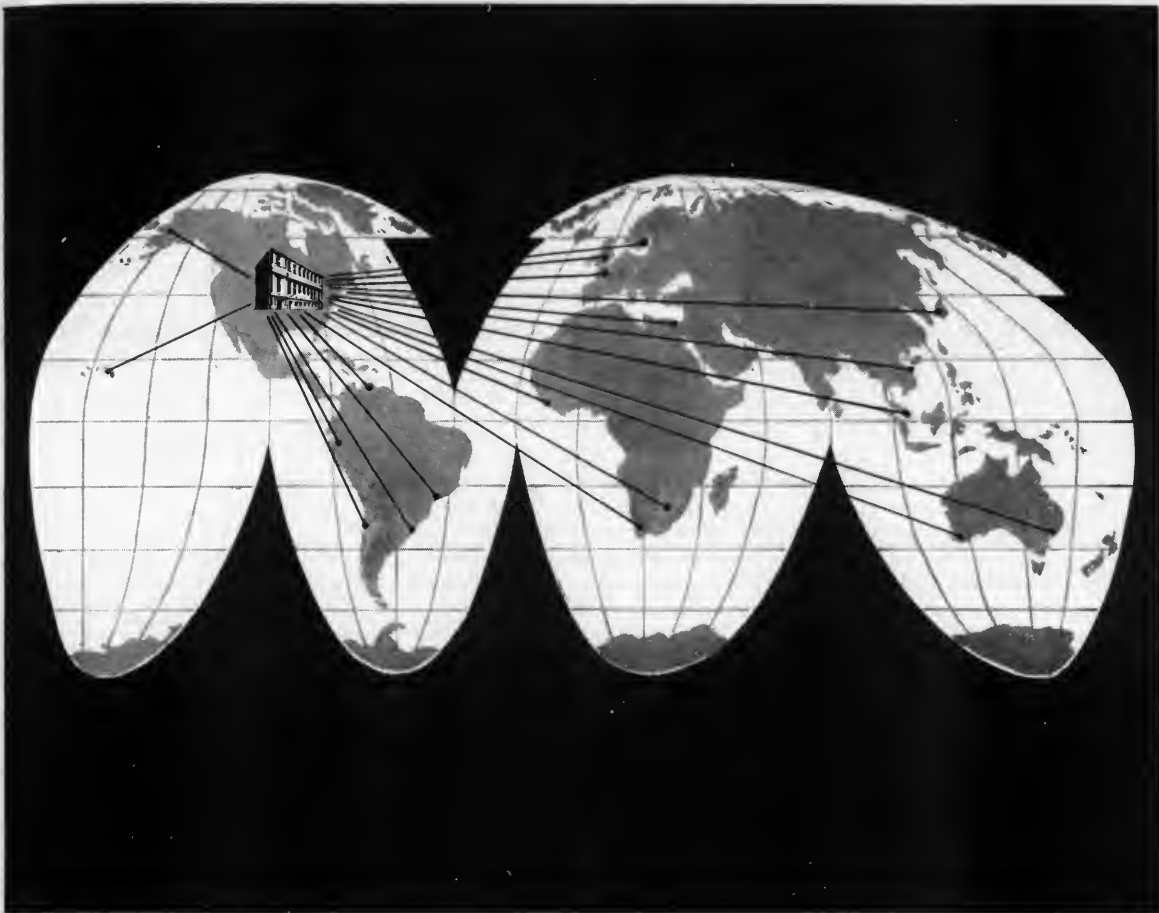
The ruling said the CAB, which is a supervisory authority, had no such powers, although such authority is vested in the Federal Power Commission and in the Interstate Commerce Commission, so far as other industries are concerned. Congress might well consider amending the authority given to the CAB after consulting the views of the carriers.

New aircraft financing has been hampered by the lack of history and precedent.

Some pioneers have contrived to introduce the equipment trust financing method of the rails into aviation, but it has not yet taken hold. Some method will have to be found, however. American steamship lines, under current contractual arrangements with the unions, could not exist without Government subsidies.

At present, the national and international airlines of the U. S. are

(CONTINUED ON PAGE 23)



World-Wide Financial Services For Correspondent Banks

You can provide your customers world-wide banking services on your own premises by using the extensive facilities of The Northern Trust's Foreign Department. For example, you can offer your customers a drawing and remittance service that reaches around the world, handled by your own staff in your own bank. We provide all materials, including forms imprinted with your name, and a complete instruction manual.

Many banks use the foreign facilities of The Northern Trust to handle all of their business abroad. Other banks which already have one or more direct relationships overseas use The Northern Trust to supplement their own coverage and provide world-wide service.

Our experienced staff is organized to give immediate attention to your requirements. Plan to discuss foreign banking services with the next Northern Trust officer you see. Or better yet, ask George Read, manager of the Foreign Department, to contact you at your convenience.

FOREIGN SERVICES FOR CORRESPONDENT BANKS

- Drawing and Remittance Services
- Purchase and sale of foreign exchange for spot or future delivery
- Daily exchange quotations by bank wire
- Commercial letters of credit
- Documentary Collections
- Traveler's Letters of Credit
- Foreign Currency bank notes
- Credit Information
- Information on Exchange and Trade Regulations overseas

The
NORTHERN TRUST
Company
BANK

Box N • Chicago 90, Illinois • Telephone Financial 6-5500
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

GOVERNMENT BONDS

*Indecisive Market . . . Rediscount Rate Up . . . Treasury Bills
Down . . . Open Market Committee Inactive . . . Little Pickup in
Bank Loans . . . Treasury Financing . . . Outlook*

MURRAY OLYPHANT

ALTHOUGH the recovery in business continued during recent weeks, the increase in the various factors was at a less rapid pace. Strikes held back the production of new automobiles, and that industry is a very vital factor in the output of durable goods. It is too early to say whether the new models will restimulate demand.

The recovery was started initially by Government spending. Now the question is: What will make the recovery self-sustaining? Ample purchasing power is available as personal income and savings have reached new highs; but will the consumer spend freely?

So far there has been only a very moderate increase in bank loans, rather less than the expected year-end demand. The volume of new corporate issues has slackened. What has been offered was readily absorbed.

The spread in yields between corporate and Government issues has narrowed. It would seem that funds were available to spill over into the Government, but they have not done so. All in all, the action of the market during the month of October was indecisive and hesitant.

Indecisive Market

A comparison of prices on September 30 with those on October 31 shows no marked change. Maturities up to 1961 were nearly all priced somewhat higher. Most of the 2½% bonds from 6/15/67/62 to 12/15/72/67 were down between ¼ and ½, but the longer bonds went up, with the 3¼% bond 5/15/85 and 3½% bonds 2/15/90 rising over a point. However, the longest bond—3½%, 2/15/95—dropped an equal amount. There was really no market trend one way or the other.

As has been true for some time, transactions were in small volume.

Some of the contrary price results were probably due to exchanges, i.e., sales to establish losses and purchases of other issues.

It was clear that the general attitude of possible purchasers was to wait and see how far the recovery would go and what the course of interest rates would be, meanwhile putting funds to work in the shorter maturity ranges. This would account for the steady demand for those issues.

Moreover, the forthcoming and difficult financing problems of the Treasury, which will need so much new money this month and again early next year, made market prognostications highly uncertain.

So the market backed and filled without getting anywhere, although its underlying factors were such as to justify, perhaps, somewhat better prices.

Rediscount Rate Rises; Treasury Bills Cost Less

For some time the spread in yield between the return available from Treasury bills and the cost of borrowing from the Federal Reserve discount window had given the banks some temptation to over-borrow, but they showed no desire to do so.

Nevertheless, during October and early this month the rediscount rate was successively raised from 2% to 2½% by all of the Federal Reserve banks, although only over a considerable period. San Francisco and New York were the last to make the change and were, perhaps, a little reluctant to do so, as the demand for loans showed little tendency to increase.

Strangely enough, at the same time the cost of bills sold weekly by the Treasury tended to decrease somewhat. After selling at an average cost of 2.92% on September 29, they declined to 2.67% on October

\$12,201,000,000 Refinancing

REFINANCING of \$12,201,000,000 of maturing debt was announced by the Treasury on November 18.

The refinancing involves an 11½-month certificate, due next November 15, bearing interest at 3% and issued at 99.95% of face value, and a 2-year 5¼-month note, due May 15, 1961, with interest at 3% and issued at 99% of face value.

The Treasury also stated that the first of a new regular series of 26-week securities would be issued on December 11, representing the beginning of a gradual shift from the present cycle of 13-week bills to a new cycle of 13-week and 26-week bills.

These actions were, said the Treasury, "two further steps in its program to achieve a more orderly scheduling of short-term debt maturities."

6, then rose to 2.97% on the 10th, dropped to 2.80% on the 20th, and then, on October 27 and November 3, sold at about 2.64%, which nearly eliminated the spread between the yield on the bills and the rediscount rate.

Repurchase agreements did make their appearance a couple of times but only for a day or so. In general, prices improved after the successive weekly offerings and the RPAs disappeared.

Open Market Committee Again Inactive

For some time the Open Market Committee has been doing just about enough to offset changes in the money supply factors and has not found it necessary to make any sizable move to increase bank reserves. They may need to do more as circulation increases before the year-end holidays. Perhaps the

(CONTINUED ON PAGE 22)

Only from Friden...

this Natural Way
Adding Machine
many Firms Buy



Friden

has the System

...Tape-Talk units that automate office paperwork routines by reading, writing, calculating with punched paper tape: COMPUTYPER® • ADD-PUNCH® • SELECTADATA® • FLEXOWRITER® • JUSTOWRITER® • TELEDATA® • AUTOMATIC INPUT-OUTPUT MACHINE • Fully Automatic Calculator • Friden, Inc., San Leandro, California...sales, instruction, service throughout U.S. and the world.

...on Sight

Along with 10-key speed and convenience, VISIBLE PROOF OF ACCURACY. Full figures entered on keyboard show in Check Window before they are printed or added



...on Feel

Operator's hand (right or left) RESTS WHILE WORKING on Friden-patented "Natural Way" keyboard. Over-size, plainly-labeled Control Keys (all live) speed out the work in comfort

...for Speed

MULTIPLICATION is accomplished "on the double" by Repeat Subtract and Back Space keys, with automatic stepover of multiplicand. No other 10-key adding machine at or near the price of this Friden can match its features.

SMALL BUSINESS MEN

ARE

ECONOMIC FACTORS

Our whole function is to assist small business in securing needed loans through general and specialized lending organizations.

Financing institutions give consideration to:

TERM LOANS

LOANS AGAINST RECEIVABLES

COLLATERAL LOANS

CHATTEL MORTGAGE LOANS

PURCHASE AND LEASE-BACK OF EQUIPMENT

REAL ESTATE LOANS

FACTORING OF ACCOUNTS RECEIVABLE

INVENTORY LOANS

RE-DISCOUNT OF INSTALLMENT PAPER

MISCELLANEOUS SECURED ADVANCES

We provide lending organizations necessary data concerning loan applicants and their requirements. New investment equity capital contributes to the social and financial welfare of your community.

Our singleness of purpose is dedicated to helping the small businessman who has the character, integrity and assets to warrant such help, find the financing institutions best fitted to his individual requirements.



NORTH AMERICAN
ASSOCIATES, Inc.

Executive Office

216 North Wabash Avenue
Chicago 1, Illinois

(CONTINUED FROM PAGE 20)

Treasury financing will need some assistance and, perhaps, loans will rise more than they have so far.

From October 1 to November 5, the OMC added \$496,000,000 to the Federal portfolio, which included \$98,000,000 RPAs outstanding. This was only about \$100,000,000 more than the decline in the gold stock of \$187,000,000 and the rise in circulation of \$204,000,000. In the week ending October 22 the float ran up about \$500,000,000, so the Federal portfolio was off \$275,000,000, but rose about \$297,000,000 in the two weeks following.

Member bank borrowings averaged a little over \$400,000,000 for the period, and "free" reserves were about \$125,000,000.

Little Pickup in Bank Loans

By October 24 the total of loans of the reporting member banks had only risen \$357,000,000 in the four weeks from September 24. Of this amount, \$267,000,000 was accounted for by moderate increases from week to week in real estate and "other loans." Commercial, industrial, and agricultural loans were up only \$93,000,000 for the period.

It is clear that there has been a lesser demand for loans than is usual for this time of year; so much so that already there are suggestions that the normal year-end demand may be postponed until early next year, which would reverse the usual pattern.

In the reporting member bank investment portfolio, there was little change—only \$167,000,000 of Government securities being added. It is clear that the large amount of the latest Treasury financing, originally taken by the banks, has been successfully redistributed to other investors.

New Cash

The excess of withdrawals over deposits for October was over \$4.5-billion. The balance in the general fund at the end of the month was about \$4-billion. This month will probably show about as great a deficit. New cash was required.

Since June 30 about \$8.5-billion of new cash has been raised, but about \$2,800,000,000 was required to pay off maturing issues which were not exchanged for new offer-

ings. Much the larger part of the new issues sold had maturities in 1959 and had raised the maturities in that year to over \$36-billion, exclusive of the \$27-billion of outstanding Treasury bills.

Nevertheless, after the usual consultations with representatives of the various investor and dealer groups, the Treasury decided to raise \$3-billion with an offering of 214-day tax anticipation bills maturing on June 22 and usable to pay taxes on June 15 at face value. These were bid for on an auction basis and not at a fixed price. Banks could make payment for allotted subscriptions by credit to their Treasury tax and loan accounts. "Non-competitive tenders for \$400,000 or less without stated price" would be "accepted in full at the average price of accepted competitive bid."

As of the end of October, the average maturity of the marketable debt was only 58 months as compared with 72 months in early 1952.

Also in the announcement of the new offering of TA bills it was said that some further increase in the amount of the weekly offerings of bills might later be made. Already there has been about \$1-billion of

new cash obtained by that method.

It should be pointed out that the rise in the floating debt—maturities of one year or less—has not, so far, had as inflationary an effect on the money supply as might have been feared, because of the continued absorption of the short-term issues by other than banking sources. But, were this absorption to taper off sharply, the inflationary effect would be certain.

Outlook

A new factor in the market arises from the results of the election. Since the proclivity of the winning party to spend money is a matter of record, the inflationary threat seems to be stronger.

Technically the market now seems to be pretty nearly on a dead center. There is no lack of buying power but great unwillingness to stretch out the market risk.

The Treasury will need at least \$2-billion more cash early next year, and there is \$12-billion of refunding to be cared for in the first quarter.

There is probably not much risk in making purchases of long-term bonds today, but there seems to be little reason to do so yet.

Investment Markets

(CONTINUED FROM PAGE 18)

healthier than their foreign competitors. The point, though, is to keep them healthy. It can be done by the old method of subsidy, applying to mail and other cargo. An important area to be considered in this connection is depreciation.

Privately owned banks which lend money, commercially, out of the funds of their depositors cannot be expected to pioneer in this field without severe criticism from their own supervisory authorities. Commercial banks in the U. S. are short-term lenders.

Under present regulations, U. S. commercial banks cannot help imposing onerous repayment requirements on the air traffic carriers. Such requirements would be wholly unrealistic in relation to the expected return on the investment.

Another dilemma is that the marketing of additional common stock by airlines is inadvisable until earnings are sufficiently improved to re-

store the confidence of investors. It seems doubtful whether present stockholders would authorize further issues for the expansion.

More Travel Needed

Growth of the air travel market is necessary to support the equipment phase of the companies. Otherwise, there would be under-utilization of costly new equipment.

Repeal of the transportation tax, which was enacted during the last war to stop unnecessary traveling, is advanced in informed quarters as one answer to the solution. The airlines could either reduce fares, by permission, or could increase fares, at least to a portion of the reduction, in order to pay for their new and costlier equipment. The total tax by all forms of transportation was \$230,000,000 in the fiscal year 1958. The airlines' share was more than \$100,000,000.

A deterioration in the airlines' ability to finance their requirements might well lead to strong pressure on the Government to salvage the manufacturers, who are indispensable for national defense.

MORE THAN 2000 BANKS MORE THAN 2000 B
MORE THAN 2000 BANKS MORE THAN 2000 B
MORE THAN 2000 BANKS MORE THAN 2000 B
MORE THAN 2000 BANKS MORE THAN 2000 B
1889
B
There is proof
in
past performance
HOGGSON
BROTHERS
INC
America's
first exclusive
bank designers
and builders
580
FIFTH AVENUE
NEW YORK N.Y.

***** Heard Along Main Street *****

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

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

About People

W. HOWARD MILLER becomes vice-president, Security National Bank of Long Island, Huntington, N. Y.

THOMAS L. SMITH, vice-president, from cashier to investment officer, First-City Bank and Trust Company, Hopkinsville, Ky.; ROBERT L. CAVE, assistant cashier, becomes cashier.

HENRY F. SCHAUB, assistant vice-president, Merchants National Bank of Mobile, is named Alabama's Outstanding Young Banker by the Alabama Bankers Association during a conference of their Junior Bankers Section.

TRAVIS W. PEARSE, from executive vice-president to president, National Bank of Jackson, Mich., succeeding the late RUSH MCCUTCHEON; CHESTER H. GARDNER, from assistant vice-president to vice-president.

HENRY SCHEUNEMAN, executive vice-president, resigns his post at Chicago City Bank and Trust Company after an affiliation of 30 years duration.

JOHN J. IRISH, vice - president, County Trust Company, White Plains, N. Y., retires after 25 years.

HENRY A. J. RALPH, vice-president, Bank of America, N.T. & S.A., is awarded Austrian Grand Silver Medal of Honor in his capacity as president of the U. S. - Austrian Chamber of Commerce.

BRUCE WOOD HALL, board chairman, Hempstead (N. Y.) Bank, also becomes chief executive officer; JOSEPH C. MUELLER, from vice-president to president and director, succeeding the late WALTER G. BARKER; ROBERT E. SCHEUING, from vice-president to executive vice-president.

ROBERT C. HADEN becomes president, director, Casa Linda State Bank, Dallas.

JAMES R. MANN becomes vice-president, Bank of Orangeburg, S. C.

(CONTINUED ON PAGE 26)

First Woman Named To Board Of American Stock Exchange



Mary G. Roebling, president and board chairman, Trenton (N. J.) Trust Co.

MARY G. ROEBLING, chairman of the board and president of the Trenton (N. J.) Trust Company, made finance history in late October when she was appointed to the board of governors of Wall Street's American Stock Exchange. Mrs. Roebling, the first woman to be placed on the top policy-making board of a national stock exchange, is now one of the three "public governors" on the board.

In addition to directorates and trusteeships in nearly a score of corporate, educational, and cultural institutions, this well-known banker is the first and only woman trustee of the United States Council, International Chamber of Commerce; first and only woman vice-president of the National Defense Transportation Association; and is a member emeritus of the Defense Advisory Committee on Women in the Services. Appointed to the Advisory Committee to the State Treasurer of New Jersey by both Democratic and Republican governors, she is the only woman ever to serve in that capacity.

Trenton Trust Company's total resources expanded from \$17,000,000 to over \$90,000,000 during Mrs. Roebling's tenure.

South Indian Branch "Manned" Entirely by Women



Here, in Mathurai City, South India, is a branch of Pandyan Bank Ltd. run exclusively by and for women. Feeling that banking is a dormant habit in the average woman of India, S. N. K. Sundaram, managing director of all Pandyan Banks, organized this branch. An all-woman bank, he felt, would stimulate women's interest in financial matters. Above, left, sari-clad bank employees discuss some business of the day; right, tellers and bookkeepers at work

While you're trimming your tree this Christmas ...



...we'll be trimming ours, too ... hurrying and hoping, in our homes as in yours, that the last ornament gets up before the first youngster does. It's a merry race. May Santa always win it! The four thousand people of the
**Continental Illinois National Bank and Trust Company
of Chicago**

wish you a year of bright hope . . . and fulfillment.

Member F.D.I.C.



AT HOME OR ABROAD-- POLK'S HAS IT LISTED!

Another reason why Polk's Bank Directory is the favorite of men who deal in international finance. It lists all U. S. Banks PLUS 30,000 foreign banks and branches. A financial guide that covers the wide, wide world. Published every March and September.

R. L. POLK & CO.
Publishers
Nashville 3, Tennessee

Main Street (Continued)

LOUIS PEAVEY, president, Fergus Falls (Minn.) National Bank and Trust Company, retires after 43 years in banking.

JOSEPH R. CAMPBELL, from assistant vice-president to vice-president, Federal Reserve Bank of Philadelphia.

CHESTER B. SELLNER, from treasurer to vice-president and controller, American Security and Trust Company, Washington, D. C., succeeding the late FRANK B. MORGAN.

HOMER P. HUESING becomes vice-president, Fidelity Bank and Trust Company, Indianapolis, Ind.

WALTER S. SEIDMAN, partner, Jones and Co., New York, is elected chairman, National Commercial Finance Conference, Inc.; THOMAS LEFFORGE is elected president.

MARVIN M. WILKINSON, DURWOOD C. DUBOIS, ROBERT L. KNIGHT, all become executive vice-presidents, Ohio Citizens Trust Company, Toledo; J. ARCH ANDERSON, HAROLD W. KREAMER, WILLARD I. WEBB, III, PAUL F. LEWIS, and LAWRENCE I. SCHIERMYER all become vice-presidents.

C. DONALD MOYER, from assistant vice-president to vice-president, Philadelphia National Bank.

(CONTINUED ON PAGE 28)

State Association President



KENTUCKY, Maurice H. Kirby, president, First National Bank at Henderson, and Henderson County State Bank, Corydon

*There are stars in the sky
as well as thunder and lightning*



There is goodwill in the hearts of men at Christmas. There's a warm welcome for the neighbor—a deep desire for friendship between nations—a determination to achieve lasting peace. »« Clouds scud along the horizon, sometimes building up to frightening thunderheads. Angry voices thunder without reason—and threats, like lightning, break and crash over the people's heads. »« Yet the eternal stars are there—stars of Hope, of Faith, of Love—now dimmed or hidden by the clouds—now breaking through with a clarity and brilliance and strength that will not be denied. »« May these stars be seen and followed by the wise men of all nations.

May they light the path to peace.

That is the Christmas prayer of the people.



CHRISTMAS 1958 • BANKERS TRUST COMPANY, NEW YORK

Once more we reprint this now familiar prayer of ours, exactly as it was written eleven years ago.

In Southern
California
...CALL ON
CITIZENS
for Facts...
Fast Service



CITIZENS NATIONAL
TRUST & SAVINGS
BANK
OF LOS ANGELES

Head office—5th & Spring Streets
Branches throughout the Greater Los Angeles Area
Member Federal Deposit Insurance Corporation

LOS ANGELES now ranks third among America's markets. Correspondents find at Citizens National Bank the skilled officers and personnel to furnish complete facts and information on this booming market...to handle all Western items with speed and accuracy. Out-of-town bankers are urged to contact Citizens on all needs concerning Los Angeles and Southern California.

RE: MAGNETIC INK CODING

Much of the mystery was taken out of mechanized check handling during the past year and enough mechanical substance was displayed to convince us that the picture will come into sharp focus during the year coming up. It might be timely, therefore, to take the mystery out of magnetic ink printing, inasmuch as rumors concerning it cover a wide range of inaccuracies.

First of all, we should explain that magnetic ink is simply ordinary ink containing a heavy load of iron oxide which will accept magnetization. It is not magnetized when we print with it, so there are no signal values that could be lost with age. From the printer's standpoint, it is not good ink to work with but it appears to be getting better, and we think, after formulas become more uniform, it will behave as well as any other ink.

Second is the question about the additional cost of magnetic ink coding. It will cost somewhat more,

but not simply because of the ink itself. The extra cost will result from more type casting, additional proof-reading, more accurate application, more precise placement, and the added responsibility thrown on the printer for adequate signal strength. This extra cost, however, should be exceedingly small in relation to the total cost of imprinted checks.

Obviously, checks which are imprinted with a name cost more than checks which are not imprinted at all, and that is the reason why we have been emphasizing check cost in our advertising. The addition of account numbers increases the cost a little. Magnetic coding will add still a little more, but the portion of the total cost attributable to either is of little consequence. We have not as yet established our price schedules for coded checks and we will not do so until full reports are in from all of the field tests. We do have a good idea what they are likely to be and they certainly are not frightening.



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

Main Street (Continued)

*South Carolinian
Named "Miss Drive-In-Teller"*



One of the exciting events of the A.B.A. convention in Chicago was the "Miss Drive-In-Teller" contest, narrowed down to three pretty finalists who attended the convention at the invitation and expense of Mosler Safe Company. After the close of the convention, bankers who attended received a photo of the three finalists, and a ballot to be returned by mail. Votes are now in and accounted for, and, ladies and gentlemen, the beautiful winner is Miss Marion Polk, left, Peoples National Bank, Rock Hill, S. C. The lovely runners-up were, center, Roberta Penney, Lubbock (Tex.) National Bank, and, right, Marianne Mattson, South Bay Bank, Manhattan Beach, Calif. "Miss Drive-In Teller's" exciting prize is an all-expense paid one-week vacation for two at the Habana Hilton in Havana

MARTIN G. SKAVISH, from assistant vice-president to vice-president, Mellon National Bank and Trust Company, Pittsburgh, Pa.

F. MALCOLM HAGUE, treasurer, FRANKLIN H. LA DUE, secretary, NORMAN RAMSEY, mortgage officer, all become vice-presidents, Broadway Savings Bank, New York City.

HARRY E. MERTZ, from assistant vice-president to vice-president and auditor, LaSalle National Bank, Chicago, Ill.

ARTHUR W. WELCH, JR., becomes vice-president and cashier, Bank of Mulberry, Fla.

HERBERT P. SNYDER becomes chairman, Upper Avenue National Bank, Chicago, Ill.; JOHN I. JONES, becomes president, chief executive officer.

State Association President



IOWA, John B. Keelinc, president, Central Trust and Savings Bank, Cherokee

DALE M. BRADLEY becomes president, newly-opened Peoples Community Bank, Three Rivers, Mich. This bank opened with an entirely electronic banking system, including specially - designed checks, deposit tickets and bookkeeping forms, check writers, tellers machines, and completely electronic bookkeeping equipment.

ANDREW C. KELLY becomes vice-president, Chicago National Bank.

HOWARD K. HURWITH, board chairman, First Commercial Bank of Chicago, is named general chairman of 1958 fund campaign for Muscular Dystrophy Association.

ARTHUR L. CAVELL, vice-president, First Western Bank and Trust Company, retires after 38 years with that bank.

STANLEY H. GRANT, from vice-president, Lafayette National Bank of Brooklyn, N. Y., to vice-president, Colonial Trust Company, Brooklyn.

ROBERT E. MENTZER, from vice-president, First Seneca Bank and Trust Company of Oil City, Pa., to vice-president, Union Trust and Deposit Company, Parkersburg, W. Va.

WILLIAM R. THOMPSON, A. L. HUDSON, O. H. LAYTON, all become vice-presidents, First National Bank, Fort Worth, Tex.

(CONTINUED ON PAGE 32)



Monthly Review

THE BANK OF NOVA SCOTIA

Banker's-eye view of Canadian business

AN OBJECTIVE look at developments and trends from a Canadian viewpoint—that's the BNS Monthly Review. Designed for businessmen, it is written by senior economists of The Bank of Nova Scotia.

Each issue analyzes a basic development affecting the Canadian economy. Executives in 70 countries find these reports valuable. You will, too, if you do business in Canada, or are thinking about it.

To put your name on our mailing list for free copies of the Monthly Review, fill in and mail the coupon below.

The BANK of NOVA SCOTIA

New York: 37 Wall Street. Chicago Representative: Board of Trade Building. General Office: 44 King St. W., Toronto. London Offices: 24-26 Walbrook, E.C.4; Waterloo Place, S.W.1. More than 500 branches across Canada and abroad.

Correspondents wherever men trade.

Economics Department, D.
The Bank of Nova Scotia,
44 King Street West, Toronto, Canada.

Please put me on your complimentary mailing list to receive the Monthly Review.

Name _____

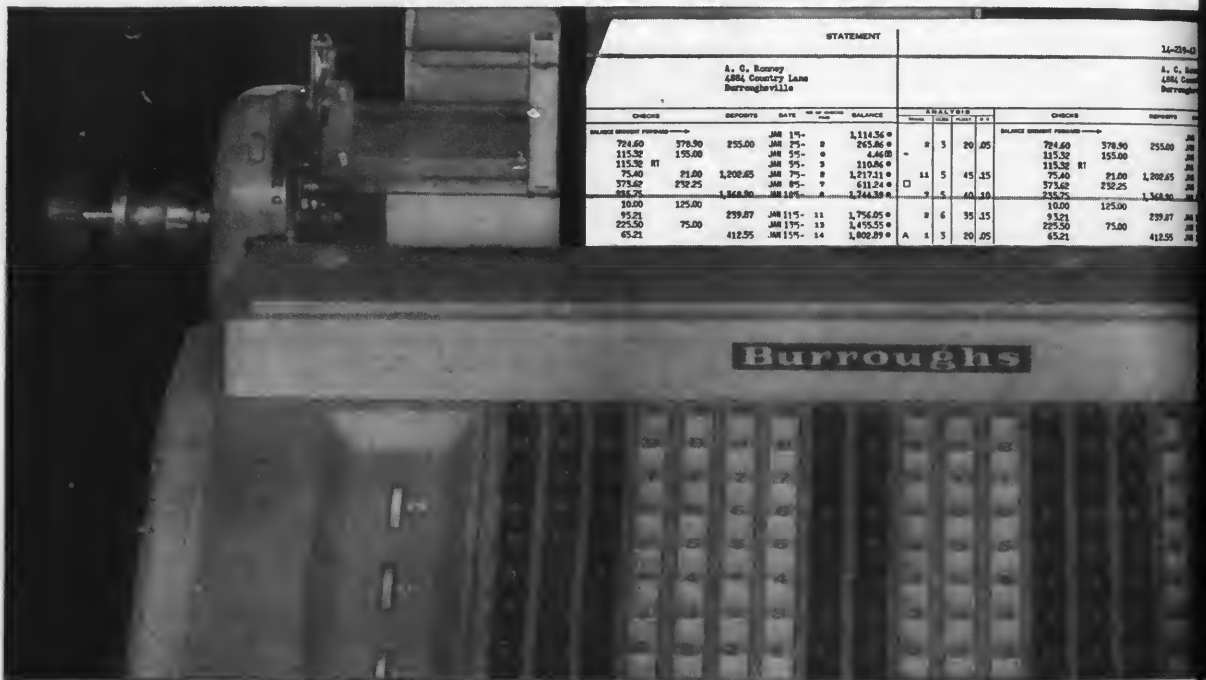
Street _____

City _____ State _____

Company _____

Compare! In electronic bookkeeping...

ONLY BURROUGHS GIVES YOU COMPLETE



STATEMENT										11-29-61	
A. G. Roney 4864 Country Lane Burrghersville										A. G. Roney 4864 Country Lane Burrghersville	
CHECKS		DEPOSITS		DATE		BALANCE		BALANCE		CHECKS	
BALANCE BROUGHT FORWARD										1,114.56	
794.60	378.90	255.00	JAN 15-	0	265.86	0	0	794.60	378.90	255.00	JAN 15-
115.32	155.00		JAN 5-	0	4.60			115.32	155.00		JAN 5-
115.32	RT		JAN 5-	3	110.06			115.32	RT		JAN 5-
75.40	21.00	1,202.65	JAN 75-	0	1,217.11			75.40	21.00	1,202.65	JAN 75-
375.42	232.25		JAN 85-	7	611.24			375.42	232.25		JAN 85-
216.75		1,568.90	JAN 105-	0	1,744.58			216.75		1,568.90	JAN 105-
10.00	125.00		JAN 115-	11	1,756.05			10.00	125.00		JAN 115-
65.21		239.87	JAN 135-	13	1,495.55			65.21		239.87	JAN 135-
225.50	75.00		JAN 155-	14	1,802.89			225.50	75.00		JAN 155-
65.21		412.55	JAN 155-	14	1,802.89			65.21		412.55	JAN 155-

What tags the Burroughs Electronic Bank Bookkeeping Machine as *the one advanced machine in its field*? What features, functions and performance does it give you that no other can? Look, for instance, at what the exclusive movable carriage principle means to you:

- *All posting can be seen and visibly checked the instant it's printed. There is no blind posting, no guessing, no confusion—ever.*

- *Amounts may be indexed while machine is cycling. Posting's faster—way faster.*
- *Complete posting visibility plus 6 visible electronic signals provide complete machine-to-operator communication. Operator always knows what's going on.*
- *Automatic balance extension while operator locates the next active account.*

LET VISIBILITY DURING POSTING



Burroughs—TM

All this and more. For the advanced movable carriage principle is only one of many exclusive advances—such as full electronic verification of every single item—built into the Burroughs Electronic Bank Bookkeeping Machine. See for yourself how this machine has set the new, high standards—Burroughs' standards of efficiency, speed and simplicity—in electronic bookkeeping.

Call our nearby branch office today for full details. Or, if you wish, write Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

BURROUGHS KIT contains complete suggestions and sample materials to aid in building employee morale, customer relations and community good will during your change-over to electronic bank bookkeeping. Just phone our nearby branch for your copy. Or write to Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.



**Burroughs
Corporation**

"NEW DIMENSIONS / in electronics and data processing systems"

new, revised
edition



here's

"Required Reading" for your Clients Planning Business in Canada

This new, revised 48-page guide will interest all your clients with present or potential business operations in Canada. The partial table of contents at right highlights the up-to-the-minute facts it contains.

The guide is published by Bank of Montreal which for nearly a century has cooperated with U.S. banks in helping Americans do business north of the border. With more than 725 branches from coast-to-coast and \$2.8 billion in resources, the B of M has the organization and size to help you meet your clients' complete requirements in Canada.

PARTIAL TABLE OF CONTENTS

- Farms of Business Organization
- Taxation in Canada
- Labor Laws
- Patents, Copyrights and Trade Marks
- Construction
- Custams Duties
- Immigration and Citizenship
- Oil and Gas Operations
- Canadian Statistics

A copy of "Your Guide to Business in Canada" is yours for the asking. Write on your bank letterhead to our nearest U.S. office or to the Business Development Department, Head Office, Montreal.



BANK OF MONTREAL

Canada's First Bank Coast-to-Coast

BRANCHES IN ALL TEN PROVINCES

District Headquarters:

Halifax, Toronto, Winnipeg, Calgary, Vancouver

NEW YORK: 64 Wall St. • SAN FRANCISCO: 333 California St.
CHICAGO: Special Representative's Office, 141 West Jackson Blvd.

Head Office: Montreal

725 BRANCHES ACROSS CANADA • RESOURCES—\$2,800,000,000

Main Street (Continued)

WALTER R. YOUNG, from Manatee River National Bank, Bradenton, Fla., to vice-president and trust officer, First National Bank, Lubbock, Tex.

JAMES CASWELL WILSON, board chairman, First Bank and Trust Company, Perth Amboy, N. J., and former head of the State Bank Division, American Bankers Association, died in mid-October after a brief illness. MR. WILSON, president of the bank from 1937-1957, served for three years as assistant chief of the examining division of the Reconstruction Finance Corporation in Washington, D. C.

(CONTINUED ON PAGE 34)

First National Accommodates "Red Blooded" Customers



Seated, C. C. Lawrence, Jr., assistant vice-president at First National, watches the procedure carefully while having his blood typed by this Red Cross technician. The director of the center looks on

Looks like the old saw about bankers taking a pint of blood has finally come to pass, doesn't it? Actually, this is the Tulsa County (Okla.) Red Cross Blood Center's blood typing booth in the main lobby of Tulsa's First National Bank and Trust Company, set up so that bank customers could, on a voluntary basis of course, find out their blood types. The week-long program served the dual purpose of giving customers information which could save their lives, and providing data for the blood center on where to locate specific blood types in urgent cases.



Plastics are in the swim everywhere

On the front lawn, on the kitchen table. In automobiles, and television sets . . . in football helmets and fighting jets. Look where you will, and you'll see plastics helping people to live better.

But look a little closer and you'll also see commercial banks.

Banks are in the picture because they supply money, credit and financial services to the plastics industry. Bank loans help chem-

ical companies produce basic plastic materials. Bank loans contribute to the manufacture and distribution of finished plastic products and frequently provide the cash which retailers need to stock and sell popular plastic items.

A leading lender to business and industry, The Chase Manhattan Bank of New York is proud to be part of the nationwide system of

banks, large and small, which serve communities and contribute to American progress.

THE
**CHASE
MANHATTAN
BANK**

Chartered in 1799

Member Federal Deposit Insurance Corporation

2 Advertising IDEAS for BANKS®

HOW IS ESCROW FIGURED?



This literature explains why mortgage payments increase due to changes in escrow . . . explains what escrow is . . . how it functions. Your lending officers will want to send this piece to all mortgage customers . . . give it to all new mortgage customers.

HOW ARE SAVINGS COMPOUNDED?



Bright, humorous in treatment of an otherwise dry subject, this piece explains how interest is compounded . . . explains what very few customers understand about their interest. Copy for quarterly or semi-annual compounding policies.

WHAT ABOUT TRUST SERVICES?

Explain your own trust services to your prospects with this easy-to-understand question and answer brochure. Tie-in letter furnished free to send advanced copies of brochures to attorneys for distribution to their clients.



® REGISTERED

Please send samples and costs of items checked.

NAME _____ TITLE _____

NAME OF BANK _____

ADDRESS _____

CITY _____ STATE _____

For samples and costs, simply check those ideas that interest you and mail the ad to:

Les Strong

PUBLISHING CO.

3376 Washtenaw Ave., Ann Arbor, Mich.

Main Street (Continued)

WESLEY T. HARRISON, president, Guardian Bank, Springfield, Ohio, becomes president, Consumer Bankers Association, succeeding KEITH G. CONE, vice-president, LaSalle National Bank, Chicago; RALPH W. STODDARD, president, Buffalo (N.Y.) Industrial Bank, becomes first vice-president; W. T. COTHRAN, executive vice-president, Bank for Savings and Trust, Birmingham, N. Y., becomes second vice-president.

About Banks

MIDDLETOWN (Conn.) SAVINGS BANK opens Portland branch.

FIRST NEW HAVEN (Conn.) NATIONAL BANK opens Allingtown branch in West Haven, Conn.

BISHOP NATIONAL BANK of HAWAII opens Kona-Kailua branch.

DANVILLE (Ind.) STATE BANK opens Avon branch.

NORTHERN NATIONAL BANK of PRESQUE ISLE, drive-in bank, opens in Caribou, Me.

FARMERS NATIONAL BANK of ANNAPOLIS, Md., opens West Street branch.

CENTRAL BANK, Grand Rapids, Mich., opens three branches: Grandville Avenue, S.W., Burton Heights, and Leonard Street.

FIRST NATIONAL BANK of GAITHERSBURG, Md., merges with GERMANTOWN (Md.) NATIONAL BANK; new name: MARYLAND STATE BANK of MONTGOMERY COUNTY.

Bank Officer Designs, Supervises Building Construction

FIRST NATIONAL BANK, Wewoka, Okla., proudly opened its new, modern, staff-designed building this fall.

The new bank home, which was designed and built (in the supervisory sense) by Dick Huddleston, vice-president and cashier, was constructed with only local labor and materials. This, says Mr. Huddleston, helped keep construction costs from one-half to two-thirds those of outside estimates, and also provided a valuable public relations and advertising tool.

Charles Huddleston is president of the bank.



A MESSAGE OF FAITH

Life without faith would be like an empty shell.

It is faith, and faith alone, that fills our lives with meaning and makes our lives

worth living. Every noble thought we think, every

kindly deed we do, is an act of faith in ourselves and in our fellow men. We

have faith in the love of our parents, the affection of our children, the devotion of our friends. We have faith that there will be

a tomorrow as there was a yesterday, that dawn will follow darkness, that gladness will follow pain. We have faith in

God's goodness and mercy, in the ultimate purpose of life, in the immortality

of our soul. And so, in this season of faith, with its joy and happiness and high

hope for the future, we send this wish to all our friends everywhere...

Merry Christmas, Happy New Year



Memphis, Tennessee

Member Federal Deposit Insurance Corporation

**"Egg-Shell" Mural
Set in C&S Branch**



Athos Menaboni, American artist, slides into place the last panel of a 27-foot Biblical mural he painted for the Emory branch of Citizens and Southern National Bank, Atlanta, Ga. Vann Groover, president of the bank, looks on. This three-panel mural, 27 feet long and 4½ feet wide, is designed in egg shells, and required ten months for completion. The legend is, "Whatsoever a man soweth, that shall he also reap"

DETROIT BANK AND TRUST COMPANY opens two new offices: locations, Franklin Village, and Beech-Daly and Joy Roads.

NEW MILFORD (Conn.) SAVINGS BANK celebrates centennial and the town's 250th anniversary simultaneously, publishes commemorative center-opening, swinging-door type brochure.

TRUST COMPANY OF GEORGIA, Atlanta, opens new Buckhead office.

FIRST NATIONAL BANK of Phoenix, Ariz., opens Tucson branch.

BROOMFIELD HEIGHTS (Colo.) BANK opens.

DIME TRUST & SAVINGS BANK, Fort Wayne, Ind., becomes INDIANA BANK AND TRUST COMPANY of Fort Wayne.

MERRILL TRUST COMPANY, Woodland, Me., opens Bangor branch.

FIRST STATE BANK, Vega, Tex., celebrates golden anniversary with open house.

NATIONAL STATE BANK OF NEWARK, N. J., and FEDERAL TRUST CO., of Newark merge.

(CONTINUED ON PAGE 124)

**FOR
COMPREHENSIVE
BANKING and
FOREIGN EXCHANGE
FACILITIES**



THE MITSUBISHI BANK, LTD.

Head Office: Marunouchi, Tokyo Branches: 155 throughout Japan
New York Branch: 120 Broadway, New York 5, New York
London Branch: No. 7, Birchin Lane, London, E. C. 3

SEE YOUR LOCAL
TRAVELERS AGENT
OR BROKER FOR

**BANKERS
BLANKET
BONDS**

YOU CAN COUNT ON
PROMPT, EFFICIENT,
COURTEOUS SERVICE.



THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT
All forms of personal and business insurance including
Life • Accident • Group • Fire • Marine • Automobile
• Casualty • Bonds

RESEARCH
DEPARTMENT



CONDENSED
SUMMARY



RETAIL SALES UP in a rising trend. In the first quarter of 1957, taxable sales by retail stores reached an all-time peak in Southern California, seasonal factors considered. The recession low was reached

in the first quarter of 1958, with an upward trend in the second quarter. Although figures are not yet available, it appears that further gains were made in the third quarter.

BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA

After climbing for five straight months, this Bank's index of business activity declined moderately in September. Even so, the index exceeded the year-earlier level for the second successive month.

At 190.3, the index was 0.5 % above the September, 1957 level and only 0.5 % below the all-time high of July, 1957. Adjusting for population growth, this index is 3.4% below last year on a per capita basis.

UNEMPLOYMENT DECLINED in Southern California between August and September. However, the decline was less than is usual at this time of the year.

MANUFACTURING EMPLOYMENT INCREASED in the Los Angeles area to 703,800 in September, a 3,600 gain over August. This exceeded the usual seasonal rise.

AIRCRAFT EMPLOYMENT in the Los Angeles area increased slightly in September. This was the second month of improvement in this key industry. Aircraft-missile employment continued to rise in the San Diego area.

HOME BUILDING ACTIVITY INCREASED slightly in Southern California during September, as measured by building permits. Nine of the 14 counties showed gains over August. A sharp drop in apartment construction accounted for most of a decline in Los Angeles county.

The material on this page was condensed from this Bank's own Monthly Summary of Business Conditions in Southern California. If you would like to receive it regularly...free of charge...write Bank and Customer Relations Department, Sixth & Spring Streets, Los Angeles 13.

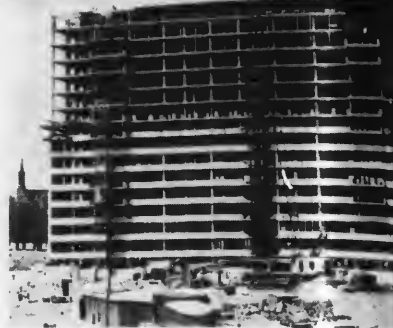
SECURITY-FIRST NATIONAL BANK

Southern California's own

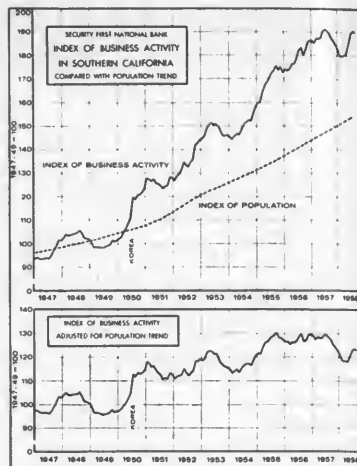
Head Office: Los Angeles 54 • Citizens Division Headquarters: Riverside

San Diego Division Headquarters: San Diego • San Joaquin Valley Division Headquarters: Fresno

Over 200 Offices and Branches Serving Southern California • Member Federal Deposit Insurance Corp.



TOTAL BUILDING AND CONSTRUCTION UP in Southern California. A substantial increase was shown during September, reaching a seasonally adjusted rate equivalent to \$3,188,000,000 per year—12% over August and 34% over September last year.



THE INDEX ABOVE is a weighted average of 14 seasonally adjusted business series. These series, with their percentage weights, are as follows: Los Angeles bank debits, 10; bank debits in residential cities, 5; bank debits in agricultural cities, 5; department store sales, 15; building permits, 10; engineering construction contracts awarded, 1; real estate sales activity, 4; motion picture employment, 2; manufacturing employment, 8; man-hours worked in manufacturing, 10; electric power used by industry, 14; petroleum production, 2; railroad freight volume, 6; telephones in use, 8.

TOTAL EMPLOYMENT UP in the southern half of the state by more than 25,000 in September, which was more than twice the seasonally expected gain. In the Los Angeles area, the increase amounted to 18,500 persons, and brought the total employed to 2,507,900—a level only 1.2% below a year earlier.



The OUTLOOK and CONDITION OF BUSINESS

IT will be several months before we know the direction that Government spending will take as a result of the recent voting.

Meanwhile a popular form of exercise is jumping at conclusions. The easiest conclusion to reach in one easy jump is that there will be more Government spending, which would stimulate more spending by business and by consumers, right down the line.

Wistful Thinking

There are several reasons why this may not occur, at least to the extent anticipated. The Administration shows signs of fighting hard against extravagance because it has little to lose. As to the new forces in control of policies, authority often breeds a sense of responsibility, and this breeds caution.

Business is increasingly active but with some feeling that the improvement is taking place for the wrong reasons. Also business feels better but not all over. It still hurts in some places, but plans are already afoot to apply the standard monetary liniment to depressed areas.

We have come through four paragraphs without mentioning inflation, but it might as well be said that inflation still threatens and will continue to be fought fearlessly with every platitude in the language, plus a few inadequate monetary weapons. Along with talk of big spending is a renewal of talk of big controls of credit, prices and everything else. This is like inducing a fever, then packing the patient in ice.

Unfortunately we do not have enough plain-speaking field marshals on the side of a sound dollar and there is practically no organized anti-inflationary public voice with any compelling force.

The millions who depend on pensions, bonds, mortgages, and all fixed income investments are unorganized, divided, and unconvinced. The analogy may be neither apt nor flattering, but the situation recalls the remark of a British political leader returning from a trip to some up-country community. He said the insects in his hotel were so numerous they reminded

him of his opponents because they could have pulled him out of bed if they had been able to get together.

Confounded Confusion

A sample poll would show an overwhelming majority against inflation but not many of them could explain why. More and more millions of persons owning stocks, productive property, precious gems or metals, and useful raw materials, actually feel that they have a vested interest in inflation.

The competent editor of a financial publication recently said to this writer: "Look at France. The franc went to the dogs and the French are better off than ever." The tragedies involved and the fact that France has had to be bailed out repeatedly, are blithely ignored, so BANKING next month will "look at France" for the benefit of those who have never wondered who is going to bail the U. S. out. Indifference to the threat of monetary explosions seems part of the atomic and space-age psychology which assumes that the natural order of things is more speed, more danger, more crimes of all kinds, including inflation.

One cause of confusion is the variety of opinions coming from leaders with some claim to knowledge who use the same figures to prove the dollar is sound and the dollar is sick. If a school student used some of this arithmetic or logic he would either flunk or be put in charge of the department.

It seems like yesterday, but actually was some time ago, that former Secretary Humphrey forecast a recession that would give us all a Toni, unless the Government stopped living beyond *our* means. Public opinion responded by forcing economies in Government operations and other restraining moves which many said caused the receding recession of '57-'58. So the pendulum swung back to more spending, which with lower tax receipts, promises the biggest peacetime deficit in our history. Probably if Mr. Humphrey's off-the-cuff, historical forecast turns out eventually to be true, his hair-curling depression will be attributed

(CONTINUED ON PAGE 143)

Washington

Prospects of "Liberal" Approach; Merger Legislation; Mr. Patman's Third Try

THOMAS W. MILES

IF banking had some problems in the last Congress, they were just a prologue to those coming along in the 86th Congress, which will convene January 7.

It is evident that the self-styled Liberals will have a stronger voice and that they will make the going rough for legislation banks need, even more for what they want. Under the circumstances, the banking business will do well if it can stand off restrictive and possibly punitive measures.

In general, it looks as if there will be a great deal of bluster and "liberal" talk, but there is a fair prospect that the moderates and conservatives in both the Senate and the House can combine to keep it just that—talk.

Two matters of immediate concern to bankers will probably crystallize early in the session. One is a move to regulate bank mergers under Section 7 of the Clayton Act. The other is a broad investigation of the monetary system by Representative Wright Patman of Texas.

Mergers

In the last Congress there were two efforts to deal with the problems posed by bank mergers. One was a bill introduced by Representative Emanuel Celler of New York and the other was in the Financial Institutions Bill, which incorporated the provisions of a

measure submitted in the 84th Congress by Senator J. W. Fulbright of Arkansas. The Celler bill, which would have amended the Clayton Act to cover bank mergers through asset acquisition, had quite a legislative history. In the 84th Congress it was suddenly passed by the House without a dissenting vote under suspension of the rules, but failed in the Senate because of a counter-move by Senator Fulbright.

Last year Mr. Celler included it in what was known as a "pre-merger notification bill," that is, one requiring notification of the Department of Justice 90 days in advance of a proposed merger. This applied to banks as well as other enterprises. In the hearings before the House Judiciary Committee the American Bankers Association opposed the application of the bill's provisions to banks. These were withdrawn by Mr. Celler when the committee reported the bill to the House, which promptly passed it.

Action in the Senate was forestalled by Senator Fulbright on a jurisdictional point of order as a matter covered in the Financial Institutions Bill, which at that point had been passed by the Senate and was pending in the House. Those circumstances may be different this year.

The Fulbright proposal was designed to safeguard competition in the banking field by requiring the Federal supervisory authorities to

consider competitive and monopolistic factors as well as banking factors in approving mergers or consolidations of institutions under their jurisdiction.

Among the factors were the financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, and the convenience and needs of the community to be served by the bank. In addition, Senator Fulbright would have required each agency to consider whether the effect of the acquisition would be to lessen competition unduly or tend unduly to create a monopoly.

These provisions in the Financial Institutions Bill were in marked contrast to the Celler bill, which required a finding only of a reasonable probability of a substantial lessening of competition or tendency toward monopoly.

So the choice was between two qualifying words — Senator Fulbright's "unduly" and Representative Celler's "substantially" — in testing how much competition would be lessened by a proposed merger. The American Bankers Association supported Senator Fulbright's criteria for mergers.

What Agency to Control?

But even more important was what agency would have control over mergers: the banking super-

visory agencies whose primary concern is a sound and healthy dual banking system, or the Department of Justice, which is charged with the enforcement of anti-trust laws.

Both proposals will probably be submitted in separate bills early in the session, one in the Senate Banking Committee and the other in the House Judiciary Committee. Thereafter it will be a race between them to get action. Such a race would not be equal because the zeal of Mr. Celler is hardly matched in the Senate, where disappointment is still manifest over the failure of efforts to get the Financial Institutions Bill through the House.

Patman Probe?

It is expected that Representative Patman will make another effort to probe money and credit and have a go at the Federal Reserve, big banks, and the things he has been shooting at for years. This would be his third try for such an inquiry, and quite possibly the successful one. He could very well have the votes in view of the Democratic sweep in the elections last month. A safe estimate would be 200 votes.

Mr. Patman lost his first try, H. Res. 85, in the first session of the last Congress by only 30 votes. The Democrats have won more than 40 seats in the House.

His second try was H. Res. 587, which never came up for action, having been submitted too late in the last session. In it Mr. Patman proposed that the Speaker of the House appoint a Select Committee on Monetary and Debt Management Policies consisting of 11 members of the House.

This committee was to be armed with subpoena powers "to require the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as seem necessary."

Assuming that Mr. Patman's objectives have not changed much in the interval, what was he aiming at in H. Res. 587? The answer might be suggested in some quotes taken at random:

"... the part played by policies of the Federal Reserve System and the ... Treasury in bringing about the increased cost of living.

"... the part played by Federal high interest policies in bringing about the increased public debt and

the increased cost of carrying the public debt, including both the amount of the increased burden on taxpayers already realized and the probable burden in the years ahead.

"... whether and to what extent the present system of having representatives of private banks serve on boards and committees within the Federal Reserve System to determine interest rates and credit availability in the private banking system, and in the money and securities markets, results in unduly high interest rates and in the use of methods for tightening or loosening credit which favor the private banks or other financial groups at the expense of the general public.

"... whether and to what extent the powers which are vested in the Federal Reserve System, in the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to supervise or regulate private banks and banking practices, and the similar powers which are vested in the Home Loan Bank Board with respect to private savings and loan associations, are being used to dictate the private policies or to interfere unduly with the decision-making of these private institutions; and whether, and to

what extent, such unwarranted interferences are making these private institutions ineffective to serve the credit needs of small business and the credit and other needs of the local communities."

Support from Labor

It is evident from the above that Mr. Patman already has his own ideas about the answers to the problems and would like to find support for them in a probe. Some of them have also been expressed by labor economists. He could get important support from labor. And, armed with subpoena powers, Mr. Patman might be able to confound or at least embarrass his adversaries.

But, it is believed here, that is about the worst damage he could do. No punitive legislation could be expected from his inquiry because it could not get through the Senate, where Mr. Patman's methods in killing the Senate-approved Financial Institutions Bill are poignantly remembered.

If Mr. Patman gets his investigation this time, there will be two money and credit inquiries going on in this Congress, one in the House and one in the Senate. BANKING learned that the members of the Senate Finance Committee voted in

Federal Legislation Summary

BANKING legislation in the second session of the 85th Congress is summarized in a report which has been mailed to all members of the American Bankers Association.

The 26-page report, entitled *Banking Legislation in the Second Session, 85th Congress*, was prepared by the A.B.A. Committee on Federal Legislation and the Washington office of the A.B.A.

The booklet describes the major provisions of 10 new banking laws and of nine bills, not enacted, on which the A.B.A. took a position. It gives the position of the Association with respect to each of these measures and also describes the status and chief provisions of additional laws and bills of indirect interest to banking.

M. M. Kimbrel, chairman of the Committee on Federal Legislation and executive vice-president of the First National Bank, Thomson, Ga., states in a foreword:

"The life of the 85th Congress expired on August 24, 1958. As of that date, all pending legislation ceased to exist. The 86th Congress, scheduled to convene in January 1959, will commence with an entirely new legislative slate."

In a letter to A.B.A. members accompanying each booklet, A.B.A. President Lee P. Miller urged that bankers read the report carefully.

"This information is essential for an understanding of—and effective participation in—the program we will present to the 86th Congress which convenes in January," stated Mr. Miller, who is president of the Citizens Fidelity Bank and Trust Company of Louisville, Ky.

Additional copies of *Banking Legislation in the Second Session, 85th Congress*, may be obtained by writing to the Washington Office, American Bankers Association, 730 15th St., N. W., Washington 5, D. C.

executive session at the close of the last Congress to resume the study Chairman Harry F. Byrd of Virginia has been conducting. While it is true that a decision by the committee in the 85th Congress is not binding on the 86th, all the Democratic members of the committee who participated in that decision will be back in this Congress and probably on this committee, which is so important and carries so much prestige.

Byrd Committee Has Much Testimony

The Senate Finance Committee has been conducting more of a study than an investigation, as investigations are understood on Capitol Hill. It has built up a formidable record of testimony and statements from a wide variety of opinion, including some unions. But it has not been popular with organized labor, probably because Senator Byrd's orientation is fundamentally conservative. Both the AFL-CIO and the UMW are conspicuously absent in the weighty document that Senator Byrd compiled on the answers to his 17-point questionnaire.

Election Results May Change Inquiry's Character

The election, which changed the composition of the Senate Finance Committee, may change the character of the committee's inquiry. All the Democratic Senators will be back on the committee but only three of the seven Republican members will return. They are Senators Wallace F. Bennett of Utah, Frank Carlson of Kansas, and John J. Williams of Delaware. It is not considered likely that two or three more conservative Republicans will be added. And so with the committee composed of five or six Republicans and 10 Democrats the committee's studious approach may be dropped and the emphasis may be on investigation.

Several members of the committee have let it be known that they are very much interested in examining the possibilities of further inflation, in analyzing the anticipated \$12.2-billion deficit, and in taking a closer look at the Government's troubles in the bond market last summer.

The committee's work could lead to the creation of a commission to handle the public debt. The idea of a National Monetary Commission

was suggested by Bernard Baruch at the last session.

Banking Friends Lost

Banking lost four friends on the two Congressional banking committees in the elections last month. They are Senators John W. Bricker of Ohio and Frederick G. Payne of Maine, and Representatives Henry O. Talle of Iowa and Horace Seely-Brown of Connecticut. Mr. Talle was ranking Republican member of the House Banking Committee, and Senator Bricker second ranking Republican member of the Senate Banking Committee. A third Republican loss on the House Committee was Representative William E. McVey of Illinois, who died shortly before the session ended.

The ratios of Democrats to Republicans on the committee are established mathematically. But decisions may be made involving the total number on the committees in the Senate and in the House. In addition, other factors complicate the problem further. Accordingly, it is impossible to say anything definite about the composition of the committees. That will be determined shortly after Congress gets under way.

New Party Ratios on Banking Committees

In the last Congress the Senate Banking Committee had a total of 15 members; eight Democrats and seven Republicans. The new ratio might be 10 to five, with the Democrats adding two more members and the Republicans being reduced to five by not replacing Senators Bricker and Payne.

On the House Banking Committee the ratio was 17 to 13 until Mr. McVey died. If the committee continues to have 30 members, it will be split by a ratio of 19 Democrats to 11 Republicans, or possibly 20 to 10. On the other hand, if it is reduced to a 27-member committee the ratio will probably be 17 to 10. If the latter develops, the committee will be all set as it is, consisting of its 17 Democratic members and the remaining 10 Republicans.

SBA Regulations Criticized Promptly

The announcement by Wendell B. Barnes, administrator of the Small Business Administration, of the regulations under the Small Busi-

ness Investment Act brought almost simultaneous criticism from Mr. Patman. Both the SBA announcement and Mr. Patman's statement were dated October 29.

"Whittling" of Authority Is Charged

Mr. Patman complained that the regulations "reject, or whittle down," the authority for helping small business which Congress entrusted to the SBA last August. He cited five features. In the first Mr. Patman declared:

"These regulations forbid the small business investment companies to use any part of the funds obtained from SBA to supply equity capital to small concerns. This is exactly contrary to my understanding of a principal purpose of the act."

Another point made by Mr. Patman was that the small business investment companies would be charged an interest rate of 5% for the money they borrow from the SBA. Mr. Patman commented that this "means SBA will charge the retail rate on money it lends wholesalers."

SBA's interest rate was also noted elsewhere on Capitol Hill. It was pointed out that in 11 states which have legal and contract interest rate ceilings of 6% this would not allow enough margin for the small business investment companies to operate. These states include Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Vermont, Virginia, and West Virginia.

Criticism Purposely Invited

BANKING discussed with Mr. Barnes's office the problem raised by the interest rate. SBA pointed out that it purposely invited criticism and suggestions for revising the regulations and urged that they be filed. The date set was November 13. The SBA made the further point that the SBI companies were not expected to make money on the interest rates they charge on their loans. Rather, SBA said, the SBI companies would make their money when they turned into stock the convertible debentures taken for loans.

How much the suggestions coming in will modify the regulations is a question. They will be in final form before the end of the year.

A BANK PROSPERS AS ITS CUSTOMERS PROSPER . . .



LET no loans be made that are not secured beyond a reasonable contingency. Do nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Make your discounts on as short time as the business of your customers will permit, and insist upon the payment of all paper at maturity, no matter whether you need the money or not. Never renew a note or bill merely because you may not know where to place the money with equal advantage if the paper is paid. In no other way can you properly control your discount line, or make it at all times reliable.

Distribute your loans rather than concentrate them in a few hands. Large loans to a single individual or firm, although sometimes proper and necessary, are generally injudicious, and frequently unsafe. Large borrowers are apt to control the bank; and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer. Every dollar that a bank loans above its capital and surplus it owes for, and its managers are therefore under the strongest obligations to its creditors, as well as to its Stockholders, to keep its discounts constantly under its control.

Treat your customers liberally, bearing in mind the fact that a bank prospers as its customers prosper, but never permit them to dictate your policy.

If you doubt the propriety of discounting an offering, give the bank the benefit of the doubt and decline it; never make a discount if you doubt the propriety of doing it. If you have reason to doubt the integrity of a customer, close his account. Never deal with a rascal under the impression that you can prevent him from cheating you. The risk in such cases is greater than the profits.

From a letter written by HUGH McCULLOCH, Comptroller
of the Currency, to the national banks in December 1863.

How "Harnessed Credit"

The Abacus Is Used, but Not Public Relations

MISS HOUSE, editor of the Southern Citizen, employee publication of the Citizen & Southern Banks in Georgia, was one of 21 persons on the first tour of Russia by American industrial editors. Under the auspices of the International Council of Industrial Editors, the tour was part of President Eisenhower's People-to-People Program to promote international understanding. In this article, MISS HOUSE, the only representative of a bank and one of only four women making the trip, gives some impressions of the State Bank.

I FOUND bankers in Russia friendly, cooperative, and anxious to show off their banking facilities. Through an interpreter, they answered questions willingly and ex-

JACKIE HOUSE

pressed interest in the way American banks operate. (This changed considerably in Prague, Czechoslovakia, where the banker I interviewed spoke English and claimed he didn't know the answer to any of my questions—not even the number of employees in his bank.)

In the Soviet Union, major decisions are not made by the bank presidents or the board of directors or voted on by stockholders. None of these exist. Policies are set by the management of the State Bank in Moscow and handed down through the ranks.

Each Republic in the USSR boasts an office of the State Bank.

Republics are divided into regions, which in turn are divided into districts. There are regional and district offices of the bank plus all the branches that come under the district. Large cities have city offices and are also divided into districts.

In the Leningrad City Office of the State Bank, the manager, Alexander Savanin, told me that the major portion of his bank's work was done at night. Beginning at 6 P. M., employees of the bank go around to all business establishments in the city and collect the money taken in during the day. It is brought back to the bank, counted and credited by 2 A. M. The following day, the money is distributed to district banks. The district banks prepare cash payrolls for the businesses, deducting individual worker's income tax (6% to 13%) and savings if the latter is desired by the employee.

In talking about this operation later to Demetri Savenkno, manager of the State Kharkov Bank, I asked

(CONTINUED ON PAGE 143)

Left, a teller working at her desk behind the counter. Each teller has an abacus for making calculations. Right, the machine that sorts the key punch cards used in the State banks' accounting procedure



Works in Soviet Russia

The author is associate professor of economics, College of Commerce and Business Administration, University of Illinois. This article is based on his experiences in Russia last summer.

WHAT is it like to be a banker in the Soviet Union? How can bank credit, which is so closely identified with economic free enterprise, function at all in the controlled Soviet economy? What functions do commercial banks perform in the USSR and how do these compare with their activities in the United States? Why does the socialized economy of the USSR need commercial banks and bank credit?

On a trip to the Soviet Union during June and July 1958, I had an opportunity to discuss these and related questions with a number of Russia's foremost bankers, both in the head office of the State Bank in Moscow and in its principal operating offices in Moscow and Leningrad. Through the kindness of the American Bankers Association I had a letter of introduction to V. Gerashchenko, first deputy chairman of the State Bank. Mr. Gerashchenko is well known in international banking circles for his participation in recent years in the International Banking Summer School. Mr. Gerashchenko showed me every professional courtesy by meeting me on several occasions, together with some of his principal department heads, inviting in economists from the Ministry of Finance and Moscow University, and arranging for a guided tour.

First-Hand Observation

On these tours I observed the bank staff at work, watched representatives of commercial and industrial firms coming and going in the conduct of their firms' banking business, spoke at some length with department heads concerning the functions of their departments, inspected financial documents in process, and in general had a unique opportunity

State Planning Lessens Need for Personal Judgment and Initiative

DONALD R. HODGMAN

to increase my understanding of Soviet banking operations. The interpretation of Soviet banking and credit which follows rests both on these personal observations and on my prior study of the Soviet economy and Soviet banking.

To understand banking and credit in the Soviet economy it is advisable to look first at the organization of banking. The central bank and the commercial banks are combined in a single branch banking system known as the State Bank. The functions of this banking system include note issue, administration of short- and some intermediate-term credit, transfer and safekeeping of commercial deposits for enterprises and organizations (but not for individuals), and service as fiscal agent for the Ministry of Finance (the Treasury).

A network of savings banks provides individuals with savings account facilities, and, to an insignificant degree, with commercial checking accounts. Savings banks also represent the Treasury in direct transactions with the population, such as in the purchase and redemption of government bonds, the collection of direct taxes, the payment of social security benefits, student stipends, and the like.

Specialized Affiliates

Closely affiliated with the State Bank are four specialized banks (and their branches) whose task is the administration of long-term, non-repayable investment grants from the state budget for use in industry, agriculture, and municipal construction. These investment banks (which in effect are specialized offices of the State Bank) and the savings banks keep their liquid funds in the form of deposits with the State

In the lobby of the State Bank of Kiev



Bank. Enterprises receive all their external capital funds through the banking system.

There is no national money and capital market and hence there are no brokers, securities underwriters, stock exchanges, finance companies, savings and loan associations, or other similar financial institutions. A Bank for Foreign Trade, also closely affiliated with the State Bank, carries out operations involving foreign exchange.

An American banker on a visit to the USSR would notice both similarities and differences in the purposes for which short-term credit is extended. In making short-term commercial loans Soviet bankers show the traditional commercial banker's preference for short-term, self-liquidating paper. They prefer to lend on inventories of raw materials and finished goods, goods in transit, and to meet seasonal bulges in the credit needs of enterprises. Such loans are for periods of less than one year (often for as little as one or two months), and prompt repayment without renewal is expected.

Term Loans

Term loans up to two or three years in maturity are made under special circumstances. Typically these are for legitimate credit needs which cannot be specifically anticipated in advance and included in the enterprise's financial plan, such as the acquisition of a new type of machine, unexpected capital repairs, and the like. On rare occasions the State Bank makes unsecured loans



Head office of the State Bank of Moscow

to business firms. These loans are usually available only to meet a financial emergency such as may arise when an enterprise has not fulfilled its production and distribution plan and runs out of current working capital.

Conspicuously absent are all loans to individuals, with the exception of a small volume of mortgage loans to finance private home construction. Mortgage loans are allocated through factory managements to especially deserving workers and directly to a few privileged groups such as senior military officers and railroad employees. There are no personal loans and no consumer installment loans. This means, of

course, that all consumer purchases are on a cash basis, since retail stores do not offer charge account accommodation. Since there are no corporate securities in the USSR and neither the State Bank nor the investment banks invest in state bonds, their assets do not include a securities portfolio. The savings banks do buy government bonds.

Even this restricted range of bank credit would be incompatible with control of the economy by central authority were it not for the framework of regulations within which bank credit operates. The State Bank is the *only* source of short-term credit in the USSR. Enterprises are forbidden to extend commercial credit to each other and are required to do all their banking with a single office of the State Bank. The practice of multiple banking connections thus is totally absent. Moreover, enterprises are required to present all payment demands (invoices, shipping documents, and so on) on other enterprises through their own office of the State Bank, which in turn requests payment from the purchaser through bank channels. Thus, all inter-enterprise payments (with very minor exceptions) come under close scrutiny by State Bank personnel.

All long-term investment funds (other than planned profits) are provided in the form of budget grants which flow to enterprises through the specialized investment banks. These keep their accounts with the State Bank. As a result the State

(CONTINUED ON PAGE 138)

V. S. Gerashchenko, first deputy chairman of the State Bank, at his desk in the head office in Moscow



Everybody's Ideas Are Welcome

Officers, Supervisors, Credit Executives, Tellers Hold Group Meetings at This Bank

AT The Union Market National Bank of Watertown, Mass., staff communication is being handled through four sets of group meetings held regularly. Management and staff benefit from the free exchange of ideas.

The plan started a few years ago when five officers met to discuss administrative matters. It worked so well that a similar program was arranged for supervisors. The next step was to set up periodic roundtables for credit officers and tellers. In short, executive vice-president William R. Kennedy tells *BANKING*, thorough communication has become a permanent part of the organization at Union Market.

That first small gathering recorded its discussions in minutes which were distributed to all the officers. This procedure was followed after subsequent sessions and directed attention to the new plan. Eligible officers who were not attending noted that the discussions were including items of interest to their departments. In a few months everybody on the platform was enthusiastic about the program, and now there's an officers' meeting every Wednesday at 3 P. M.

Continuity Important

"Continuity has been an important factor," says Mr. Kennedy. "Attendance, week after week, stimulates a personal interest. Each officer knows the bank's operating problems intimately, each can offer his own views, and each can benefit from suggestions originating outside his own department."

The supervisors' meetings, it was felt, would strengthen the contact between management and staff, and would also be a chain of communication to the officers for customers'

comments and employee suggestions.

The supervisors conduct their own sessions, held at 9 A.M. every other Tuesday for a 30-minute period. The meetings are businesslike, but informal; their scope was outlined in the minutes of the first meeting:

"Each person, as time permits, will be given an opportunity to introduce subjects for discussion.

"It is hoped that these meetings will develop a better appreciation of the problems, objectives, and policies of the bank, and at the same time provide an increased opportunity to become better informed and contribute to discussion of common problems."

Who Attends

Supervisors from the bookkeeping, note, savings, auditing, proof-transit, time credit, and commercial tellers departments attend. There is also a representative from each branch. An officer is chairman. It's his job to see that the group functions as a productive management unit and that members participate in the discussions—in other words, he provides executive leadership.

Suggestions for improvement in working conditions are offered from time to time, and new and old systems are evaluated. Each supervisor is encouraged to get from his staff all customer comments on bank policies, services and procedures, and to be sure that the staffers have the right answers to customer questions. Suggestions to higher management are welcome.

A report on each meeting is written by the officer in charge, for distribution to the supervisors. Copies are available to the employees.

So satisfied was management with the program when it had been under way for a while that it was decided

to pay the supervisors \$5 for each meeting attended.

At the credit officer conferences new and present loan policies are talked over and directors' reports are reviewed. This part of the communication program is an attempt to clarify problems in the over-all lending operation and to provide the best possible service to customers.

The commercial tellers meet after settlement on Tuesday afternoons. These sessions differ somewhat from the others; they are really instruction classes. Policy suggestions are discouraged inasmuch as they are handled through the supervisors, but such matters as security, handling of cash, deposit procedures, and customer relations are gone over carefully. Each meeting is directed by an assistant cashier.

"The accomplishments of our communication system are numerous," reports Mr. Kennedy. "Our system of cycling check statements, for example, resulted from discussions at an officers' meeting. The supervisors group relayed to management a suggestion for getting a coffee unit for the bank. Someone recommended that we check the possibility of purchasing a statement folding machine. An employee had seen it at work in Cleveland. We bought one, and it's saved time and manpower.

"Naturally, new ideas are not the only subjects discussed at our four sets of meetings. Tellers' overs and shorts, resignations, vacation coverages, community projects, the opening and closing of major accounts, and similar matters are covered."

Summing up: Each employee and officer feels he's helping run the bank. Everybody's comments and ideas are welcome.

OPERATIONS REPORT

Shop Talk at Dallas

HERE is a review of some operational ideas developed at the 34th annual convention of the National Association of Bank Auditors and Comptrollers, held in Dallas, Nov. 2-5. The program for this large NABAC meeting—1,625 registered—covered automation and new electronic equipment, especially for check handling; personnel training and administration; bank costs; directors' examinations; fixed assets accounting; increasing earnings through cost accounting; reports to management; drive-in banking; the no-passbook savings plan; bank examinations by outside accountants; continuous audit controls; taxes; preparedness for national emergency; branch banking procedures.

There were also reports on the association's own work toward promoting safer and more efficient bank operations and control procedures, and on the progress of the studies by NABAC's new Research Institute.

The convention had several special guests and speakers. Among them were Lee P. Miller, president of the American Bankers Association; Governor J. L. Robertson of the Federal Reserve Board; Ben H. Wooten, president of the First National Bank in Dallas; Fred F. Florence, chairman of the executive committee, Republic National Bank of Dallas and a former president of A.B.A.; W. E. McLaughlin, assistant general manager, Royal Bank of Canada; Imogen Bentley,

dean of women, North Texas State College; Gerard E. Hayes, president, American Institute of Banking, and assistant vice-president, The National Shawmut Bank of Boston; Charlotte A. Engel, president, National Association of Bank Women, and trust officer, National Savings and Trust Company, Washington, D. C.; W. W. Overton, Jr., chairman of the board, Texas Bank & Trust Company, Dallas; Mayor R. L. Thornton, Sr., chairman, Mercantile National Bank of Dallas; James W. Aston, president, Republic National Bank; Dr. W. H. Irons, president, Federal Reserve Bank of Dallas.

Special honors were paid to two NABACers. In a resolution, the convention thanked Clarence H. Lichtfeldt, comptroller and vice-president, First Wisconsin National Bank, Milwaukee, for his contributions to banking and to the association, especially in planning and helping establish the NABAC School for Bank Auditors and Comptrollers. He recently retired as the director. Also, Darrell R. Cochard, executive vice-president of the association, received the NABAC Key for meritorious service.

In the program sampling that follows, this department offers a varied selection of ideas heard at the convention. Because of space limitations, other material developed at Dallas will be reported in subsequent issues.

Check Handling

FIVE bankers, representing as many geographical sections, reported on developments in automatic handling of checks, reviewing the experience of banks, large and small, with various items of equipment. Here are a few general points brought out:

Operating men have a great responsibility in selecting the right equipment—and they're getting cautious. Banks have passed through the fantasy stage in automation and have entered the world of reality.

Cost has tended to limit the thinking of smaller banks; the expense of computers and sorters, for instance, has precluded their use. The result is that the smaller banks seem to have three choices: (1) They may

rely on their own correspondents for automation service; (2) use an independent service bureau; (3) form their own cooperative processing facility. Whatever they do, it's imperative that the smaller banks keep step with progress.

Although banks have had a wide range of experience in automation, there is a general lack of uniformity. Also, it is essential to investigate before you invest. Don't assume that equipment useful to one bank is what you need. Be sure you get all the facts.

There's danger that a bank will want to do old things in the new way, or that it will want to start afresh, discarding time-tested procedures.

In selecting equipment, remember to look ahead. There's a potential

demand for more customer accounting services by banks on a fee basis. Banks will quite probably be increasingly important in this field. In short, don't limit your thinking to today's costs of equipment as you make your decision.

Henry J. Rohlf, vice-president, Mercantile Trust Company, St. Louis, was moderator of the discussion. The panelists were C. Stanley Battles, second vice-president, Continental Illinois National Bank and Trust Company, Chicago; Gilbert Lawrence, assistant secretary, Manufacturers Trust Company, New York; A. R. Naunheim, vice-president, The Northside Bank, Jennings, Mo.; E. T. Shipley, auditor, Wachovia Bank & Trust Company, Winston-Salem, N. C.; H. R. Walk, assistant vice-president, Union Bank, Los Angeles.

Automation Survey

MR. SHIPLEY reported on an automation usage survey he had made among banks in the Southeast. Forty banks reported.

Nineteen had installed some degree of automation, 15 planned to in the next 12 months. A breakdown showed: 13 were using the equipment for handling special checking accounts, 13 planned to do so; 15 were using it for regular checking, 15 planned; 12 in commercial checking, 13 had plans.

Sixteen banks had installed "tronic" machines, 24 had not. The average number of machines was six, the high 16. On the average, the new equipment had replaced 11 conventional machines. The average use per day was 5.8 hours, the average number of accounts 2,555. Five banks said this average was 50% more than by conventional machine, six said 100% more, and one said 300% more.

Among banks not having tronic equipment, 17 said they planned to get it during the year, seven said "no," three will use computers or punched cards.

Twenty-nine banks had numbered their checking accounts, two planned to do so, nine replied in the negative. An alpha numeric system, or modification, was used by 25, a straight numeric system by four. In 12 banks the account number includes a check digit.

On the use of imprinted checks, the "yes" replies showed: Regular checking 27, special checking 26,

TWO PRESIDENTS

Right, NABAC'S Franklin D. Price vice-president, Texas National Bank, Houston; and A.B.A.'s Lee P. Miller, president Citizens Fidelity Bank and Trust Co., Louisville, Kentucky



commercial checking accounts 17.

Three banks reported that their automation plans included a medium scale electronic computer, 31 said "no," three said "Maybe."

Asked whether they planned to utilize magnetic ink character recognition common language when it is available, 15 replied "yes," nine said "if feasible," four "no," and 10 didn't answer.

Tomorrow's Drive-in

A MOTOR banking panel took a look at what the future may offer in drive-in service. Recalling that some banks now offer fly-in service at airports and waterside service for boatmen, speakers suggested:

For peak periods there could be drive-in mobile or portable teller window units; automatic check cash-

ing machines; helicopter service for customers in outlying areas.

Moderator John D. Kiper, vice-president, First National Bank & Trust Company, Tulsa, observed:

"Under special customer service—and don't laugh!—we could furnish: windshield wash service, sweep out the car floor, first aid room with registered nurse, ladies' lounge. Some banks are even now giving their drive-in customers a coffee break."

Here are four essential features of auto-bank planning suggested at the panel:

(1) Make a preliminary survey of traffic conditions.

(2) Entrance and exit must be located in conformity with the traffic flow. Difficult access or exit is undesirable. It is important to bring as many cars as possible off the street and onto the bank's property; also, to provide waiting space for safe exit.



OPENING—L. to r., W. W. Overton, Jr., chairman, Texas Bank & Trust Co., Dallas, who brought greetings from city's clearing house; Mayor R. L. Thornton, Sr., chairman of the Mercantile National Bank, Dallas; President Price; Steve Bomar, NABAC past president, and senior vice-president and treasurer, Trust Company of Georgia, Atlanta; M. Frank Richardson, vice-president, First National Bank in Dallas, general chairman of convention; William H. Greenfield, vice-president, Republic National Bank of Dallas, chairman of program committee

Tighter Controls

MUCH emphasis and research have been placed on the construction of adequate steel vaults for protection against theft from the outside. However, protection against fraud from the inside is of equal importance. How much better might the record be if all the banks in this country could but put into practice the recommendations of your association on better audit procedures and controls. . . .

As banking operations become more complex through the use of electronic machines, so will your job become more complex and more demanding . . . and greater training will be required, more exacting job qualifications will be necessary. Thus greater demands will be placed on educational work like the NABAC School in this training of technicians who can keep the operating mechanism and its controls functioning efficiently and safely.—LEE P. MILLER, president of the American Bankers Association, to the NABAC convention.

(3) The teller is the key to successful operations, and he must be one of the bank's best. To keep traffic moving, he should know a majority of the customers and be expert at handling transactions. He must have comfortable surroundings and adequate equipment, with direct connection to the bookkeeping department.

(4) If the drive-in is not on the bank building, a pneumatic tube connection, as well as telephone, may be necessary. Closed-circuit television is desirable in some instances.

Panel members were: James E. Conklin, III, assistant cashier, United States National Bank of Denver, and Charles F. Schwan, cashier, California Bank, Los Angeles.

No-Passbook Savings

VARIOUS aspects of this plan were examined by G. T. Lamb, assistant vice-president, Trust Company of Georgia, Atlanta; Emanuel Magulies, president, Community Bank of Linden, N. J.; and William H. Miller, vice-president and comptroller; First National Bank, Fort Lauderdale, Fla. Moderator was Arthur A. Baer, president, Beverly Bank, Chicago.

The operating flexibility of the plan was mentioned: customers like it, motor banking is speeded. One banker said the plan didn't attract any new business; on the other hand, no accounts had been lost.

Internal changes necessary include amendment of withdrawal tickets to read "Withdrawals are permitted through payment to de-

positor only." A carbon snapout form is desirable; also a record and receipt envelope is essential. However, a bank need not change its filing system or buy new bookkeeping machines inasmuch as posting of the ledger card is unchanged. Interest is figured and posted as before. Statements are mailed to depositors at regular intervals, a procedure which to some extent is considered direct verification.

Personnel Matters

THE auditor or comptroller should be included in the personnel administrative function, said Winslow E. Pike, vice-president, First National Bank of Atlanta. Aside from an employee's direct supervisor or department head, there's seldom anyone in the bank "better qualified to discuss a salary increase or a promotion than is the auditor or comptroller.

"He is probably," Mr. Pike continued, "in and out of more areas in the bank than any other official who will be concerned with salaries and promotions. Therefore, his advice and counsel should be sought on such occasions."

Training methods used at The First National Bank of Memphis were outlined by Sam Britt, vice-president. In addition to the regular training, an incentive program has brought additional business. Personnel, below officer level, are paid for any business they solicit that is actually brought in.

The bank has cut the teller-training time by 50%. All new tellers attend a 2-week course, seven hours a day. An instructor goes into considerable detail on the teller's clerical duties, including how to count money and the correct way to balance. Live demonstrations teach actual situations. The auditor reviews the functions of his department and a public relations officer briefs the new tellers on customer and public relations. Refresher courses are given at intervals.

Last year the bank employed a Ph.D. from Northwestern University to give the officers, department heads, and secretaries instruction in letter writing.

Directors' Examinations

THE First National Bank of Erie, Pa., has a 13-step outline for directors' examinations at the main office. It goes to the board members in advance, with a covering letter. (CONTINUED ON PAGE 132)

A Bank's Personality

PERSONALITY is evidenced by: The way the president speaks to the man with the small account. The way the auditor corrects a mistake. The way the girls answer the telephone. The way the secretary has the individual wait until he can see the officer. The way the borrower is handled who is probably entering upon his life's great financial experience. The way the teller, the janitor, the stenographer, the porter refer to the president when they are away from the bank. The way the teller hands the passbook to the customer. The way the borrower is notified that his note is past due. The way we tell a savings customer that his account is not subject to checking. The way we endeavor to explain a service charge. The atmosphere of the lobby, plus the community service rendered by the officials and the place taken by the corporation as such in supporting civic and charitable institutions. . . . The day has long passed for rigidity in bank attitudes.—BEN H. WOOTEN, president, First National Bank of Dallas.

Increasing Deposits Through Statistical Market Research

MR. WEART, a New York management consultant, contributed "A Method of Finding an Area's Deposit Potential" to the March 1957 issue of *BANKING*.

THE statistical approach to bank market research provides a means of tapping hidden deposit potential. Many surveys have been made to find customer opinions; few banks have correlated the results of economic surveys of their territories with their internal data to determine their own shortcomings. Doing this is called statistical market research.

The accompanying illustration shows a fictitious typical natural territory of a bank. A competing bank is shown about a mile away. The area is comprised of some 10 tracts, or districts. A comparison of the number of savings depositors with the population in each tract is shown in Table I, page 122. Percentage of savers among the total population is found by dividing the number of accounts by the population. In the territory as a whole, 25.0% of the people, or one in four, have savings accounts with the bank.

As might be expected, the bank is well below average in Tracts 3, 7, and 8; this is the home territory of the competition. Similarly, the bank is nicely above average in Tracts 1, 2, 5, and 10, its own home territory; also, perhaps a little surprisingly, in Tract 4. But what shall be thought of Tracts 6 and 9? Both are definitely within the bank's natural sphere, yet have only a fraction of the number of accounts they apparently should. Here is a question requiring an answer.

Tract 6, for Instance

Tackling Tract 6 first, a study of the population characteristics reveals that the income is about average, so that there should be just as many savers; the median age, marital status, and size of family, also are about average. Educational level is somewhat below average, but not significantly so. The other

SPENCER WEART

population features similarly show no variations from the territorial average. It is only when national origin is examined that a difference is noted.

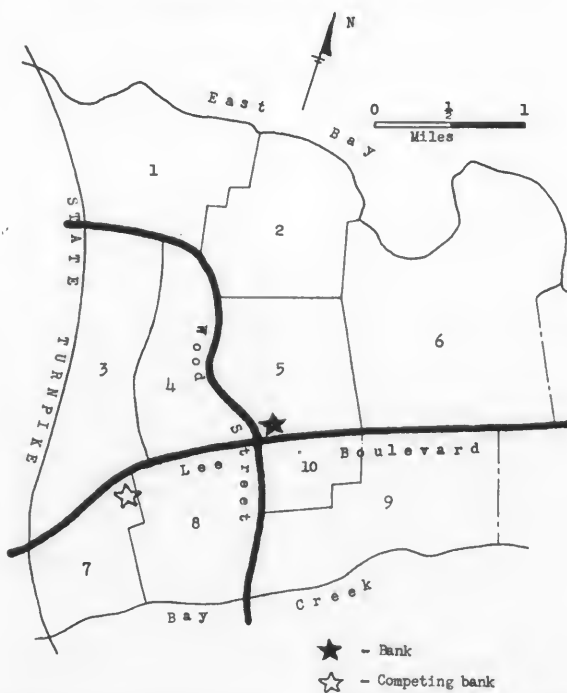
The entire territory of the bank has a fairly high percentage of foreign-born Italians or their children, but the percentage in Tract 6 is far above that of the other tracts. Since there seems to be no possible other reason, this may well be why there are fewer accounts in this tract. Somehow, the bank has failed to attract this large element of its po-

tential. Once the cause has been ferreted out, its correction should be easy. Perhaps having a few Italian-speaking tellers, or something to show the bank's interest in the problems of Italians, may well bring in the new accounts. The effort is worth while, for, if Tract 6 can be brought just to the level of nearby tracts, an additional \$1,700,000 of deposits will accrue.

As another example, Tract 9, presumably in the bank's primary zone, presents an even worse picture. It has well under half the accounts it should have. Here the analysis of population characteristics draws a blank, for there is no foreign element of a size to warrant differences, nor any other variance. The

(CONTINUED ON PAGE 122)

Natural Territory of "Typical" Bank
Subdivided by Census Tracts



Tax Treatment of Expenditures

GEORGE A. YOUNG

George A. Young, CPA, is tax partner at San Jose, California, office of Peat, Marwick, Mitchell & Co.

WHENEVER new business opportunities are being sought or existing businesses are to be expanded or augmented, a primary concern of the taxpayer is the amount and rapidity of recovery of Federal income tax benefits to be derived from the expenditures. Whether or not proposed expenditures are currently "deductible" often is a pivotal point in planning current and future transactions. In most situations of business development, taxpayers naturally aspire to the tax benefits which stem from a current deduction, thereby recouping tax dollars for use in business. Often, this objective is thwarted. Quite frequently, taxpayers find that expenditures for investigation and development of a new business are not allowed as current deductions either because the expenditures are required to be capitalized, or because the deduction was not claimed in the proper taxable year or not claimed by the proper taxpayer; or, the deduction may be denied because a particular expenditure was not incurred in "carrying on a trade or business" or related to a "transaction entered into for profit."

Capitalized Expenditures

Most businessmen are sufficiently sophisticated taxwise to be aware that acquisition costs of business properties, capital stock, patents and other similar items are generally required to be capitalized, and that tax benefits depend on future depreciation, amortization and/or other deduction of the items. For example, in many cases the expenditures for legal fees, surveys, travel, etc., in connection with the acquisition of specific business assets, or an entire business, are required to be capitalized (Saline Motor Co. 22 B.T.A.

874; Washington State Bank 20 B.T.A. 33; Athol Mfg. Co. 22 B.T.A. 105; affd CA 1, 54 Fed (2d) 230; and others). Similarly, capitalization is normally required for expenditures relating to the suppression of competition, acquisition of goodwill and certain intangible rights, and for covenants not to compete which are not "severable" from goodwill acquisition (Clark Thread Co. v. Comm. 28 B.T.A. 1128, affd CA 3, 100 Fed (2d) 257, and others). Similarly, in Revenue Ruling 56-520, C.B. 1956-2, 170 it was held that a corporation's unsuccessful attempt to secure a television channel would result in a deductible loss if permission was denied, but that the expenditures would result in a non-amortizable intangible asset if permission was granted. In Coca-Cola Bottling Co. v. Comm. 6 B.T.A. 1333 it was held that no allowance could be made for the exhaustion of the cost of a contract granting a perpetual privilege to bottle Coca-Cola.

Fortunately, the Internal Revenue Code does contain a number of sections which afford relief from capitalization, such as the amortization of organizational expense (Section 248), the amortization of certain emergency facilities (Section 168), "accelerated" depreciation on the acquisition of new depreciable property (Section 166), the deduction of certain improvements to agricultural land where the items qualify as soil and water conservation expenditures (Section 175), deductions for exploration and development expenditures related to deposits of ore and mineral other than oil and gas (Sections 615 and 616), the deduction of research and experimental expenditures (Section 174), and others.

Proper Year of Deduction

The question of whether or not certain ship plans became worth-

less during the taxable year appeared in American Caribbean Lines v. Comm. T.C.M. dkt 109305 (Feb. 5, 1943); and it is not unusual to find such situations where plans for new business development, etc., are permitted to wither on the vine over several taxable years, often with spasmodic evidence of some remaining vitality, thereby raising highly debatable questions as to the proper taxable year for the deduction. Taxpayers should be alert to these situations and take such positive actions as are possible and appropriate to peg the particular year for deduction.

Corporations v. Individuals

At this point, it is well to pause and consider that there is a distinct difference between corporate and individual taxpayers in the treatment of losses. The Internal Revenue Code allows business expenses to both individual and corporate taxpayers for "all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business . . ." (Section 162 (a) I.R.C. of 1954) but the same coequal treatment is not extended in the field of tax losses. The loss provisions of the Internal Revenue Code (Section 165 (a) I.R.C. of 1954) permit *corporate taxpayers* to deduct ". . . any loss sustained during the taxable year and not compensated for by insurance or otherwise." *Individual taxpayers* are allowed losses only if "incurred in a trade or business" or "incurred in any transaction entered into for profit, though not connected with a trade or business" or "losses of property not connected with a trade or business, if such losses arise from fire, storm, shipwreck, or other casualty or from theft. . . ."

Related Taxable Entities

When taxpayers engage in business development activities for or

for Investigation and Development of New Business

on behalf of an employer or a related taxable entity the individual must overcome the usual hurdles of nondeductibility and he may then find his deductions struck down by several additional lines of attack. An excellent illustration of the problem of promoters appears in *Dwight A. Ward v. Comm.*, 20 T.C. 332, in which the taxpayer spent some \$2,075.00 in research, engineering plans and travel preliminary to the organization of a corporation. A corporation was organized and commenced operations (manufacture of concrete blocks). In denying the deduction the court commented: "By devoting his efforts in organizing the new business, petitioner was not thereby engaging in business himself."

Amounts expended in new business development, etc., by employees or stockholders have usually resulted in disallowance of deductions to the individual taxpayers on the theory that the employee and/or stockholder was not personally engaged in a trade or business and/or a transaction entered into for profit (see "Ward" *supra*). For example, in *Jacob M. Kaplan v. Comm.* 21 T.C. 16, the taxpayer was a shareholder and officer of an investment corporation and a majority stockholder of Welch Grape Juice Company. In 1946, Mr. Kaplan took extended trips to parts of the country to acquaint himself with business conditions which might affect investments which might be made by the investment corporation, and to further a cooperative movement among growers of grapes to stimulate production and increase the supply of raw material used by Welch Grape Juice Company. The deduction of some \$6,500 was denied to the taxpayer on the basis that if the amounts were proper business expenses they would be deductible, if paid, only by the related corporations. (See also *Andrew Jergens* 17 T.C. 94.)

There have been some exceptions such as *Ernest E. Lloyd v. Comm.*, 8 B.T.A. 1029, where the business of a corporation was "attributed" to an employee; and deductions have been allowed to individual taxpayers where their activities in promoting, developing, managing, and financing business have been so extensive that they could be held to be "in the business" of promoting and developing businesses, or "in the business" of making business loans, etc. (*Howard T. Tellepsen D.C.*, W.D. of Texas, 6/21/57, and others—but see *Dominick J. Salomone* 27 T.C. 75, to the contrary). However, the concept of attributing the corporate business to an officer or stockholder and the concept of venturing in businesses have both had a rough row to hoe during the years, and the essence of this controversial area is well illustrated in the case of *Weldon D. Smith v. Comm.* (17 T.C. 135, reversed C.A. 2, 203 F 2d 310) in which the reversal emphasized that the full time management of one's investments, or the serving as an officer of a corporation, does not ordinarily constitute a "trade or business."

During the initial stages of business acquisition or development, the factual situation often involves the taxpayer and a related taxable entity, and it is not unusual to find that the question of who may deduct certain expenditures is determined by the relations of the parties especially as flavored by local law. For example, the mere fact that a corporate charter is in existence does not necessarily require that expenses be allowable only to the corporation and disallowed to others. (*J. A. Bentley* 5 B.T.A. 314 of E. H. Angier 17 B.T.A. 1081, and others). Similarly the losses of one entity may by contract be made the losses of another under certain circumstances (*Wiggins v. Comm.* 46 Fed (2d) 743, CCA 1, 1931; *Western Acceptance Corp.* (1939 B.T.A. Memo dkt 90214).

"Business" and "Profit" Transactions

Our discussion thus far has pointed out that the business of a corporation is not, in general, treated as the business of its stockholders or employees, and that the full time management of investments by an individual does not necessarily constitute a trade or business, despite the obvious affinity of economic interest inherent in these situations.

The terms "trade or business" and "transaction entered into for profit" have appeared with considerable frequency in the pertinent regulations, and related rulings and decisions, and quite possibly the limited capabilities of semantics preclude a satisfactory, succinct, definition of either expression; at least such opinions have been expressed by eminent authorities (see *Mertens, Law of Federal Income Taxation*, at par. 25.08). These deceptively innocent sounding expressions have given rise to considerable litigation in the past and no doubt they will create a comparable volume of controversy in the future.

At first blush it might appear that the line of demarkation between a "trade or business" and a "transaction for profit" might be found solely in the repetition, regularity, and continuity of activities, but this sole postulate apparently can be found wanting by an analysis of illustrations such as *Revenue Ruling* 56-511; *Higgins v. Comm.* 312 U.S. 212; *Claude Patterson Nobel*, T.C. 960, and others where taxpayers have been held to be "investors" not engaged in trade or business despite the frequency, continuity, and regularity of their activities. Pertinent also are instances where the lack of regularity and continuity did not prevent a holding that taxpayer was engaged in a trade or business (see *John Rice* 44 B.T.A. 749; R.R. 55- (CONTINUED ON PAGE 126)

What MARKET RESEARCH Can Do for Banks II

HERBERT BRATTER and FORREST CLEMENTS

HERBERT BRATTER is a Washington writer for BANKING. DR. FORREST CLEMENTS is the Washington, D. C., representative of two closely affiliated market and survey research firms, Stewart, Dougall and Associates, and Crossley, S-D Surveys, Inc., both at 405 Park Avenue in New York City. In a previous article, an interview between MR. BRATTER and DR. CLEMENTS, they discussed some of the ways banks can use their own facilities and staff members to obtain information helpful to banking functions. The interview which follows explores several uses banking people can make of professional market research. It attempts to answer some of the questions raised at the conclusion of the earlier article. MR. BRATTER asks the questions.

QUESTION: At the end of our last talk, you mentioned very briefly some of the lines of inquiry which banks might find useful but which would require the services of professional research organizations. Would you go into a little more detail on that subject?

ANSWER: Some banks have recently become interested in the psychological attitudes their depositors, their borrowers, and the general public have toward them and toward the institution of banking. They want to know not only what these attitudes are and in what percentage of the population they occur but why they exist. This is sometimes called motivation research, but probably a better name is "why" research.

QUESTION: How would a bank approach the problem of analyzing customer viewpoints?

ANSWER: First, the whole matter

is discussed by the research people and the bank's management. This brings out the problems clearly, including any of special concern. At the same time a decision is made as to just what groups are to be studied: e.g., depositors only, other customers, or the entire public within the service area of the bank. Then a sample of the selected groups must be drawn in such a way that it will accurately represent the whole.

Of course, there is a so-called statistical "error" in all sampling, but the best modern methods provide quite satisfactory accuracy. Samples correctly drawn will give a very good measure of the group they are designed to represent. Two main methods are in general use. These are called by statisticians "quota sampling" and "probability" sampling. The quota method is the least expensive and is adequate for many purposes. The probability method in some cases is more accurate and the theoretical error of such sampling can be calculated ahead of time. This is a great help in determining the size of the sample which will be necessary to satisfy any previously set maximum limits of variation.

QUESTION: What is meant by "sampling error?"

ANSWER: It is not really an "error." That word is merely part of statistical jargon. It is a mathematical expression, a standard of measurement to indicate the range within which the true answer will be found. As an illustration, suppose a sampling statistic is 40%. If the "error" of sampling is 2%, it signifies that the true figure is somewhere between 38 and 42% two times out of three. Or, if a higher degree of accuracy is wanted, the

true figure would fall between 36 and 44% 95 times out of 100. This means that if the study were repeated 100 times, 95 of those times would give results within these limits. Many surveys do not require this kind of precision.

QUESTION: That's a bit different from a banker's conception of accuracy. He's got to balance out to the last decimal point.

ANSWER: True enough. But we are not measuring such concrete things as dollars and cents. We are assessing the weight of psychological attitudes toward banks and the reasons for their customers' behavior. The results can never come out with such exactitude as dollars and cents, pounds or pence. For management decisions it is only necessary to know that approximately 60% of a bank's customers think of bank officials as cold or irresponsible to their needs, that approximately 10% feel a warm friendliness toward their bankers and approximately 30% regard banking management as indifferent to their personal problem.

We can also demonstrate the statistical sampling "error" of these percentages. Is the first example of 60% really that or is it 55 or 65%? What are the chances where the "true" percentage lies? But really, Mr. Bratter, I don't think it would be worthwhile to discuss further such a complex subject as probability sampling. Let us just say that the same mathematical idea is the basis of actuarial science upon which all insurance company operations are founded. Every banker will understand the accuracy of insurance predictions as applied to groups.

QUESTION: After the sample is drawn, by whatever method, what is the next step?

ANSWER: The research agency, in consultation with the bank, will break down objectives of the survey in terms of an item list of specifications of data. This will spell out exactly what information is needed and may well comprise several hundred entries. Here is an example which, of course, is out of context but may give a better idea of what I mean by specifications of data.

NEEDED:

Percentage of customers who borrow money at the bank and elsewhere. Amounts borrowed classified in groups, i.e., \$100-\$500; \$501-\$1,000; \$1,001-\$2,000; \$2,001-\$5,000; and so on.

Interest rate paid in each group.

Expression of degree of satisfaction or dissatisfaction by borrowers in each group.

Measure of attitudes toward the bank expressed by borrowers.

Reasons for such attitudes.

When the list of specifications has been agreed upon, a questionnaire is built according to these criteria. The draft of the questionnaire is tried out on people like those who will be in the sample. It is tested many times with different words and positions of questions in its format. On the basis of these experiments, a version is put together which is proved to be workable by field tests. This becomes the final text of the questionnaire.

QUESTION: *So far, this sounds like the usual procedure for good survey research. What about this idea of motivation—what you call "why" research?*

ANSWER: Everything I have said about sampling, questionnaire construction, and statistical validity can apply to any type of study of a bank's market. Motivation or "why" research builds on this foundation. It uses methods developed in experimental and clinical psychology but adapts them to the study of human behavior in the market place. This can be just as profitable to banks which sell services as it has proved useful to manufacturers who sell goods.

QUESTION: *Well, if you want to know why a bank customer behaves in the way he does, why not just ask him?*

ANSWER: Because most people do not really know why they behave as they do. They will give you an an-

swer, but it is almost always a pseudo-rational response. For example, it is well known that many people will have a checking account in more than one bank, savings accounts in quite different banks or other institutions, and safe deposit boxes in still other banks.

Why?

They will give all sorts of seemingly rational answers but hardly ever the true reasons, because they do not actually know these reasons. The psychological causes for this behavior usually are below the level of consciousness but operate powerfully just the same. If a bank can ascertain these causes it can more intelligently plan its advertising and new business efforts. Also, there are certain pride barriers that make it difficult for people to tell the truth. Techniques have been developed to make it easier to get the truth.

Of course, there are exceptions where a customer's reasons for acting as he does are quite logical. My grandfather told me about a Scotsman who went to a bank and asked for a \$500 loan. The banker agreed but asked for collateral. Next day the Scotsman came in with a stack of stock certificates, bonds, and other negotiable securities, all blue chip and totaling over a hundred thousand dollars. The bank quickly granted the loan but remonstrated about the excessive amount of collateral. The Scot was adamant and the securities were accepted. Interest on the note was paid right on the due date with a renewal always granted. Finally, the banker asked the Scotsman just what he insisted on posting this enormous collateral for such a small loan.

"Well," said the Scot, "I can get a safe deposit box for \$100 a year?"

Of course, this was a very expensive. And there were private chests kept in the vault of the bank and they cost over \$100 a year. The Scot's motivation was quite simple: he did not need to search for hidden subconscious influences. The behavior of most bank customers, however, is not so easily understood. A better comprehension of the psychological reasons which cause a bank's customers to act as they do will surely benefit bank management and strengthen its earnings.

QUESTION: *Well, just how do you go about finding the true reasons for such behavior?*

ANSWER: In most such studies the questionnaire will start out with a whole series of what are called "open" questions. These are questions which do not demand a definite "yes" or "no" answer, but permit the respondent to reply in his own words in any manner he may care to. That is to say, he gives a free answer in his own terms without being restricted by the form of the question. An example might run as follows:

"What do you think about doing business with X— Bank?"

"That's interesting. Will you tell me more about this?"

A good interview questionnaire will contain very many such questions and the responses must be recorded verbatim.

There is more to motivation research than what I have just said, but the free response to skillfully developed open questions is the heart of the matter. This basic questionnaire is usually supplemented by what are called "projective" techniques. Word-association questions, free explanation of pictorialized situations, and asking what the "other fellow" thinks or would say are techniques revealing a great deal more about a person's inner thoughts than he or she realizes. However, responses must be analyzed and interpreted by skilled research psychologists.

QUESTION: *Ascertaining customer motivations sounds rather formidable. How do you do it?*

ANSWER: In our previous discussion we talked about some of the ways in which customers would use their own personalities to accumulate wealth. It is a valuable to management if a bank wants to go beyond the usual range a professional researcher would go about the selection of a program as it would in analyzing a market risk.

I can only say that of no investment which pays a higher dividend than good research. Conversely, poor or cheap research can be terribly costly to management because, unknowingly, the bank may act upon false or inadequate information. If a research job is worth doing at all, it is worth doing well. There is no middle ground.

How Consumer Credit Weathered the Recession

ALFRED F. GOODMAN

MR. GOODMAN, whose earlier writing on instalment credit has appeared in *BANKING*, is a vice-president at Winters National Bank & Trust Company, Dayton, Ohio, and has been engaged in instalment credit operations for over 30 years. He is on the Advisory Board to the Instalment Credit Commission of the American Bankers Association; on the executive board of the Consumer Bankers Association; and for the past six years has been an instructor at the School of Consumer Banking at the University of Virginia.

IT is generally felt that we have reached the turning point and have started the slow climb out of recession, and that 1959 will see a return of good times. Is that bad? The sudden rash of voices crying for standby credit controls would make it seem so.

The steady growth of our nation and the quite natural corresponding growth of our economy would seem to be an evil thing to some people, rather than a perfectly natural phenomenon. Indeed it would be an unnatural condition if the tremendous population growth of this country did not result in a corresponding increase in all business activity.

Why is the growth of instalment credit singled out as the great evil in our economy? All it does is make possible the manufacture and movement of goods, enabling the mass market to buy and pay for them.

Yet, for over 30 years there have been dire and doleful voices heard intoning the evils and dangers of

instalment credit; they have worn out the hoary illustration of the bursting bubble which will carry us all down to economic ruin.

These voices are again heard in the land, and as before, they usually know very little of what they are talking about.

Did not President Eisenhower, at the height of the recent boom, request the Federal Reserve Board to make a study of consumer credit, and after such a study covering almost two years with the results contained in six bound volumes, was not the conclusion reported to the President that stand-by controls on consumer credit were neither needed nor recommended at that time?

Natural "Control"

Isn't it a fact that the recession of 1957-58 was largely caused by John Q. Public's discontinuance of the purchase of consumer durable goods? And that no controls, in force or standby, had anything to do with this drop in consumer buying?

Instalment credit has been steadily "running off" or liquidating in recent months because the buyers simply stopped buying more goods on time and continued to pay out on their outstanding debt. No controls were needed to accomplish this. While there are a certain number of silly people and unwise lenders who always seem to get together, the great majority of Americans are both honest and intelligent and do not buy what they do not feel they can pay for.

When a feeling of doubt as to

business and employment conditions entered the minds of many Americans, they merely stopped increasing their indebtedness until they felt they could safely buy on time again. This happens periodically. When we measure the growth of instalment debt against the growth of disposable personal income, we find that they both curve upward until they reach a peak. The excess of new instalment credit over liquidation represents the net growth for the month. When this net growth of instalment credit exceeds the growth of disposable personal income by approximately 2.5%, the upward curve stops and a decline begins. Such peaks were reached in 1950, 1952, and 1955.

When the public feels it can buy on time again with reasonable feeling of assurance as to repayment ability, there will be another burst of good business, labor will resume heavy output, employment will expand, America will jump ahead again—and all over our prosperous land will again sound the funereal voices of the Jeremiahs begging for instalment credit controls.

A Good Record in 1930s

Why? The instalment credit business seems to be able to handle itself quite well. Even in the great depression of the Thirties, the consumer credit companies and those banks in the business, came through very nicely. The real trouble was with commercial loans and loans secured by stocks, bonds, and real estate.

In this most recent recession of 1957-58, collections have remained satisfactory, and although repossession and losses have increased, the situation has been under good control and loss reserves have been adequate.

No Controls Needed by Public or Lenders

Why the cry already starting for stand-by controls as soon as there are sufficient signs of complete business recovery? Neither the public nor lenders need Government controls. Both seem to have been able to handle their affairs very well, and without constantly growing payrolls, increasing expenses, steadily mounting debt and deficits, which are in contrast to the individual's voluntary control of his own personal debt and the continuing safe

and profitable operations of the instalment lenders.

Some of us in the instalment credit field have become weary of this regularly repeated chorus, and have been forced to the conclusion that perhaps it might be well to institute credit controls and then just watch what would happen. It is very possible that the medicine might kill the patient, not only by stunting natural growth and expansion, but the experiment might prove very embarrassing to the sponsors.

Used Car as Illustration of Practical Problem

One simple illustration will serve to point out the practical problems involved, the purchase of a used car. Let us assume the dealer's proper cash selling price to be \$1,500. The buyer's downpayment consists of a car to be traded in, actually worth \$300, or 20% of the purchase price of the car to be bought. The dealer knows that no one will finance 80% of the cost, so the transaction is presented to the financing agency as a selling price of \$1,800 and the trade-in as \$600. In either case the amount to be financed is \$1,200. But by this device the downpayment has been increased from 20% to 33 $\frac{1}{3}$ %. This is sometimes referred to as "putting a new hat on the old girl." But it's the same old girl. Since customer equity has great bearing on the desire to retain goods and continue payments, the effect on credit judgment can be understood. Under credit controls, the term or length of time permitted is usually tied in with the percentage of downpayment. Through the expedient illustrated, it can be seen how easily all factors can be nullified.

Price Controls, Too?

There can be no set rule of standard values on used cars. Ten cars of the same make and age, with differing equipment, mileage, condition, etc., may honestly justify 10 different prices or trade-in values.

Do those advocating controls contemplate price controls also? Without them, credit controls would be a farce and unworkable. Do they think they can completely control only a few lines of business, when we are not in a shooting war, without covering all American business with control of credit, prices, downpayments, trade-ins, etc., which

Instalment credit's contributions to the economy have been, and will be, tremendous. It is helpful, safe, and profitable. Why not let it grow and expand in its proper relation to our national economy, and stop trying to limit, bluff, or threaten it, especially since it seems to control itself by natural limitations and relation to other factors?

would put to shame the old NRA of blue eagle fame? Shades of General Hugh Johnson!

So perhaps we will have to submit to attempted controls, experience a colossal flop, and then realize what ought to be known now: that the majority of our people are intelligent, and the instalment credit lenders generally sound businessmen. Those lenders who may leave safe and sane operations soon eliminate themselves.

In a meeting in Washington not very long ago, some of the matters touched on above were propounded to authorities who were asked just how they proposed to go about trying to control consumer credit, prices, etc., in time of peace.

Do you know what their answer was?

"We don't know!"

There Are Many Causes of Inflation

It is doubtful that any thinking person would minimize the evils of inflation. But consumer credit is not the primary creator of inflation, and therefore the cure cannot be effected through that means alone. The cause and cure of inflation are subjects with many facets of which consumer credit may be one. But partial attempts to tamper with only one part of the problem may serve only to unbalance our whole economy, and start a chain reaction which could have tragic results.

From 60% to 70% of automobile sales are on a time basis. A very high percentage of appliances and furniture are sold on instalment

plans. If the time sales were eliminated, what would be accomplished except to shrink the market, increase the price to the cash buyers, throw people out of work, and endanger the economy? Are these things good and desirable?

Why did FHA increase the maximums on FHA Title I loans from \$2,500 and three years to \$3,500 and five years? The lenders did not want this increase. At the last two National Instalment Credit Conferences of the American Bankers Association, a preponderance of the 1,600 bankers in attendance were opposed to raising the maximum amount and terms.

Entire Economy Growing, Including Consumer Credit

Our nation is growing rapidly. Every segment of our economy is increasing. Sales of houses, shoes, and mustard are the highest in our history. Private debt and bankruptcies are higher too. How could it be otherwise? But why single out consumer credit as the cause of every wrong thing?

The whipping boy resents these implications.

Should we get into a shooting war it is understood that all sorts of controls would be necessary for the national welfare.

Let us hope that we can keep out of a shooting war, and that lenders will continue to operate along the sound lines that have made our American standard of living the envy of the world, and the instalment credit business profitable and safe.

A.B.A. Public Relations and Business Development Team

G. RUSSELL CLARK

This is part of an address to the Financial Public Relations Association by G. RUSSELL CLARK, executive manager of the American Bankers Association.

It emphasizes that public relations and business development are major functions of practically all departments and sections of the A.B.A. BANKING, of course, is the major channel for informing member banks about the A.B.A.'s huge and continuing production of aids to business development.

THE justification for any trade association is to promote the interests of its members and to help them in appropriate ways to discharge their functions and responsibilities. We, at the A.B.A., have this common mission with the FPRA, the state associations, and other banking groups: All of us are striving to promote better banking. In pursuing this basic objective, we can never afford to function at cross purposes, but must constantly seek to develop better teamwork in our aims and activities. The present-day environment imposes a challenge that calls for consistent effort to a degree perhaps never before matched in the history of banking.

As I have previously stated, the caliber of our bank competition is such that we must step up our public relations effort at all levels. The A.B.A., like the FPRA, is doing just that at the national level, and encourages similar action at the state and local levels. Our banking fabric is interwoven with common causes, common problems, common interests and objectives.

The A.B.A., in dealing with these

common denominators at the national level, has established a framework for national planning and action in meeting the common needs and wants of member banks, and in helping member banks in turn to meet the needs of the public.

Efforts of Entire A.B.A.

A.B.A. work in the field of public relations goes far beyond the activities of our Public Relations Council. It is the product of the fullest possible cohesion and efforts of the entire A.B.A. organization. This is one of our major production areas, along with educational, legislative, research, and banking operations. Through these efforts we, of the A.B.A., like to feel that we are exerting a favorable influence or impact on both banking and the public.

How do we define "public relations"? For A.B.A., it is the Condition of Banking's National Health in Terms of Reputation and Sales.

What is our objective? It is to improve and extend the national reputation and sales of banking—a constant goal of seeking better public understanding, approval, and support (or use) for banking as an industry. Our ultimate objective, of course, is banking growth in deposits, assets, earnings, and capital funds so that banks can promptly and effectively meet their obligations to:

Customers, in more and better services.

Savers, by paying the highest possible interest rate commensurate

with safety and prompt payment upon request.

Employees, in improved salaries, fringe benefits, and job opportunities.

Local citizens, in advancing the interests and development of the community.

Nation's economy, by meeting the currency, credit, and capital needs of our normal national economic growth.

Stockholders, in the best possible dividend return with resultant attraction of share ownership.

Banking industry, in a larger share of the total market for financial services.

I mentioned that A.B.A. views its public relations as the condition of banking's national health in terms of reputation and sales. I should like to focus attention upon several segments of our organization which, in my opinion, perform most efficiently and effectively in the field of public relations—although it is difficult to separate them into clearly defined entities, so closely are they interwoven with one another.

Three Functions

In reality, the entire A.B.A. staff organization — every department, person, activity, facility, and aid—is a public relations force for the banking industry and the individual banks. The broad A.B.A. public relations program has three functions: research, banker education, and public education—research to form the basis for an effective public relations program; banker education to

provide guidance to individual banks and bankers; public education to disseminate information directly to the American public through advertising, publicity, and promotion.

The objective is a better public knowledge, understanding, approval, and support of banking based on good performance which is publicly believed, understood, and appreciated because of good communications.

Many of the good communications fall inside the sphere of the *Public Relations Council*, the department which handles various approaches the A.B.A.—as a staff function—makes to public relations. (I say as a *staff function* because, as you practitioners of public relations know, much of A.B.A.'s public relations impact comes from our elected officers and the nearly 900 bankers who serve voluntarily and with enthusiasm on our many commissions, committees, councils, and the like, creating goodwill toward the banking industry in all parts of the country.)

PR Products

The Public Relations Council produces a vast volume of aid materials for use by banks in the area of public relations, customer relations, community relations, and similar fields—manuals, speeches, motion pictures, helpful suggestions. Closely related to the Council are the A.B.A.'s *Advertising Department*, which helps banks with their local advertising (some 60% of the nation's banks use its services, and last year it handled 20,000 orders from member banks for various advertising items); *BANKING Magazine*, the official journal of the A.B.A. and, with a circulation of more than 36,000, one of the leading publications in the field; and the *News Bureau*, whose job is to maintain close contact with newspapers, magazines, wire services, and radio and television people, and to disseminate news about banking through these media.

But, as I said, A.B.A.'s public relations program is more, much more, than these things. A.B.A. is a service organization, dedicated to improving the business of banking. As banking improves, so will its public relations, for there is no better public relations than good service. To

the extent that the A.B.A. can contribute to the betterment of banking, that far can we say its public relations program extends.

Take the A.B.A.'s commissions, for example. There are seven of them—Agricultural, Bank Management, Country Bank Operations, Credit Policy, Economic Policy, Instalment Credit, and Small Business Credit.

The staff members and the banker representatives on the commissions are constantly at work in their respective fields, studying problems—and solving many of them—that have a direct and important bearing on the operation of banks. Their reports, their statistical surveys and tables, their probing into new areas, their seeking out of information, their meetings and conferences—all of these things are done for the benefit and the betterment of our banks. And as our banks grow better, through better informed people within them, so will their services grow better; so will their public relations in their own communities; and so will their business.

As another example, let me cite the A.B.A.'s divisions—the National Bank Division, with its committees on research and operations, Federal legislation, and others; the State Bank Division, with committees that work with Federal and state supervisory agencies and on state bank research, among many things; the Savings and Mortgage Division, with committees on investments, personal money management, savings and mortgage development and operations, and related things; the Trust Division, which covers every aspect of the trust business.

Indirect Effect

The divisions' staff people do not regularly have direct contact with the public, but I can assure you that the public relations impact of the work of the divisions—both staff and banker representatives—is felt in the banks throughout the country who benefit from the work of the divisions, and, once again, banking's public relations in the over-all is improved by the improved services the banks render.

Another example, briefly: A.B.A.-sponsored conferences. You of the FPRA have your annual convention (bigger and better every year) and

your regional meetings in various parts of the country. Your meetings are generally—though, of course, not entirely—devoted to exploring and discussing the tools and techniques of direct public relations. A.B.A.'s meetings, as I have indicated, are more concerned with indirect public relations.

We have our National Credit Conference, our Instalment Credit Conference, our National Agricultural Credit Conference, our Savings and Mortgage Conference, our National School Savings Forum, our Midwinter Trust Conference—all on a national basis—plus our several regional trust conferences, and this year a new regional savings and mortgage conference. These many gatherings bring together bankers from all kinds and sizes of banks. The information they gain in their special fields of interest is reflected in the better service their banks offer their customers. Again, better public relations.

Education

There is one other aspect of the A.B.A.'s broad public relations program that I have failed to mention. It is one on which I could discourse for hours—but I promise you that I won't. That field is education. I believe that you will be interested to know that our Foundation for Education in Economics has extended loan scholarships to worthy students in over 260 colleges and universities since 1925.

All of you are acquainted with the American Institute of Banking—with a membership of 147-149 and class enrolments of 84,041, the largest educational organization of its kind in the world—and The Graduate School of Banking. I don't have to say anything about them here, except to note again that the better-informed bankers, which A.I.B. and G.S.B help to produce, are the bankers whose public relations are likely to be better.

I should like, however, to mention a new development that all of us in the A.B.A. are most enthusiastic about—the newly formed *Council on Banking Education*.

This Council coordinates many educational activities of the A.B.A. and acts as a clearing house for (and with) other segments of the A.B.A.

(CONTINUED ON PAGE 128)

Before you prepare your '59 budget—

See how Recordak Reliant

Now is the best time to "trade up" to the Recordak Reliant Microfilmer. It lets you handle increased volume in less time—microfilms . . . indexes . . . cancels or endorses *simultaneously!* You can have a Reliant installed in your bank on 30-day free trial basis—without obligation to buy or rent.



The speed you need in microfilming. The Reliant high-speed, high-precision feeder can handle up to 400 checks per minute—up to 5 times as many as older microfilers. And it ends chance of missed pictures at the same time by stopping checks which are stuck together before they're microfilmed.



Fastest way to index film record. Kodamatic Indexing feature "codes" film automatically while you microfilm—no delays. Lets you find any pictures *fast* in Recordak Film Reader. Code lines lead right to pictures you want, even when checks are processed in random batches (important for your transit department).



Endorses or cancels automatically. No need for extra operations or equipment. Accessory Endorser cancels or endorses *automatically* while you microfilm. Another Reliant plus—you can expose 2 rolls of film simultaneously, one for reference, the other for security storage off the premises.

Every convenience for operator. What she thinks is important, too! That's why the Reliant is designed with her needs in mind. Plenty of leg room; no stooping or reaching. Microfilmed documents are delivered right to hand, neatly stacked in proper sequence.

See for yourself

Mail coupon for details on how you can have the Reliant installed in your bank on 30-day free trial basis. Absolutely no obligation to buy or rent.

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming
—now in its 31st year

"Recordak" is a trademark

t cuts operating costs



**Just mail
coupon
today!**

RECORDAK CORPORATION
415 Madison Avenue, New York 17, N. Y.

Gentlemen: Please send me folder describing Recordak Reliant,
and details on 30-day free trial.

K-12

Name _____

Bank _____

Position _____ Street _____

City _____ State _____

Examiners Lend a Hand to Small Business Institute

PHILIP S. SHOEMAKER

The author is vice-president of the Fidelity Trust Company, Pittsburgh, Pa., and chairman of the Business Management Forum of the Pittsburgh Business Institute.

HOUSEKEEPERS will tell you that it is no easy matter to keep a family happy with varied dishes and pleasant surprises in the menu.

As chairman of a Business Management Forum, I had faced five yearly sessions of the Pittsburgh Business Institute by providing a reasonably balanced diet of topics and competent panelists. An economist, an editor, management consultants, bankers, labor relations consultants, government officials, state and community credit development managers, tax and cost accountants from Maine to Washington had come and gone and had been very well received.

This is no ordinary group, content with fancy salads, i.e., theory; these are "meat and potatoes men," rugged small manufacturers who are mostly self-made and self-educated—who now operate plants employing from 25 to 300 men. In a city of giant industries, they are quite dwarfed and have, therefore, to fight hard to survive. Thus, they seek management "know how," for these are the successful operators in the area—young in mind and spirit, if not in age. Many a speaker, after the answer period, has gone away limp from a brain-picking but withal stimulated by the experience and highly respectful of the audience's perception.

Another year was coming up, and I needed a lead topic (something with sex appeal) and, of course, competent panelists. Financial management, naturally, is and always will be the key to successful operations, and, as a consequence, bank-

ing and finance always have been featured. So, I decided to take our Institute registrants behind the scenes by holding a bank examiners' panel discussion on bank loans, and in this way perhaps help to take some of the mystery out of bank lending.

The Panel

My associate in Fidelity Trust Company's commercial lending department, Vice-president Kenneth S. Boesel, was a former FDIC examiner, and I prevailed upon him to be our moderator. Our excellent panel included George T. Quast, chief examiner of the Federal Reserve Bank of Cleveland, Elmer F. Shumaker, national bank examiner in charge of the Western Pennsylvania District Office, and Paul Walker, examiner for the Pennsylvania State Banking Department. Mr. Boesel made it crystal clear (at the examiners' request) that all opinions expressed were entirely personal and not to be considered as reflecting official policy.

Mr. Walker, the first panelist, laid the groundwork for a layman's understanding of the several supervisory organizations with jurisdiction, respectively, over the national banks, Federal Reserve members and the state-chartered banks, and he outlined the reason for and the purpose of a periodic examination. Mr. Walker stated the purposes of a bank examination to be "to evaluate the assets and verify the liabilities of a bank as they appear on a given date and gather any other information necessary to supervision. The results of the examination are compiled in a report to the respective supervisory agencies, and from these reports supervision is placed in a position to offer helpful suggestions to bank management and prescribe any necessary require-

ments regarding corrections and formulated expressions of supervisory policy."

Concerning secured loans, Mr. Quast stated that "banks do not grant loans with the expectation that they will eventually own whatever collateral may be pledged. As is the case with unsecured loans, the confident expectation is for full and prompt repayment. . . . furthermore, the pledge of some of his [the borrower's] valuable possessions is an evidence of his faith and gives him a share in the risk involved in his loan."

During the audience discussion, one of the panelists stated that he had known of several instances where banks suffered a higher proportionate loss on secured loans during the late depression. There seems to have been a tendency to rely too heavily on the collateral pledged, without giving proper weight to the borrower's ability to repay the loan from profitable operations. Mr. Boesel described the techniques of grading loans according to the degree of risk and expectancy of failure to collect in part or in full.

Unsecured Loans

Mr. Shumaker concentrated his observations on unsecured loans and stated that the examiner's approach is the same as that of the banker, for the same factors are considered by both men. Of unsecured loans, the three basic factors he enumerated are: the responsibility of the borrower, which involves Character, Capacity and Capital; second, the purpose of the loan, which he believes is especially pertinent in unsecured credit, and, lastly, the source of repayment. He added that it should be reasonably certain. The source and time then determine the maturity. He judges unsecured loans on the balance sheet, the op-

erating statement, and the reconciliation of worth statement. As to the operating or profit and loss statement, he looks for the "trend" of a business, which determines the soundness of the risk. Therefore, he checks the vitality in sales, profitable operations, reasonable retention of earnings, reasonable working capital, and sound balance sheet proportions providing creditor protection. He then described the ratio tests, familiar to all credit men.

He suggested that the Robert Morris studies of many lines of business should be utilized to measure individual performance and complexion of assets and liabilities, and he invited the audience to ask their bankers for this data.

He concluded with this comment: "Stability of profits is the final test of ability of management, and the disposition of these profits is important. Too much paid out in dividends or in high salaries to executive management may weaken what otherwise would be an acceptable risk."

In summarizing his paper, Mr. Walker stated that "supervision must be light but effective and examinations must be constructive in order to provide the maximum benefits which should be attained. Notable strides toward the establishment of cooperation, mutual respect, and understanding between banker and supervisor have been effected."

It was apparent from the questions that our end-result had been attained—that there was far less confusion and misunderstanding as to the purpose of a bank examination; likewise, there was a greater realization of the responsibilities of the lending officer.

Institute's Inception

Upon my appointment to the A.B.A.'s Small Business Credit Commission six years ago, I caught the spark from Ev Reese, then chairman, and the late Carroll Gunderman, secretary of the Commission and deputy manager of the Association, and I decided to launch an Institute in Pittsburgh. Together with "Monty" Jones, I called on Dean Vincent W. Lanfear, dean of the School of Business Administration, University of Pittsburgh, and almost immediately we were "in business." Among the first bankers to give support and aid were Andy Reetz, Bank of Millvale, John Lucas,

Peoples-First National Bank, Al Keller of Mellon Bank, John Kossin of the Federal Reserve, and Charlie Coates of Fidelity.

Bill Chase, a small manufacturer, in addressing the Credit Conference of the A.B.A. in Chicago last January, said that he knows of no finer bank public relations, since this project bridges the gap between the small business operator and his banker in a neutral, friendly atmosphere and is aimed at serving him directly and effectively. Incidentally, a tape recording of the proceedings makes excellent refresher reading.

What might be the key factor of the continued interest in our Institute? The answer is: It does not have an academic flavoring—it is not a "course" for small business management. We have set the pattern for many institutes and clinics in other cities, but they have wandered away from its basic concept, i.e., a forum where specialists in management and the professions discuss management and where the participants are invited to air their views and even reject the views of the program leaders. Another thing is that we have won respect by not patronizingly "talking down" to our audience. After all, the small manufacturer's income compares very favorably with the average banker's.

There is an element of human

engineering in our Institute, as attested by the diverse backgrounds of the "big brothers" who constitute the committee and who come as program speakers.

The co-sponsoring organizations include the Smaller Manufacturers Council, an affiliate of the Pittsburgh Chamber of Commerce, the Credit Association of Western Pennsylvania, Group 8 of the Pennsylvania Bankers Association, the University of Pittsburgh, and the Small Business Credit Commission of the American Bankers Association. This year Robert Morris Associates was invited to become a co-sponsor and furnish a panel in conjunction with the Credit Association of Western Pennsylvania.

It is fully expected that successful participation in this management forum by the Pittsburgh Chapter will encourage other Robert Morris Chapters in this very constructive and unique public relations project.

Bankers on our committee have found that it is not only beneficial and instructive for the smaller manufacturers, but what is equally important it affords younger bank credit men an ideal atmosphere to meet and to understand business men and their problems. In this way, it is a splendid preparation for their ultimate objective of becoming lending officers.

Left to right: Messrs. Boessel, Quast, Walker, Shumaker, and the author



Ingredients for a successful bowling center...

1. competent management
2. suitable location
3. modern equipment
4. proper financing

Through its leasing of Automatic Pinspot-
ters, AMF has been able to compile statistical
information never before available to the
bowling industry.

Lineage reports from proprietors represent-
ing nearly 40,000 bowling lanes prove that
four elements are essential for the successful
operation of a bowling center:

1) **Competent Management.** Successful
business experience is a prerequisite to
successful operation. (AMF offers with-
out charge a top-flight course on "Modern
Business Management of a Successful
Bowling Center." The course is staffed by
leaders in the field of bowling.)

2) **Suitable Location.**

- a) The bowling center should be located
in an area where a minimum of 1,000
population per lane is within the gen-
eral shopping area of each existing and
proposed establishment.
- b) The bowling center should be at least
two miles from any existing or pro-
posed center. Exceptions to this rule
can be made only when a detailed an-
alysis has proved that a definite need
for additional lanes exists. In such
cases the population of the shopping
area should be well in excess of 1,000
per lane for all existing and proposed
establishments.



- 3) **Modern Equipment.** AMF Automatic Pinspotters, in conjunction with AMF bowling lanes and associated equipment, best fulfill this requirement for successful operation.
- 4) **Proper Financing.** The modern bowling center cannot be under-capitalized. The proprietor should have a minimum of 25% equity in the bowling equipment.

BOWL WHERE YOU SEE THE



AMF PINSPOTTERS INC.

Subsidiary of AMERICAN MACHINE & FOUNDRY COMPANY
 AMF Building • 261 Madison Avenue, New York 16, N. Y.

AMF and its Franchised Dealers are actively seeking new locations and individuals meeting the requirements to the left. Financial institutions contemplating advancement of mortgage money for new bowling centers are urged to communicate with AMF for reliable information.

Since AMF leases Automatic Pinspotters, the prosperity of each AMF-equipped center is of continuing, vital concern to the Company. This fact is a tremendous added safeguard from which proprietors and lending institutions alike can benefit.

*TRADEMARK AND SERVICE MARK OF AMF

Send for this
Booklet about

Snap-Out CARBON CHECKS . . .
a NEW service for correspondents

Offered by

THE HANOVER BANK
NEW YORK

HOW THEY CAN HELP YOU
HOW THEY WORK
SAFETY FEATURES

HANOVER'S

NEW Snap-Out CARBON CHECKS

This new service for Hanover correspondents offers you the modern way to draw and prepare official checks against your account with us—and at the same time maintain an accurate record.

One operation and you have made out the check . . . *plus* the register copy. There are no stubs to fill in . . . just snap out the carbons with one quick flick of the fingers.

You are invited to send for your sample today. Write our Bank Relations Department, 70 Broadway, New York 15.



Member Federal Deposit Insurance Corporation

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

DECEMBER 1958

IDEAS AT WORK

Yo, Ho, Ho, and a Bale of Travelers Cheques!

The "Ideas" Section of BANKING'S *Business Building Bulletin* is by JOHN L. COOLEY.

As you read this, Cap'n Silas Trevelyan of the good ship *Faerie Queen*, out of Williamsburg, Va., has just about completed his 17th century cruise in the Carribean under Bank of America's house flag. The mythical skipper voyaged for two months (by direct mail) in the interests of the bank's quite unmythical travelers cheques which he promoted through eight weekly novelty mailings to 1,800 travel agencies and banks in 23 eastern states.

The campaign, realistically simulating an adventurous trip in 1678-80, makes a good yarn, mates, so stand by for the telling. Be advised immediately that ownership of a bundle of BofA cheques enabled Cap'n Silas to thwart the grizzly pirates of the main (Spanish, naturally) and to hit Ye Jacque Potte, a handsome buried treasure.

The campaign shoved off in September with a mailing to the addressees, mostly in New England, apprising them that the *Faerie Queen* was on the Carribean reconnoitering for trading posts, and that reports of high adventure would be coming along at regular intervals. (The Caribbean was selected, says Charles R. Stuart, Jr., the bank's ad manager, because of its popularity with sun-seeking New England tourists. When he left Williamsburg, Cap'n Trevelyan had,



Here are the empty "rum" bottle and other mailing pieces featured in Bank of America's 8-week mail campaign for its travelers cheques. Directed at sellers and potential sellers of the checks in 23 states, the program comprised "reports" to addressees from a fictitious Colonial sea captain as he sails the Caribbean and experiences numerous adventures. Mailing pieces included a bamboo stick, conch shell and sea weed, maps of the Caribbean and buried treasure locations, a copy of a 16th century Spanish gold coin, and a realistic BofA "travelers cheque" from the 16th century

fortunately, equipped himself with BofA cheques.)

Shall we let the bank tell what happened?

"In their explorations Trevelyan and his tars run afoul of the black-hearted Henry Morgan. In Maracaibo the freebooting scallywag and crew sack the town, plunder the *Faerie Queen*, and leave Trevelyan bereft of all save his Bank of America Travelers Cheques! Even Henry Morgan knows the cheques can be cashed only by the purchaser!

"In mortal fear for his life, Trevelyan manages nevertheless to send each of the 1,800 addressees an account of the disaster—by concealing his missive in a bamboo stick."

Plagued but undaunted by storm and shipwreck, and with confidence in his theft-and-loss-proof Bank of America you-know-whats, (they financed his refitting in Maracaibo) the captain sends his next reports in a sea shell and an empty bottle, the latter having a faint aroma of grog.

At Old Providence, he acquires a map of pirate's buried treasure, and

mails 1,800 copies of it Stateside. With each he encloses, as a token, one of his remaining cheques. "Tattered, torn, waterlogged, and stained with blood though it may be," he points out, "still it's negotiable and acceptable everywhere."

The captain finds the treasure, settles down on a Carrib isle, resigns his master's commission. With the resignation he mails to everybody on the list a Spanish coin from his Jacque Potte. And framed on the wall of the new house, he says, is his last BofA cheque.

The coins in the promotion were copies of a 16th century Spanish gold piece; they make good paperweights. The seashells came from a Miami curio shop; the bottles—beer containers—were scented with rum extract; foot-long bamboo sticks were provided by an importer. The saga was composed and researched by John Tyler of the Smith Company in that city.

(P.S. Yes, this promotion shivered our timbers, too!)

Umbrella Offered in Rainy Day Promotion

In a 2-month savings promotion LaSalle National Bank of Chicago offered each new depositor his

At Chicago's LaSalle National you opened your savings account and selected your umbrella from 16 styles. At left is, Vice-president William P. Scott



or her choice of a fine quality umbrella. The bank asked only that the first deposit be at least \$5 and that the depositor agree to build the balance to a \$50 minimum within 12 months.

A goal of 3,000 accounts was set, and at this writing it appeared that that figure would be reached well in advance of the closing date.

Newspaper, radio, and direct mail advertising were used, augmented by in-bank display and ads in commuter trains. During the campaign LaSalle had a special morning weather roundup radio show.

Approximately 75,000 4-color

folders were distributed in the Loop and mailed to present customers, each of whom was invited to introduce new accounts and thus earn an umbrella.

The staff took part, too, through its own business development program.

Symphony Concert Marks School Savings Birthday

JUST 50 years ago a *Minneapolis Tribune* story headlined "Children Will Now Have Regular Bank" reported the transfer of money from the Provident Savings Fund of the

"Firecrackers" Stir Stockholders to Sell Bank's Services

NEXT time you mutter, "I wish somebody would put a firecracker under our stockholders!" remember the Citizens-Farmers & Merchants Bank of Brewton, Ala. It did.

The firecrackers weren't real, of course, but the idea was, and the shareowners caught on. The occasion was a special dinner for the bank's family, held in the lobby. At each place setting was a 4½ inch red and realistic cracker labeled: "It's Hot. Pull String for the Hot News." So you pulled the string (the fuse) and extracted a paper. It carried this message:

"Opportunity Knocks, Around the Clock, 365 Days Each Year."

The "hot news" was that the bank had 135 stockholders, as the result of a new issue sale, and that every one of them could help promote new business. Suggestions followed.

"We have already seen results of the meeting," writes Vice-president R. J. Murphy. "Several new accounts have come in and there has been some increase in the use of services by present customers."

A few months ago the bank issued additional shares, asking all holders of five or more to waive their rights so that the new ones could be distributed to other

people in the town of 8,000. [There's an idea, too.] Result: 70 new owners, double the previous number.

At the dinner the bank placed heavy emphasis on how a stockholder can help the bank grow. There were door prizes and the firecrackers.

Here are the sales suggestions offered:

"Set an example. Make practical use of your bank's services.

"Recommend to your friends that they use your bank's facilities.

"Help promote the interests of your bank's customers.

"Watch for and report to the officers any community developments that might need good banking connections.

"Bring to your bank the business of firms you are connected with.

"Make sure your family banks here.

"Confer with your directors and officers regarding new business opportunities for present and prospective customers.

"You as a stockholder must know that each new customer means helping the bank to grow and your stock to earn more."

Associated Charities to the Farmers & Mechanics Savings Bank, thus starting the city's school savings program.

To celebrate the anniversary the bank sponsored a concert by the Minneapolis Symphony Orchestra, inviting the teaching staff of all schools and the supervising personnel.

Miss Grace Livingston, now 80, who directed the bank's first school program, was guest of honor. She received a scroll from the trustees.

At the concert John deLaittre, president of the Farmers & Mechanics, announced a grant of \$5,000 to the Minnesota Historical Society as a revolving fund for writing, illustrating, and publishing text on state subjects of interest to young people.

The concert, held at the University of Minnesota's auditorium, was repeated the following evening for officials of the Minnesota Centennial, university guests, and officials.

Children's Photos Used in Bank Ad Series

ZIONS First National Bank, Salt Lake City, has a campaign using pictures of community children in adult situations. Each child and its parents are identified.

The photos are also displayed on lobby posters, providing a point-of-purchase tie-in. Extra prints of the pictures are sent to the parents with the thanks of the bank, under the signature of W. LaMarr

Webb, the executive vice-president.

The youngsters are two to six years old. The photographer, J. M. Heslop, often takes 15 to 40 shots before getting the one that will make a good ad.

Each advertisement sells a specific service and gives strong bank name identification. In addition to the "doctor" (shown herewith) boys and girls have been featured as cakemaker, ball player, bank-by-mailer, bill-payer, and other grown-ups.

Zions First represents a 3-bank merger. Agencyman Arthur S. Anderson says: "As a result of this campaign, the number of people identifying the bank by its correct name has more than doubled in the past six months, according to an actual survey."

Bank Meets the Press— in Railroad Yard

THIS press reception was different, and we'll tell you about it.

Merchants National Bank of Boston plans a new head office in the proposed Prudential Center in the Back Bay district. At present, the site is an extensive railroad yard.

The bank ran a special train from South Station to the location. The newspaper people were carried to a spot where a large tent had been set up, complete with refreshments, coat racks, plants, chairs, a rostrum, water color sketches of the Merchants' new home.

Richard P. Chapman, president of



It was ribbon-joining rather than ribbon cutting when the Trenton (N. J.) Banking Co. and the First Mechanics National Bank, only 60 feet apart, consolidated into First Trenton National Bank. A ribbon stretched from door to door across the street symbolized the merger. In the picture, Board Chairman Harvey C. Emery, left, and President, Sydney G. Stevens stand at the knot

the bank, spoke briefly, and a Prudential man talked, too. When the reception was over taxis took the reporters wherever they wanted to go.

Handouts included a fact sheet about the center, a release on the bank's plans for the modern building it expects to occupy in 1962, glossy prints of the architect's drawings of the center.

"We tried to keep this a truly press reception," says Edward V. Hickey, director of advertising and public relations. "The only people asked were officers and members of the bank's board, officers of the Prudential, and the newsmen."

Community Bank Named for Indian Chief

THE First National Bank of Lewis-town, Pa., has a new office, the Chief Logan Division, which is establishing close relations with its community.

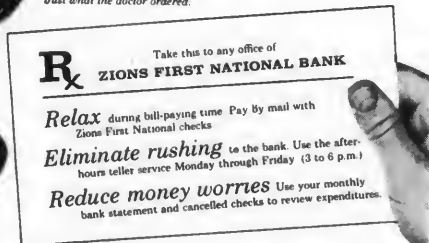
Named for a famous Indian, it was the scene of the high school's first fall football rally. The bank displays a statue of the red man, made by a local sculptor, Lance W. Ufema, and gave the school a duplicate.

Before the office was opened all residents of the area were visited



"You need a ZIONS FIRST NATIONAL checking account"

Just what the doctor ordered.



Checks are printed free with your name and address when you use ZIONS FIRST NATIONAL First about a checking account

ZIONS FIRST NATIONAL BANK

Offices: 1 South Main • 102 South Main • 235 South Main

"Dr." Paul Cohen, son of Mr. and Mrs. Herman W. Bowers, 622 South 4th West, Salt Lake

Teamwork in Officer Calls

FOR a report on an officer call program that has built-in continuity we take you, in print, to the First National Bank of St. Paul, Minn. The reporter is Vice-president Lloyd L. Leider.

This bank organized six business development teams. The first, headed by the executive vice-president, included the president and two members of the business development department; it had sole responsibility for the 10 largest accounts and three of the largest prospects. It was expected these executives would see that every available service had been or would be offered to this list; that they would develop a comprehensive information file; that they would check with the officers of the account companies to determine whether these too had been offered the bank's services. If they weren't doing business with the First, why?

The other teams, says Mr. Leider, were headed by business development officers, credit officers, and general officers, each of whom was assigned 20 to 50 accounts and prospects, divided into categories.

All officers of the bank have been brought into the act; all make calls. This method has improved the quality of the calls, and the bank knows more about the account companies than ever before.

The team captains give detailed reports on their groups' activities every six months. The president also asks them to outline how they happened to get new business, the techniques they used, and how they've followed up. The results have been gratifying: the captains report the number of meetings the teams

have held, the total deposits in the accounts under their supervision, and their forecasts for the teams, in balance totals, for the next six months. They also report a general comparison with the same period a year ago.

Each team is expected to meet at least once a month. On the smaller accounts, junior officers in the new business section handle the daily calling on small businesses and professional people.

Mr. Leider emphasizes the importance of enthusiastic cooperation and support from top management, the need for placing responsibility on one man to get the call work done, a close appraisal and reappraisal of the calling teams, and the importance of finding new techniques to help the salesmen.

He also suggests:

Callers should ask whether customers know of new businesses coming to town or being started.

Check house organs of local businesses for leads on new personnel.

Watch the newspapers for incorporations, sales, or other changes in business affiliations.

Get the names of new tenants from building managers.

Have a close liaison with realtors and lawyers.

Check periodically on payments made by customers in cash, money orders, and checks on other banks in your consumer and home loan departments. Follow up with a letter suggesting other services.

Mr. Leider outlined his bank's program to the Financial Public Relations Association.

by the manager and head teller. Householders were told the story of the new division and a calling card was left. Customers later got personal letters from the manager and noncustomers heard from a vice-president. These notes expressed thanks for the reception given the bank's representatives and a hope that the new branch would have the pleasure of a visit.

The opening was marked by a pre-

view for employees, directors, and the workmen; a public open house, a special newspaper supplement, and a booklet about Chief Logan.

Crime Prevention Aided by Bank's Booklet

RESIDENTS of Avon, Conn., have received from the local branch of The Simsbury Bank and Trust Company a brochure designed to aid

crime prevention. Titled "Guardians of Your Property and Welfare," the booklet lists a score of things the householder should do and not do.

Chief of Police William E. Scott cooperated with the bank in the project. It was praised by the town's first selectman, Mario Solario, as "among the finest examples of cooperative community service in a long time."

Texas-size Opening

THE Preston State Bank in Dallas went all out in promoting its move to a new building in a new location.

Preliminaries included news stories several months in advance, lobby signs announcing the removal, and a mailing of 75,000 folders outlining the services to residents of the North Dallas area served by the bank. Formal invitations to the opening were sent to special groups and the general public, and there were several previews. The open house lasted a week.

A couple of days in advance the



A football rally was held on the premises of the Chief Logan office of the First National Bank of Lewistown, Pa.



Staff flower show, State National Bank of El Paso



125th anniversary flowers, Chemung Canal Trust Co.

Horseless Carriage Club of Dallas paraded through the area with signs proclaiming the theme, "Nothing Old-Fashioned But the Service." On the bank's parking lot dealers exhibited sports cars.

Merchants in North Dallas displayed signs welcoming the bank. A calliope played circus music, and "Preston Pete," in a chuck wagon, told stories about the days when Preston Road was a cattle trail. Radio, television, and the Dallas papers gave extensive coverage. President Weldon U. Howell was interviewed on the air.

The bank's advertising included a heavy schedule of announcements about the opening.

Worth Reading

MANCHESTER (Conn.) Trust Company is distributing book-marks. One, for customers, carries two bits of ad copy: "Your One-stop Bank" and "All Around Banking Service All Around Town." The other, for the city's libraries, notes that it is a gift from the bank and suggests: "Another book worth reading is your trust company pass book."

The bank felt that the ballpoint pen had made blotter statement stuffers obsolete, reports N. William Knight, vice-president. The markers, on colored stock and bearing an attractive design, are printed locally.

Banks Form Speakers Bureau in Evansville

THE six banks of the Evansville (Ind.) Clearing House Association have formed a speakers' bureau

which will help selling banking to the community.

A brochure, "Banking Speaks," lists the 26 speakers representing the banks, gives a brief sketch of each and a short synopsis of his talk. The booklet was sent to all schools, clubs, and organizations in the city, and to banks in the trade area.

"We are going to humanize banking and its functions," says J. Glenn Babb, chairman of the Bureau, "and there is no better way to do it than to hear the story from the people who are qualified to tell it."

NEWS FROM BANKS

NO. 125. The Chemung Canal Trust Company of Elmira, N. Y., marked its 125th anniversary with a series of historical ads published in the newspapers. Copy featured

past presidents of the bank and events during their terms of office. Illustrations were portraits of the men and attractive drawings of local scenes. Response was so good, says President Clarence M. Brobst, that the bank reprinted the ads in a brochure. Other anniversary events included a flower show and a dinner dance for the staff and the directors.

FLOWERS. The staff of State National Bank of El Paso had a 1-day flower show in the lobby, conducted under Garden Clubs of America rules. Public attendance was large and the bank has decided to put the event on an annual basis. It is also establishing a garden club.

THOUGHTFUL. Joseph McCully, manager of a Bank of Montreal branch in Toronto, placed a bench on the sidewalk outside his office.

You Never Can Tell

EARLY in Canada's Conversion Loan campaign, reports the *Royal Bank of Canada Magazine*, two elderly women brought about \$7,000 in bonds to one of the branches and exchanged the securities for the new issue. A little later the ladies came back, announcing that they planned to transfer their business from a competitor. The manager asked why.

"Well," said one, "we read all the advertisements of the banks about converting Victory Bonds and yours was the only one that said 'Take your Victory Bonds to the nearest Royal Bank branch!' So we did, and here we are. The Royal Bank isn't the nearest one to our home but it's right next door to our church so we think it will do."

The editor observes: "All of which proves that you never can tell what will attract business or what makes a customer act the way he does." He cites another interesting incident: a woman casually mentioned at the counter of an Alberta branch that she had a bond to exchange. The officer, figuring it was a \$100 item, "almost keeled over when he saw it was for \$100,000! From her conversation, one would never have guessed she had anything remotely approaching that amount."

He thought there weren't enough places to rest in the downtown area. The *Toronto Star* wrote an editorial about the gesture: "... a welcome local improvement and we thank him for it."

FUN. Junior artists who visit The Bank of Virginia, Richmond, receive a 4-page leaflet for coloring. Its title is "This Is Color Fun at the Bank of Virginia." The theme is savings. Marianne Beck of the bank's advertising-public relations department did the original drawings.

HOME DECORATION LOANS. American Viscose Corporation, New York, has a new color film, "A Room Is Four Walls," which traces a couple's redecorating plans and points out that a loan from the bank may well be the way to finance the project. The 16 mm. picture is designed primarily for women's interest television programs. It runs 12 minutes. Copies available from the company's Home Furnishings Merchandising Dept., 350 Fifth Ave., New York 1, N. Y.

CHECKS. The Federal Reserve Bank of New York has published a 21-page booklet describing the past, present, and future role of checks. It diagrams local and regional clearing operations and discusses the problems created by growing volume of checks.

HOLDUP PROCEDURE. Seattle-First National Bank reprints, in a pamphlet, three articles from its staff publication "Bancoscope" outlining the bank's authorized procedure in case of a holdup, methods of getting accurate descriptions, and security measures.

A BANK'S DAY. Chicago National hired a photographer to do a picture story of the bank and its people. Result: 16 pages of candid camera shots covering the business day, published in the staff magazine. The time range was from 6:35 A.M., when the proof department night crew heads home to views of LaSalle Street at night, "when the 'financial district' becomes the 'theatre district'."

The sequence, titled "This Is a Day at Chicago National," provides the bank with a good picture file for advertising, annual reports, etc.

Chicago Bank's Free Counseling Department Helps Small Businesses

MERCHANDISE NATIONAL BANK of Chicago is offering to smaller companies the free services of its Business Counseling Department, established earlier this year.

The bank's theory is that smaller firms need guidance and expert advice in financial planning, supported by credit in all reasonable cases.

"We have discovered in our years of experience with customers in moderate size companies," says President Kenneth K. DuVall, "that financing is but one need of growing business and can seldom, if ever, be separated from other problems. That is why, in our approach, credit is secondary and not the primary consideration."

"We want to help, and we know that credit by itself does not do the job adequately," Merchandise explains in a brochure reviewing the department's first six months of operation. "In other words, sound counsel and not a mere 'yes' or 'no' to a credit applicant is our practice. There is no charge for our counseling service."

Reviewing the results of the half year, the bank reports that more than 270 managements had been contacted. Of the companies served, more than 40% are less than four years old. Their managements are in many cases men with specialized backgrounds such as engineering who haven't had time to develop financial skills.

Here's a profile of the typical

concern served: the company has been operating six years, has five employees, annual sales of \$51,000. Out of \$31,000 total assets, 4% are in cash, 23% are in receivables, 9% in inventory, and 54% in equipment. Approximately 23% are corporations. A credit rating service calls 29% good risks, the remainder marginal. The average loan approximates \$4,600.

The department's staff digs into a company's problems at its own place of business. On these visits the counselors get a full understanding of the operations. The bank maintains a business library specializing in material on small business; in such areas as accounting and law it suggests that specialists be consulted.

"Our department, believed to be the first of its kind in the country, performs a necessary yet long-neglected role," says Mr. DuVall. "Most commercial loan departments can't give sufficient time to the small businessman, who may need more advice than credit or capital. Furthermore, many of these prospects are marginal credit risks."

The companies aided range from trucking firms to day nurseries. In one instance a department representative called on a machine shop owner whose business was in a slump. The answer appeared to be introduction of a new line, and the bank found his facilities were suited to fabricating a new sporting goods product.

In a brochure, "Partners in Growth," Merchandise offers a few cases on the use of its Business Counseling Department. Here are three



NEED Funds to Purchase Inventory

Tom received a substantial order from a large firm but was unable to purchase the inventory necessary to process it. He also needed money to add temporary staff to handle the job.

After he explained his predicament, several approaches were explored. A loan was needed. It was made promptly. The loan enabled Tom to meet additional payroll and to purchase raw materials on a discount basis. He found the interest on the loan was substantially less than the discount.

NEED Credit from Suppliers

Unavoidable financial difficulties in Dorothy's business led her suppliers to put her on a C.O.D. basis. This proved a serious handicap, since she had to sell on credit to her own accounts. We suggested that she lay her cards on the table in a letter to her suppliers, including evidence that her sales were good. This unique approach turned the trick. Dorothy's suppliers respected her honesty and allowed her once again to buy on open account.



Help in Selling a Business

Andy made bank and set the plates for letter press printers. Seeking to expand, he set up a computer for producing color plates for offset printing. He paid \$6,000 for equipment and in the next three years lost \$15,000 on the new venture. Funds were being drained from a second company he owned. He was floored in our discussion if it is had not realized the huge volume of business necessary to justify his outlay. An equipment sale to the new firm. His inexperience in the field was also a handicap. After investigation, many possible solutions were considered. The best answer was to sell the new venture. We helped him find a buyer.

ADS and AIDS that sell SERVICES

A.B.A. Display Posters for 1959



The A.B.A. series of window and lobby display posters for 1959 is now ready.

Available to member banks are 4 sets of new posters, all 21½" x 31½" in size; printed in attractive colors by the Photogelatine process: SAVING POSTERS (set of 12); COMMERCIAL POSTERS (set of 12), covering a wide range of popular commercial banking services; TRUST POSTERS (set of 12), covering various phases of trust service; HOLIDAY POSTERS (set of 3), covering principal holidays. Each series is illustrated photographically; one poster in each set listed is in full color.

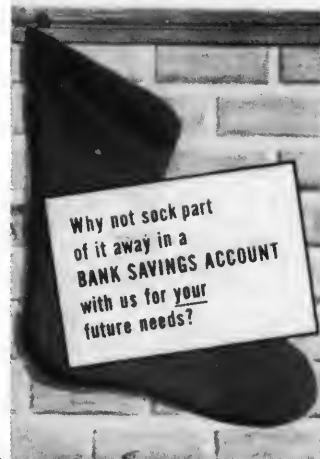
FRAMES, designed to fit all A.B.A. posters, and suitable lamps for frames, are also available. Details on request.

Any or all poster sets described above will be sent to member banks "on approval." Just write the A.B.A. Advertising Department, specifying the sets that you desire.

Christmas time is Savings time . . .

and direct-mail folder at right is designed to help you get, as new savings accounts or additions to present ones, some of the Christmas money people will receive this year. The text stresses the importance of having cash reserves; persuasively states principal advantage of saving at your bank. Colors: Red and black. Two newspaper mats on the same theme are also available, one similar in design to the folder, the other featuring Peter Penny. Send for sample folder, data sheet showing the ads, order forms. Prompt action will assure your receiving the material you want in time for year-end use. Address: Advertising Department, American Bankers Association, 12 East 36 St., New York 16, N. Y.

IF YOU RECEIVE EXTRA MONEY AT *Christmas* TIME . . .

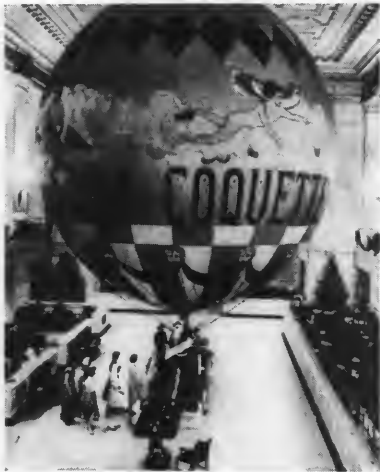


More Christmas Ideas

THE Spirit of the Season overfloweth, and right along with it, Christmas ideas overflow from the last issue of *BANKING* to this one. We received so many pictures, stories, and letters about well received bank Christmas festivities

and promotions in 1957 that this second collection for your information and perusal makes just a dent in the pile. Lack of space limits us, but for your Yule-time inspiration, here's how some banks celebrated Christmas 1957.

Yule Around the World



At Fidelity-Philadelphia Trust Company, Philadelphia, Pa., Santa Claus and the skygoing balloon from the motion picture "Around the World in Eighty Days" joined hands in an unusual holiday display. The gaily colored balloon, 46 feet high and 31 feet in diameter, was inflated with air in the center of Fidelity's main banking floor. It was chosen as a Christmas decoration, because in its international travels it has symbolized the strivings of all nations for peace



TV star Margaret Whiting, who popularized a song by the title "The Money Tree," presented a Fidelity Trust Company (Pittsburgh, Pa.) "money tree" to this 8-year-old last Yule. Fidelity offered a Christmas package of a two-and-a-half-year-old pine seedling, a gift card, and a Fidelity Savings Club Account (college club, retirement club, etc.) as a gift idea last year. Given as a Christmas present, the package had double value. The giver was to "plant" the initial deposit in any amount over \$1. The person who received the gift was then to plant the pine tree. Through the years, this evergreen would grow as a living symbol of the growing savings account at Fidelity

The Old and the New

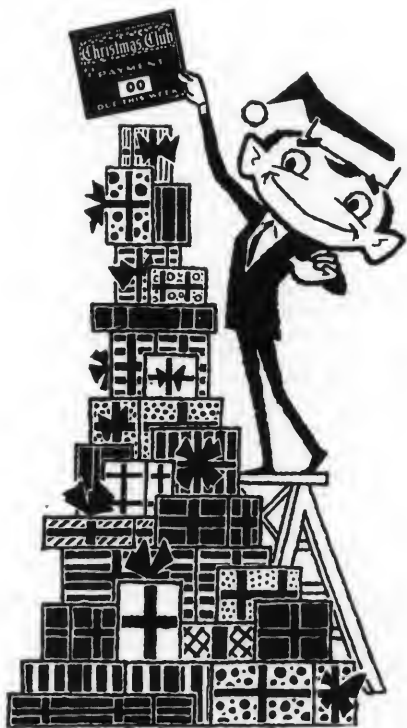


Lean, dignified, artificial white and wrought iron Christmas trees, accented with black and gold, wished a modern "Merry Christmas" to all who entered the lobby of Bank of the Southwest, Houston, Tex. Eight white reindeer "galloped" at a standstill up a path of silver strewn with footprints of red poinsettia, with a large baroque-scrolled gold sleigh right behind them



Meanwhile, in another portion of the same lobby, the bank repeated its enthusiastically received display of the year previous—a family kitchen, circa 1900, complete with authentic furnishings, utensils, and costumes of the turn of the century, with a family of bank employees busy at night-before-Christmas activities. Wassail and fresh-baked ginger bread were again served the bank's visitors

He's ready! Are you?



*
*
*

*We are ready
to wish our friends
a Happy Christmas
and a
Prosperous New Year*

It gives us great pleasure to recall our many years of congenial association with the banking fraternity.

We wish to say once more how much we value the opportunity to serve our good friends. Your continued confidence is our greatest asset. To all of you from all of us we wish a joyous and successful holiday season.

Christmas Club
a Corporation

Founded by Herbert F. Rawll

230 Park Ave., New York 17, N. Y.



Builds Character • Builds Savings • Builds Business for Financial Institutions

Automation + PR = Customer Cooperation

DON G. WELLER

This is another article in BANKING's continuing series on developments in bank automation. MR. WELLER is vice-president of The Meadow Brook National Bank of Nassau County, West Hempstead, N. Y.

A SMILING, white-mustached caricature named "Mr. Meadow Brook" introduced automation to the customers of The Meadow Brook National Bank, West Hemp-

stead, N. Y. This friendly symbol of service explained why and how the bank was turning to automation, and allayed any fears customers may have had about becoming "just a number."

For banks, and other businesses as well, automation presents something of a major dilemma. On the one hand is the compelling need to install systems and equipment that will turn out more work faster. And on the other hand is the equally

imperative need to retain a friendly customer relationship.

The Direct Approach

Meadow Brook tackled this problem head on. It elected to take advantage of any inherent publicity value in automation. The idea was to use this publicity value in reassuring customers and in attaining their cooperation, without which the new system couldn't operate at top effectiveness. As vice-president in charge of public relations and advertising, the writer reasoned this way in developing the program:

- (1) *Science fiction interests a vast number of people.*
- (2) *Bank automation, in what it does and how, rivals science fiction for credibility.*
- (3) *A public relations program featuring bank automation, then, should be able actually to capitalize on a strong, latent public interest.*

This line of thought led to a 12-page pamphlet entitled, *How Electronics Affects Your Checking Account*. This was sent to every customer. It was printed in black and white and two shades of blue. The cover, which, with the rest of the pamphlet, was designed by artist Mary Jane Hannan of the bank's staff, features smiling "Mr. Meadow Brook," well known as the symbol of the bank's interest in its customers.

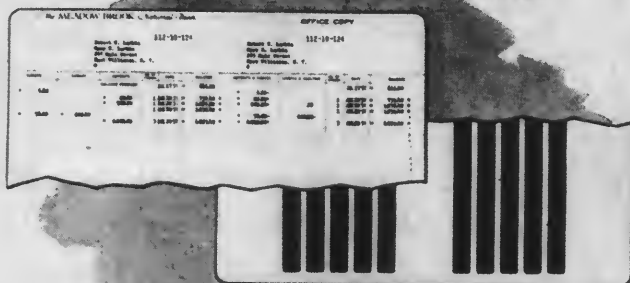
President Explains New System

In a preface to the pamphlet, Walter E. Van der Waag, Meadow Brook's president, explained that a new and revolutionary system of electronic bookkeeping was being installed. This, he said, would result in greater speed, efficiency, and neatness in the handling of more

One page of a booklet which the bank produced for its customers in order to explain to them the why's and how's of automation

CHECK-MATIC STATEMENT SHEETS

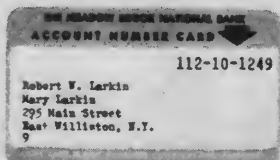
WITH MEADOW BROOK'S MAGNETIC MEMORIES



The black bands appearing on the reverse side of your statement are magnetic memory strips. These strips memorize or store each day's posting activity appearing on the face of your statement.

Your Regular Check-matic Account Number

Enclosed are your Check-matic account number cards. These cards were designed to carry in your purse or wallet, with the hope that they will assist you to memorize or to have ease of reference to your number. Your nine digit Check-matic number was constructed to include account category, office number, and electronic verification number. You will notice that space has been provided on the deposit ticket for you to write in your Check-matic number. At a future date we anticipate printing your number on all deposit tickets. In the meantime by writing in your number as requested,



erable. Bank bookkeeping is gradually being revolutionized and within the next 10 years will become fully automatic through the further use of numbers being read electronically. Because of the importance attached to the use of your Check-matic number, we must repeat — only through its use can our Check-matic system be a success.

you can help the system function. Your Check-matic number is the key to the successful use of electronic bookkeeping. Without your number the system loses many advantages and becomes virtually inoper-

"Mr. Meadow Brook," animated and "talking" symbol of the bank, with Board Chairman Augustus B. Weller (left) and President Walter E. Van der Waag

than 60,000 regular checking accounts. And he underlined the importance of account numbers, making clear how the new system depends upon customer cooperation.

The philosophy which set the theme for the pamphlet and which in turn was largely instrumental in its success is expressed this way by Augustus B. Weller, Meadow Brook chairman:

"In addition to the obvious time-saving element of these electronic bookkeeping machines, the margin for error is decreased greatly. The installation of this highspeed equipment is a step forward in both efficiency and modernization of our bookkeeping departments. This was the first complete departmental installation in New York State and the 10th in the country.

"In case of these advances in the fields of electronics and banking, there will be many new developments and improvements in coming years. Within the next decade, bank bookkeeping will become fully automatic. Meadow Brook will continue to be among the first in acceptance of these improvements.

"An important part of these developments is, of course, the effect



which they will have on customer service. And it has been the practice of Meadow Brook to keep our customers well informed of these advances and the importance of this progressive program to them as individuals."

At the same time, however, he stressed that the advent of automation means no change in Meadow Brook's attitude toward its customers, stating:

"Be assured . . . that when 'Mr. Meadow Brook' uses a number to

improve the servicing of your account his primary purpose is to serve you as an individual."

The body of the pamphlet was devoted to a clear, concise explanation of what the bank calls "Check-Matic . . . Meadow Brook's new electronically controlled bookkeeping system."

One section was devoted to pictures and copy detailing the operation of the bank's 35 new machines.*

*These are National Cash Register Post-Tronic Machines.

Left, Comptroller A. D. Breiner, Jr., and Caroline Eger in the Lynbrook central bookkeeping unit of the bank. According to Mr. Breiner, the possibility of "automation by degree" was a governing reason for the bank's adoption of electronics. Right, Vice-president Don G. Weller, Meadow Brook's public relations officer, with Artist Mary Jane Hannan of the bank's staff, checking layouts of the booklet shown on the opposite page



These, the pamphlet stated, offer Meadow Brook the most advanced means of obtaining more accuracy, speed, and neatness to improve service to its customers. Featured was the comparator keyboard of the electronic machines. This feature electronically assures proper account selection, in itself a valuable adjunct to customer reassurance.

Memory Strips

Another section showed the new statement-ledger forms and played up the black magnetic "memory strips." The text explained that

these "memorize" or store through electronic encoding each day's posting activity. Also pictured was one of the new account number cards. Accompanying text emphasized again how important is the coding system, worked out by Meadow Brook, to the success of the new system. A final section in the pamphlet illustrated the selection of personal and business check styles available.

The Technical Side

Technical details of the conversion to electronics were worked out by

Adolph Breiner, Jr., vice-president and comptroller of Meadow Brook.

First step, according to Mr. Breiner, was design and installation of an account coding system. The Meadow Brook numeric system is described in a procedures manual that has been copyrighted by the bank. (The manual is available on request, Mr. Breiner says.)

A full Meadow Brook account number consists of nine digits. For example:

223-01-0017

The first digit at the left designates the account classification; next two digits designate office number; and last six digits are account number with "check digit" featured on a 3, 7 method.

The reason the account number is set up as shown, Mr. Breiner says, is to make it possible for proof department to sort by the middle digits for a rough sort, and for bookkeepers to fine sort by the last four digits.

The numbering system was initially installed on special checking accounts, and was then gradually extended to other accounts. This procedure was in tune with Meadow Brook's plan to convert to electronics on a step-by-step basis, and it facilitated the training of employees in the various offices.

In fact, according to Mr. Breiner, the over-all feasibility of a policy of "automation by degree" was one of the governing reasons for Meadow Brook's switch to electronics. Since automation is as much a problem of employee and customer education as it is of technical preparation, a bank should initiate its program as soon as practicable. Obsolescence need no longer be feared, since future Post-Tronic mechanical developments can be linked to present equipment.

**WORDS
FOR
ARIZONA**



TROGON

A Trogon is a tropical American bird with bright plumage. He's one of the more than 400 varieties that make Arizona so cheerful for bird-watchers and listeners.

Arizona may be ecstatic for the ornithologist, but it's fantastic for the statistician. Growth figures swell so rapidly that computer crews habitually work overtime. People keep winging in on every breeze from everywhere. They wear a variety of plumage—Ivy League and blue denims; sombreros, Stetsons and homburgs. Like the Trogon, they've determined to nest in the fastest-growing state in the Union.

Even the birds know that Arizona's industrial progress is strictly for the people. Shed your heavy winter plumage and come on out and preen in the sunshine. "Arizona's Bank" will be glad to answer all your inquiries. Drop us a letter!

"Arizona's Bank"

Largest Bank in the Rocky Mountain States



57 OFFICES

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

RESOURCES OVER \$½ BILLION

SHORT—AND SWEET

Whether they come from a stranger's pen,
Or from my kin and kith,
The nicest words I've ever seen
Are simply "check herewith."

STEPHEN SCHLITZER



UNITED STATES NATIONAL BANK

MILE HIGH CENTER - DENVER 17, COLORADO
June 17, 1958

Brandt Automatic Cashier
Watertown, Wisconsin

Gentlemen:

As you know, our relationship with your fine firm dates back over many years.

We have been particularly pleased with the installation of Brandt Automatic Cashiers which was made when we moved into our new quarters. Your machine add greatly to the speed and efficiency with which we serve our customers at four drive-through windows and fourteen lobby paying and receiving windows.

It is always our pleasure to recommend your fine equipment.

Cordially yours,

Rollo E. Jacobs
Rollo E. Jacobs
Vice President and Cashier

United States
National Bank,
Denver, Colorado,
user of a number of
Brandt Machines

Recommends
Them Highly



The United States National Bank, Denver, owns 29 Brandt Automatic Cashiers, 1 Brandt Coin Sorter and Counter and 2 Brandt Coin Counting and Packaging Machines. They purchased their first Brandt in the year 1920 and have added machines from time to time as their needs required.

A letter from this progressive bank is reproduced herewith.

View of a teller's working area, United States National Bank, Denver, showing a Model 250 Brandt Automatic Cashier which has been sunk into the counter. The coin delivery chute of the machine extends outwardly within easy reach of customers, permitting them to readily remove coins from the cup attached to the end of the delivery chute.

BRANDT AUTOMATIC CASHIER COMPANY
W A T E R T O W N E s t a b l i s h e d 1 8 9 0 W I S C O N S I N

Brandt® Cashier®



Assistant Cashier Marilyn Rohde operates the NCR Postronic No. 29. This photograph was used in bank advertising

Dear Jim (No. 069.816): We're Automated!

A Country Bank's Experience With Automation

ALICE AKES

MISS AKES is assistant vice-president of the Decatur County State Bank of Leon, Iowa.

Is automation a word coined to describe operational methods applicable only to large organizations? Or does it have implications extending to small concerns like country banks? These questions were uppermost in our minds as we contemplated an electronic bookkeeping system. We had no statistics telling us what such a system could do for our size bank; no similar institution in our area had installed such a method.

Our deposits range from \$3,000,000 to \$4,000,000. We are the only bank in a town of approximately 2,500 people, the larger of only two banks in our county. Our customers

are farmers or people dependent on farmers for their livelihood. We operate a main office where all bookkeeping and lending operations are carried on and two offices in neighboring towns which function as tellers windows. We have approximately 2,600 checking accounts.

Realizing our city counterparts were using electronic bookkeeping equipment satisfactorily and profitably, and having watched the machines in operation, we decided we, too, would benefit.

We ordered one machine in May 1957—a National Cash Register Postronic No. 29.

(We have had experience with only one brand electronic posting equipment; other manufacturers have comparable equipment.)

Preparing Customers for Change

Our first preparations have been called excellent public relations by

some people, and time-consuming nonsense by others. We typed individual letters to our customers, signed by our bank president. The letter explained briefly what we were to do and why, with space to insert the individual account number when it was available.

We feel this time-consuming project was well worth the effort. We allowed our customers to look forward to the change and anticipate with us the advantages; customers seldom resent changes they understand and share.

The letter helped avoid any feeling of anonymity that might come with assignment of a number. A customer could hardly feel he was losing his individuality when he received a personal letter stressing the importance of his account number and starting, "Dear Jim."

Procedural Steps

We also obtained a new signature card for each checking account, accomplishing a double purpose. It

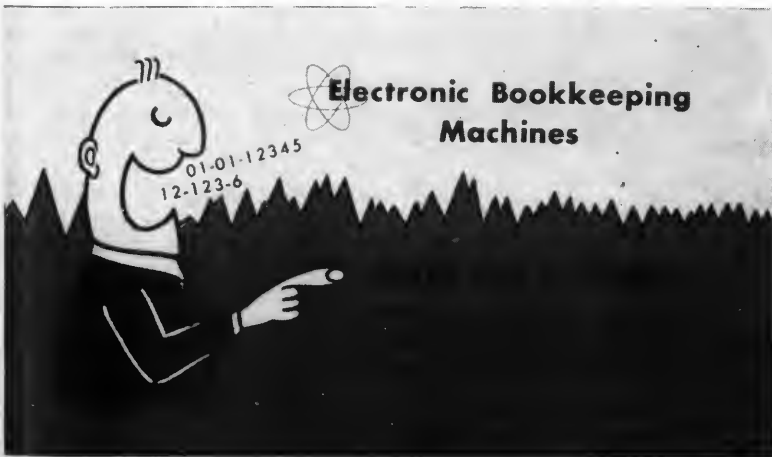
brought our file up to date and provided a larger card with space in the upper right corner for the account number. This was an opportunity for personal contact and discussion with each customer as to the way his account was being carried. Our customers relished this personal interest.

In September we sent the equipment manufacturer a list of our accounts, on 3" x 5" cards, for numbering. We had considered a straight numeric system with accounts identified and handled only by number and rejected the idea. We preferred an alpha-numeric system with accounts at the same time in alphabetical and numerical order. It would incorporate advantages of the numeric system for faster handling and sorting while retaining advantages of the alphabetic system. We left 258 digits between original account numbers, which would allow more expansion than we could envision ever needing.

We took another step which many banks would not find necessary. We had abandoned our antiquated addressing equipment in 1950. Now we had new equipment installed which would print name, address and number, or only name and address. The numbered cards had been forwarded to the Addressograph office for new plates to be made. Banks with such equipment would, of course, need only add the numbers to existing plates.

Our check printer then made up units of 50 free checks for all accounts, from the cards, fully personalized including number. When the cards were returned to us we

Original art work for this statement stuffer was provided by the National Cash Register Company and the bank had its local printer make up the forms



DECATUR COUNTY STATE BANK, LEON, IOWA

Date _____ No. **X**

Nature: Bus. _____ Pers. _____ Joint _____

Title _____

The undersigned hereby agree to the conditions printed on the reverse side hereof (and such additions or amendments thereto as may hereafter be made by you when notice thereof shall have been posted in the office of the bank for a period of ten days) for the transaction of business with you for the account listed below.

Authorized signature _____

Authorized signature _____

Address: _____

JOINT ACCOUNT PAYABLE TO EITHER OR SURVIVOR

We declare and agree that all funds now, or hereafter, deposited in this account are, and shall be our joint property and owned by us as joint tenants with right of survivorship, and not as tenants in common; and upon the death of either of us, the entire amount shall become the absolute property of the survivor. The entire account of

New signature card provides space for account number

inserted the numbers in the letters we had prepared earlier and made one mailing of this, the first notification to our customers. This single mailing is important in rural communities where a customer feels hurt if a neighbor receives an important communication before he does. The letters mentioned the free checks and the printer now put them in the mail.

The account numbers were added to the new signature cards, the only numbered listing in our basement bookkeeping department. From the address plates we made a master file for our first floor main banking area.

Changes in the interim were handled by removing cards for close outs and inserting cards for new accounts numbered as are all new accounts—by adding the numbers of the account before and the account after the new account in alphabetical listing, and dividing by two. At this point, we found 80% of checks drawn on us were properly numbered.

Our machine was installed just before the Holidays, a busy time,

but we felt we were well enough organized to avoid confusion and we wanted to utilize the advantages during peak loads of the Christmas season and early 1958.

The transfer was time-consuming, taking five hours, although the statement-ledgers had been prepared in advance. We encoded in magnetic memory strips on the back of the sheets, by use of the machine, the posting line, date, number of checks during the month, the balance and the last three digits of the account number. We mailed all statements the same day to allow our bookkeepers to get set to a new bookkeeping rhythm during the ensuing days.

Advertising Tie-in

A week earlier a large advertisement in the local newspaper included a picture of the machine and a list of the advantages. Later another large advertisement showed a staff member posting. Both advertisements emphasized the importance of account numbers. A duplicated letter to each customer at this time thanked him for using numbers and stressed advantages to him: less chance of forgery, less change of errors in debiting and crediting his account, easier identification, faster and better service.

We enclosed with each letter a plastic identification card resembling a charge plate, for a pocket or purse reminder of the account number and for use in small hand-operated machines in our lobby and at tellers windows to imprint deposit slips with name and number. In April we used a 1-statement stuffer cartooning the importance of the numbers.

Benefits to the Bank

What does the machine do for us? It verifies posting is begun on the proper account. The operator in-



When a good customer is currently not acceptable for bank credit . . .

MAY WE SUGGEST
That you contact ALC.

A bank may, if so desired, participate in an ALC arranged loan.

We have unique facilities for expediting:

- Accounts Receivable Financing
- Machinery and Equipment Loans
- Inventory Loans
- Construction Loans
- Land Development Financing

May we send you information or discuss with you personally our unusual services?

Accredited Loan Correspondents

Registered Securities Dealers
Securities Department
State of Illinois

**ASSOCIATED
LOAN COUNSELLORS**
64 E. Lake St. • Chicago 1, Illinois

**UNITED FRUIT
COMPANY**

**238th
Consecutive
Quarterly Dividend**

A dividend of fifty cents per share on the capital stock of this Company has been declared payable January 15, 1959, to shareholders of record Dec. 12, 1958.

EDWARD D. TOLAND, Jr.
Secretary and Treasurer
Boston, Mass., November 17, 1958

serts the last three digits from the number appearing on the item to be posted in a small keyboard on the machine, and the machine compares it with the number encoded in the statement ledger. If the numbers correspond, the sheet is accepted. Since the account number does not appear on the face of the statement ledger, selection has been made by signature alone, and the machine comparison is the double check. The operator need only insert this number, the amount of debits or credits and total out.

The machine selects the posting line, eliminating high and low postings, picks up the check count and the proper balance. In totaling it erases all old information and encodes the current information. If checks and deposits balance with proof department totals, no further checking is necessary. Long balances are run by inserting sheets as rapidly as possible; the machine picks up balances, runs a tape and totals. We have, therefore, eliminated our major source of errors—errors in picking up and running balances.

Timesaver

Does it save time? One year ago we had four full-time bookkeepers and one half-time. Two posted on two machines and two checked back. The other waited on customers. Using delayed posting the posting was finished by about 11 o'clock. All other work—overdrafts, sorting, filing, statements, etc.—was done later.

By April of this year we were finishing about the same time with the posting, but only one person posted at any one time, and no one checked back. The others were free

to do the other work. We had three and one-half bookkeepers and were, frankly, overstaffed. We have since trained new bookkeepers and begun imprinting personalized checks in our bank without increasing personnel.

Easier to Train Employees

It is easier to train employees with this system. They like their work better since the machine eliminates much drudgery. The greater accuracy possible creates more pride in their work.

We know the system saves us money on salaries and overtime.

We are giving our customers better service.

We are in a position for expansion at any time.

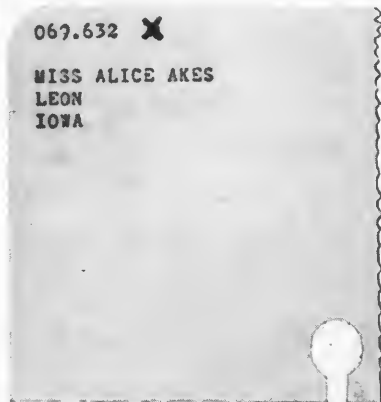
The bookkeeping machine consumes less space, which is important to banks with growing pains.

It's Not Foolproof

Is the system foolproof? Heavens no!!! One day a spring sprung and the machine encoded every sheet—with the wrong information. Fluctuations of electric current can cause errors. The machine actually verifies only the first item posted on each account. Breakdowns do happen. With only one machine we were relieved to know the electronic unit can be replaced, and the old one sent in for repairs, in a matter of minutes. Our problems have, fortunately, been mechanical and prompt service calls have kept our operation smooth. We feel we have had no more trouble than with any installation of new equipment. Service is most important to a bank with only one machine. Immediate service is essential.

Adapts Well to a Country Bank

We like this modified system of automation and feel it adapts well to a country bank. But do our customers like it? Perhaps the best indication is their cooperation. Between 94.6% and 95.6% of checks drawn on us are properly numbered. Perhaps, too, an individual reaction is an indication. An older farmer customer carries his identification in his overall bib pocket, secured by a large safety pin. He explains, "I'd sure hate to lose that card. Didn't know before my little dab of money was so important to your people."



The master file card—the only numbered listing in the bank's main banking area

A MATTER OF LIFE AND DEATH

For every banker who recognizes the importance of protecting his customers—THE PROTECTED PAYMENT PLAN.

With it you can help protect your installment loan customers against payment delinquency due to disability as well as death.

Many banks now offer their borrowers payment security, in the event of death, with credit life insurance. But accidents and sicknesses which disable can also cause borrowers to fail to meet their payments.

Continental's PROTECTED PAYMENT PLAN gives you this double security—against life and death emergencies—at no cost to you.

For complete information on how your installment loan department can profit with PPP, write for a free brochure.



CREDIT INSURANCE DIVISION
CONTINENTAL ASSURANCE COMPANY
CONTINENTAL CASUALTY COMPANY

10 South Michigan Avenue, Chicago 4, Illinois

Canadian Head Office:

100 Bloor St. East Toronto, Ontario

Members of the Continental National Group

Continental Casualty Company

Continental Assurance Company

National Fire Insurance Company of Hartford

Transportation Insurance Company

Transcontinental Insurance Company

Farm Credit, Research, and Chemistry

Featured in Agricultural Conference Discussions

THE credit and capital requirements of agriculture today are greater than ever before—these requirements by our former standards are staggering," said Harry W. Schaller, chairman of the Agricultural Commission of the American Bankers Association, in his opening remarks at the National Agricultural Credit Conference, sponsored by the A.B.A. in Omaha last month.

"The trend toward larger farms and better efficiency in agricultural production necessitate larger investments per farm and open up a vastly larger market for credit services," said Mr. Schaller, who is president of the Citizens First National Bank, Storm Lake, Iowa. "This presents a challenge," he added. "The purpose of this session is to help you in your efforts to improve credit services to the nation's farmers. An important question in the minds of bankers over the country is: How can banks provide a full credit service for agriculture? This is our general theme and we trust some answers to this question will be brought out in the discussions."

Some 600 bankers from all sections of the country attended the 2-day conference. During the sessions the prospects for farming in 1959 and methods of financing agriculture under the conditions that

will be encountered were appraised.

In addition to hearing talks by authorities in various fields, the banker-delegates themselves participated in the program during two panel discussions and a series of informal "bull sessions." The panel discussions were concerned with "Providing a Full Credit Service for Agriculture" and "What's Ahead for Livestock?"; the "bull sessions" covered various aspects of meeting credit requirements for agriculture.

More Agricultural Men

"One of the most significant developments in agricultural credit service has been the number of agricultural representatives which have been added to the staff of commercial banks," said Kenneth L. Scott, director of Agricultural Credit Services, U. S. Department of Agriculture, Washington, D. C., in a discussion of the economic situation in agriculture and its relation to credit services. "I understand that now about 1,000 banks throughout the country have these specially trained agriculturists in charge of their agricultural loan departments," he continued.

Mr. Scott said that "in the extension of sound, constructive credit service to farm families, it is highly important that the lender have a good knowledge of agriculture and that such a representative will know

how to assist the banks' farm customers in making realistic analyses of the farming business and in determining its real credit requirements and debt-paying possibilities.

"A capable agricultural representative not only will be able to provide sound and helpful credit service to the bank's farm borrowers," Mr. Scott added, "but he will also help the bank establish and maintain prestige and respect in a community.

"I am confident that in the interest of agricultural people throughout the country, as well as stockholders of the banks, that this is an activity which deserves your very best efforts. Some of the larger city banks undoubtedly can be particularly helpful in aiding their small correspondent country banks in making this type of service available to their farmer customers."

Conference Speakers

Speakers at the conference also included Frederick L. Deming, president of the Federal Reserve Bank of Minneapolis; Dr. Tyrus R. Timm, head of the Department of Agricultural Economics and Sociology at Texas A. and M. College; Dr. W. V. Lambert, dean, College of Agriculture, University of Nebraska, Lincoln; Dr. Earl L. Butz, dean of the School of Agriculture at Purdue University; W. E. McGuirk, Jr.,

Harry W. Schaller



Kenneth L. Scott



Frederick L. Deming



W. V. Lambert





Otto Kotouc, Jr.



Tyrus R. Timm



Earl L. Butz



S. E. Babington

Agricultural Credit Survey Results

"During the past few months, agriculture has been in a better position to compete in the nation's money markets and attract more capital and credit than any time since the Korean War," said Chairman Harry W. Schaller in his opening session remarks. This conclusion was based upon the findings in a semi-annual Agricultural Credit Situation Survey made by the Agricultural Commission. Mr. Schaller gave these additional facts from the survey:

Delinquencies and low-equity sales, which by any standard were already at a low level, improved further within the past 12 months. Also, the proportion of real-estate-secured credit used to refinance existing short-term debts decreased, while non-real-estate credit written on intermediate-term notes increased.

The survey reflected more confidence in rural areas and indicated that agriculture was attracting capital and credit on more favorable terms than a year previous. Considerably fewer bankers believe the cost-price squeeze to be a major farm credit problem, as compared with six months or a year ago.

A larger proportion of the responses mentioned credit for livestock expansion as a major problem. Good pas-

tures, large grain supplies, and high prices encouraged heavy capital outlays for livestock.

Ninety-eight percent—the highest ever reported—of all bankers replying said there was sufficient credit available to take care of farmers' needs.

For roughly the past year, farm income was relatively favorable at the same time that the nonfarm economy was going through a brief cyclical recession. Consequently, an abundant supply of lendable funds was available to agriculture.

With an upswing in the national economy, investment funds will be tighter as businessmen and consumers request more loans. The record-breaking abundant harvest this year, plus the increased supply of livestock and livestock products, may result in lower prices and income in the near future. Thus the favorable farm credit supply of recent months may be reversed as the money market tightens and farmers and ranchers move into a relatively unfavorable position to compete for investment funds for a period of time.

A 2-fold challenge faces bankers serving rural areas. One is the problem of getting adequate investment funds to farmers and ranchers during a period of relatively tight money. The second involves doing everything possible to make agriculture more efficient so as to attract investment funds. The

(CONTINUED ON PAGE 135)

president of the Davison Chemical Company of Baltimore; O. V. Wells, administrator of the Agricultural Marketing Service of the U. S. Department of Agriculture; and Harold W. Anyway, an officer of the farm mortgage department of the Mutual Life Insurance Company of New York. Panel leaders and chairmen of sessions included, besides Chairman Schaller, Otto Kotouc, Jr., president, Home State Bank, Humboldt, Nebr.; S. E. Babington, president, Brookhaven (Miss.) Bank and Trust Company; John H. Crocker, president, The Citizens National Bank, Decatur, Ill.; and William E. Drenner, president, The City National Bank, Fort Smith, Ark.

Since the conference was held after BANKING'S press time, it is impossible to give more than a sampling of the remarks of speakers.

Developments in Research

"Science today is bringing dynamic and far-reaching changes in all segments of American life," said Dr. W. V. Lambert while speaking on "New Developments in Agricultural Research and Their Impact on American Agriculture."

"A greatly stepped-up research program aimed at finding new uses

(CONTINUED ON PAGE 135)

W. E. McGuirk, Jr.

John H. Crocker

O. V. Wells

W. E. Drenner



NEWS *for Country Bankers*

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

Crop Loan Insurance Plan

A NEW insured agricultural loan plan was offered California farmers recently by the Bank of America.

Under the plan, borrowers at their option may obtain up to \$40,000 in life insurance to cover seasonal farm loans for as long as 18 months. BofA officials said the plan offers borrowers protection in a greater amount at less cost over a longer period than any known loan insurance plan in California.

To qualify, a borrower must be under 65 years of age and in good health. Coverage continues in force for a year and a half or until the loan is repaid, whichever is earlier. Application for the insurance is made to the insurance company at the same time the loan is applied for at the bank.

The insurance may also be obtained for intermediate term farm loans by rewriting the borrower's policy every 18 months.

Committee Plans Eastern Farm Credit Conference

THE committee representing state bankers associations and the Agricultural Commission of the American Bankers Association now developing plans for a 2-day Eastern States Agricultural Credit Conference on March 30-31 at the Hotel Manhattan in New York City includes the following:

Albert L. Muench, executive vice-president, New York State Bankers Association, New York; Edward R. Tufts, executive secretary, Massachusetts Bankers Association, Boston; Belden L. Daniels, executive manager-secretary, Pennsylvania Bankers Association, Harrisburg; Robert G. Cooke, assistant vice-president, Industrial National Bank

of Providence, R. I.; Nicholas A. Jamba, vice-president and manager of agricultural department, The National Bank & Trust Co., Norwich, N. Y.; William J. Kinnamon, executive vice-president, The Hunterdon County National Bank, Flemington, N. J.; and George H. Stebbins, chairman of the A.B.A. Subcommittee on Agricultural Credit, and president, Simsbury Bank and Trust Company, Simsbury, Conn.

From the A.B.A. Agricultural Commission are: Harry W. Schaller, chairman of the Commission, and president, Citizens First National Bank, Storm Lake, Iowa; Frank W. Black, executive vice-president, Peoples National Bank, Barre, Vt.; and Roy G. Shaull, vice-president and trust officer, Harrisburg National Bank, Mechanicsburg, Pa.

City Bank Offers "Assists"

"WE believe that a country banker should be prepared to take care of any customer that comes into his bank with a 'banking problem,'" said the Chicago National Bank in a letter to correspondents telling them of its readiness to help them "on all phases of banking."

Chicago National spoke of several

specific areas where it can be helpful, including cattle loans, farm machinery paper, consumer credit or small loan department, agricultural service, and advertising ideas. The bank has an "Agricultural Observation Letter" which it mails to correspondents, in which topics of special interest are discussed.

\$2,500 for Grand Champ

THE First National Bank of Tampa, Fla., is justifiably proud of one of its young customers, Melvin W. Vernon, Jr., who was elected to the American Farmer degree at the national convention of Future Farmers of America in Kansas City.

First National's full-time agricultural representative, Robert N. Morris, has been working closely with Melvin for more than four years. The bank loaned Melvin money to buy a beef steer which he finished, showed, and sold at the first annual Florida Fatstock Show.

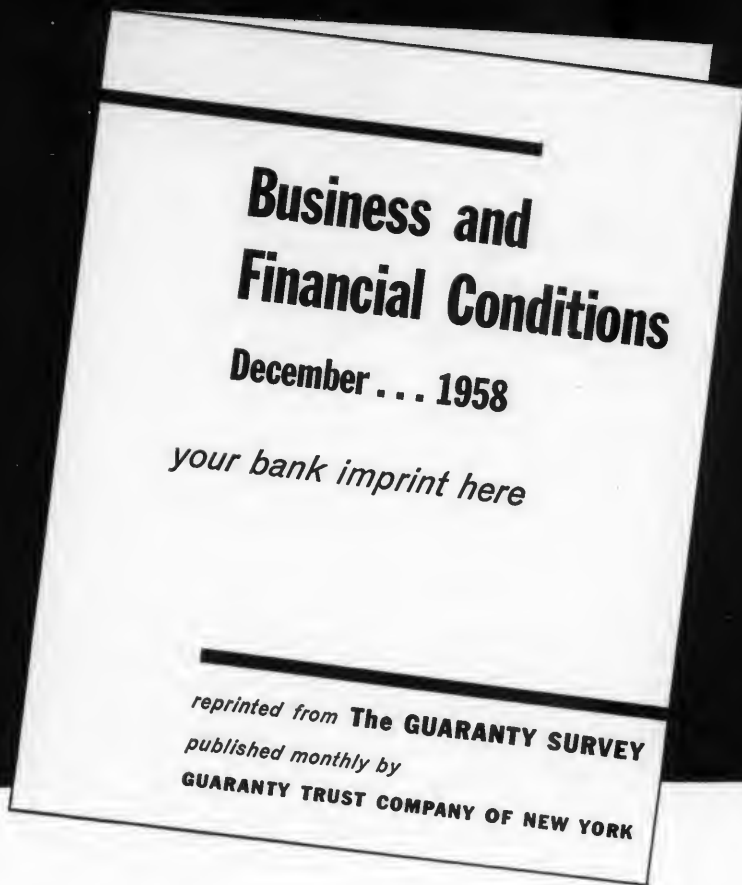
Each year since then First National has made him a similar loan. The profits from the sales Melvin used to start a small herd of grade cows. Additional loans have enabled him to start a herd of purebred Ayrshires.

(CONTINUED ON PAGE 86)

Melvin W. Vernon, Jr., left, shows one of his Ayrshires to Glenn C. Bullock, center, vice-president, and Robert N. Morris, right, agricultural representative of the First National Bank of Tampa



*business
and financial
conditions . . .
a reasoned
analysis*



Each month, The Guaranty Survey includes a well-reasoned and highly readable review, titled Business and Financial Conditions.

This informed presentation and analysis of current economic developments and factors is now made available in reprint form, for distribution over the signature of your bank.

Many of your clients, corporate or personal, may well find the monthly copy of Business and Financial Conditions you send them to be of value in reaching sound decisions in business matters. For complete details we invite you to write us.

Guaranty Trust Company of New York 140 BROADWAY, NEW YORK 15

Capital Funds in excess of \$400,000,000



Fifth Ave. at 44th St., New York 36 • Madison Ave. at 60th St., New York 21
40 Rockefeller Plaza, New York 20 London • Paris • Brussels

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 84)

Mr. Morris has advised Melvin in developing good pasture and forage programs as well as a balanced feeding plan. He assisted in setting up a bookkeeping system and program for weighing milk and testing for butterfat content.

From time to time "the banker with muddy boots" has helped Melvin locate quality cattle for his foundation herd and has helped him prepare cattle for showing.

Two Banks Mail Joint "Farm Picture" Letter

TWO Illinois farm banks recently announced plans to publish jointly each month a monthly farm letter for their farm customers. This letter has been named "The Farm Picture" and will be issued over the signatures of the Citizens National Bank of Decatur and the Champaign National Bank. They have obtained the services of a nationally-known agricultural authority to write and publish it for them.

The letter will provide customers with the latest market trends in livestock and crops and in addition places special emphasis on farm credit and financial management.

John W. Crocker, president, and Walter W. McLaughlin, vice-president, Citizens National Bank, and C. R. Torrence, president, and Lewis H. Clausen, vice-president, Champaign National Bank, helped to design the letter.

Special Committee Plans Agri-Business Meetings

ASPECIAL agricultural advisory committee was appointed by the Florida Bankers Association to develop six area meetings, held this past fall, for the purpose of giving bankers a better understanding of farm problems.

"Agri-Business" was chosen as the theme, which emphasized that production under modern agriculture is inseparable from business firms which manufacture farm production supplies and firms which market farm supplies. With Florida's emphasis on specialized farming, such as citrus, vegetables, and live-stock, agri-business has a special meaning.

These meetings were especially designed to appeal to bankers. The areas chosen were homogeneous as



FHA's Mike Lodes, Elgin, Okla., left, is all smiles as he learns from Executive Vice-President Russell F. Hunt that the First National Bank & Trust Co., of Tulsa has bid \$2,500 for his Grand Champion shorthorn steer at the Tulsa State Fair junior livestock auction. This was the 13th consecutive year that First of Tulsa bid on the Champion

to their agricultural economy. Travel time was reduced to a minimum. Assembly time was scheduled at 4 P.M., which made attendance possible after completion of a day's work.

Invitations were extended to professional agricultural workers, including county agents, vocational agricultural teachers, representatives of Soil Conservation Service, and Federal lending agencies. In addition, bankers were asked to invite three leading farmers, ranchers, or growers. At each meeting there were also special guests representing experiment stations, members of the staff of the University of Florida, and outstanding local citizens. For the series of six area meetings, attendance totaled about 400 people.

North Dakota Scholarships

DURING the past seven years, the North Dakota Bankers Association member banks have sponsored 369 students to the Agricultural Short Course at the North Dakota Agricultural College in Fargo. This year these banks will again sponsor the course and will then have paid out over \$50,000 in scholarships.

The short course in agriculture is offered primarily for persons who are interested in obtaining further training in the field of agriculture and who cannot avail themselves of the regular courses offered by the School of Agriculture.

The entrance requirements are: An interest in agriculture, evidence of a sincere desire to obtain the information offered, of capacity to

carry the work, and the intention of doing the work required to complete the course. High school graduation is not a requirement for enrollment.

"Exchange Column" Features "For Sale," "For Rent" Items

THE title of a bulletin sent periodically to its agricultural customers by the United States Bank of Grand Junction, Colorado, is *The Red Bull*. Agricultural Representative Raleigh B. Flanders reports that in this letter the bank tries "to bring to our customers a few condensed facts of recent agricultural research, some sound philosophy, a few statements that might bring a smile, and our 'exchange column.'"

In the "exchange column" the bank lists "For Sale" and "For Rent" items for its customers.

Mr. Flanders said that the bank makes no charge for placing an ad and that it does not enter into the price situation. "Our motive," he said, "is simply to render a service of bringing the buyer and seller together."

Farm Crop Planners Use Electric Brain

GOVERNMENT restrictions on wheat acreage and the decline in farm income resulted in a search by farmers in Sherman County, Tex., for more profitable crop and livestock enterprises. And so it occurred to Charlie Lamb, agricultural teacher in Stratford, Tex., that much time and money were being wasted by scores of individual farmers experimenting with new enterprises, many of which were doomed to failure before they started. Would it not be more practical, reasoned Mr. Lamb, for all farmers to get help in developing a farm program for the entire county? By all working together, more could be accomplished—and faster! Production might be concentrated on a few enterprises and know-how provided for a successful production.

The idea appealed to the farmers, so they formed the Sherman County Development Association with the assistance of Area Development Specialists from Doane Agricultural Service, Inc., and employed Doane to help them develop the countywide

(CONTINUED ON PAGE 88)

THE TORONTO-DOMINION BANK

THE BANK THAT LOOKS AHEAD

103rd Annual Statement Comparative and Condensed AS AT OCTOBER 31

<i>Assets</i>	1958	1957
Cash Resources	\$ 278,806,381	\$ 254,137,863
Securities	556,968,137	375,265,156
Call Loans	177,103,240	91,487,933
	<u>\$1,012,877,758</u>	<u>720,890,952</u>
Total Quick Assets	626,637,247	586,082,243
Current Loans	66,540,437	40,570,238
N.H.A. Mortgage Loans	22,415,037	20,381,955
Bank Premises	14,506,213	14,462,061
Acceptances and Letters of Credit	672,694	184,883
Sundry Assets	<u>\$1,743,649,386</u>	<u>1,382,572,332</u>

<i>Liabilities</i>	1958	1957
Deposits	\$1,653,957,844	1,295,755,034
Other Liabilities	6,222,438	5,352,435
	<u>1,660,180,282</u>	<u>1,301,107,469</u>
Total Liabilities to the Public	14,506,213	14,462,061
Acceptances and Letters of Credit	20,121,688	20,000,000
Capital Paid Up	48,292,050	46,000,000
Rest Account	549,153	1,002,802
Undivided Profits	<u>1,743,649,386</u>	<u>1,382,572,332</u>

Statement of Undivided Profits Fiscal Years Ended October 31

	1958	1957
Profits after depreciation and after making transfers to Contingency Reserves	\$ 9,796,351	8,181,934
Less: Income Taxes	5,050,000	4,100,000
Net Profit	<u>4,746,351</u>	<u>4,081,934</u>
Less: Dividends	2,800,000	2,596,909
Extra Distribution	400,000	400,000
Undivided Profits	<u>1,546,351</u>	<u>1,085,025</u>
Undivided Profits Brought Forward	1,002,802	1,917,777
	<u>2,549,153</u>	<u>3,002,802</u>
Transferred to Rest Account	2,000,000	2,000,000
Balance of Undivided Profits	<u>549,153</u>	<u>1,002,802</u>

A. C. ASHFORTH,
President

Head Office: Toronto

A. T. LAMBERT
General Manager,



Merry
Christmas
and
Happy
New Year

from

(CONTINUED FROM PAGE 86)

program. Practical farm budgets were prepared for a total of 54 different production systems of 13 crop and livestock enterprises for these farms.

Price research specialists made forecasts of commodity prices for the coming 10 years so that the profit potential of each enterprise would be more realistic. The Linear Programming team at Doane's used an electronic brain to choose between 2,604 profit possibilities. Highest profit enterprise combinations were determined for three representative farm operations in the county.

4-H Leaders Honored

LAST month 275 volunteer 4-H leaders in Rhode Island were honored at the tenth annual Leaders' Recognition Banquet tendered by the Industrial National Bank of Providence. According to Executive Vice-president, John Simmen, in his words of greeting from the host bank, "This completes 10 years of friendship between the 4-H leaders and the bank. Our respect for the fine work being done to make better citizens through the activities of the 4-H Clubs has grown over the years."

In addition to numerous leadership awards presented for varying length of service, a special citation was presented on behalf of the Rhode Island 4-H to Robert G. Cooke, assistant vice-president of Industrial National "for his efforts in making possible the 4-H Leader Recognition Banquet during the past decade" and for his "firm belief in the importance of volunteer leadership in 4-H work."

Dr. Edward W. Aiton, director of 4-H and youth programs of the Federal Extension Service, outlined new 4-H projects being developed that recognize the fact that not all farm young people will find it possible to obtain gainful employment in agriculture. Some two and a half million boys and girls are currently enrolled in 4-H activities in the United States. He cited the influence the movement is having throughout the world as the program is currently being patterned in 51 foreign countries.

Your wife deserves a lot of credit, but she can also use some cash occasionally.



BISHOP NATIONAL BANK of Hawaii

"HAWAII'S LARGEST BANK—100 YEARS OLD"



"National POST-TRONIC machines save us 53% annually on our investment!"

—BISHOP NATIONAL BANK of Hawaii

"In an atmosphere of informal friendliness, we endeavor to provide the best service possible to our customers. To accomplish this to a still greater degree, we investigated the most modern electronically-controlled equipment on the market, and have installed ten National POST-TRONIC* machines.

"These ten POST-TRONIC machines take the place of thirty conventional machines, a saving in posting time and floor space. There are other important savings and benefits.

"Due to the various electronic operations which cause the POST-TRONIC machines to perform so much of the work automatically,

the operators' actual posting work is virtually cut in half. This means the posting operation is completed in a fraction of the time formerly required and with far greater accuracy, because what the POST-TRONIC does electronically, the operators cannot do wrong. This great ease of operation even enables us to hire physically handicapped personnel.

"We estimate National POST-TRONIC machines save us at least 53% each year on our investment."

President, Bishop National Bank of Hawaii

The miracle of electronics provides the lowest posting costs ever known. This means more efficient over-all operation of any bank, regardless of size. Your local National representative will be glad to show how much the POST-TRONIC can save your bank. Call him today. He's listed in the yellow pages of your phone book.



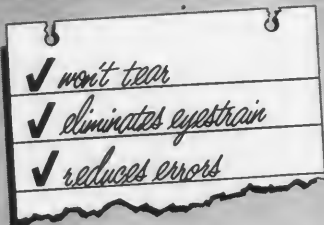
*TRADE MARK REG. U. S. PAT. OFF.

National*

ACCOUNTING MACHINES
 ADDING MACHINES • CASH REGISTERS
 NCR PAPER (NO CARBON REQUIRED)

*Trade Mark

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO
 1,039 OFFICES IN 121 COUNTRIES... HELPING BUSINESS SAVE MONEY



BECAUSE:

you can't afford to compromise with quality — Be certain . . . be safe with the new and improved

CYPRESS Perma-Lucent

Translucent tax forms for Bruning and Oxalid copying machines

Check and compare these important advantages:

Controlled translucency eliminates eyestraining, error-producing "show-through" without sacrificing superior reproduction results. **Compare PERMA-LUCENT with any other brand!**

Now 25% heavier to permit thorough erasures — **no markings left to confuse the eye.**

New patented Aquapel formulation provides **stronger, finer, easier-writing surface** — prevents tearing under sharp pencil point pressure.

Amazing long life! We guarantee your file copies to be legible and copyable for **up to 20 years!** Ask to see laboratory reports.

PERMA-LUCENT is **resin free** only as a fine translucent parchment can be. No activated resin to gum up the glass cylinder of your machine.

REMEMBER:

There's no economy like quality!

To obtain samples, laboratory reports and prices, simply clip this ad to your letterhead **and mail today!**

THE CYPRESS CO.

NATION'S LARGEST PRINTERS OF TRANSLUCENT ACCOUNTING FORMS, BUSINESS FORMS

64 WEST 23rd STREET, NEW YORK 10, N. Y. WA 4-5730

Forms now being delivered.



They'd Teach a Digger To Manage Her Gold!

INEZ ROBB

It is no secret that men constitute my favorite sex. They are just darling, and let's have no modest disclaimers on their part. What's more, they are always thinking up the sweetest ways in which to improve my sex and mold it nearer their heart's desire.

Now the New York State Bankers' Association—all men with money, bless them!—have launched a program or campaign to teach us women the ABCs of money management and of banking. There are more than 800 women's clubs and organizations in this state, and the bankers' association plans to spread its educational program through them.

Furthermore, the bankers—goody, goody!—are enlisting other men to help with this missionary endeavor. The ladies are bound to meet some very nice men and—who knows—some of them may even be eligible.

This splendid decision to help my sex understand the intricacies of finance from balanced budgets to blue chips has come about in a very interesting way. The bankers have just discovered that we girls now vote 70% of all corporation stock, are beneficiaries of 80% of all trust funds, spend 80% of all the family income, are the heads of 4,000,000 households or family units and participate as owners or part owners in 500,000 small businesses.

(There is no mention of such women as Elizabeth Arden, Helena Rubinstein, etc., etc., who head multi-million-dollar corporations.)

Certainly, it is mighty nice of the New York State bankers to undertake to teach financial management to my sex, which seems to have its mitts on most of the nation's money.

But—and honestly I hesitate even to suggest this—is it possible that the bankers are—well, dear me, I don't want to hurt anyone's feelings—trying to educate the wrong sex?

If we women now vote 70% of corporation stock, are empowered to spend 80% of the family income and latch onto 80% of all trust funds, just what is it the bankers hope to teach us? Maybe, how to get the other 30% of corporation stock? How to finagle the other 20% income? How to pry loose the other 20% of trust funds? Honestly, I don't think we girls ought to be pigs! Let the boys have some pocket money, is my motto, or how are they going to pick up the checks? It can't all be done with credit cards.

It is sweet of the bankers to assume that women who head up families, manage businesses, and control the major share of the loot need instructions in the fundamentals of banking and money management.

But, and I only venture this suggestion because I love men so much, wouldn't the bankers be doing an even more salutary job if they taught the boys how to hang on to their goods and chattels? Even if he can't take it with him, a man ought to be taught that there's no point in letting it lie around loose where my foxy sex can pounce on it.

If the bankers believe the harsh financial facts of life outlined above—that women own the lion's share—wouldn't it be more logical to teach the boys how to hang on to what they've got, rather than instruct the girls how to separate them from even more?

Man dearly loves to educate women, and in the interest of a continuing truce in the battle of the sexes, I think she should always take his guidance with a straight face. Still and all, in this instance, I am convinced the bankers are simply setting out to teach their grandmothers how to suck eggs.

(Reprinted from the New York World-Telegram and Sun. Copyright 1958 by United Feature Syndicate, Inc.)

Growing with California



Now!
100
OFFICES

THROUGHOUT CALIFORNIA

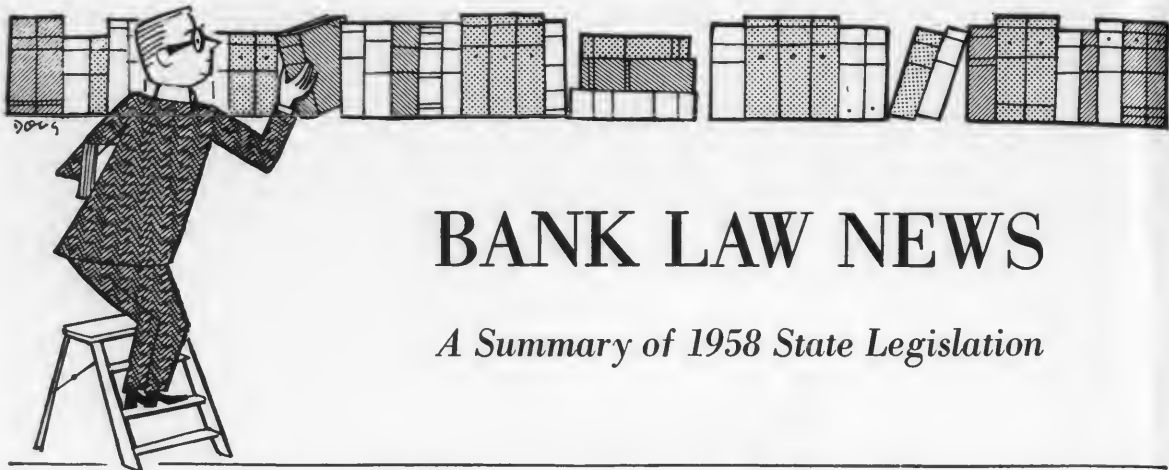
-and Total Resources
of more than
ONE BILLION
DOLLARS

First Western Bank
AND TRUST COMPANY

Head Office: 405 Montgomery Street, San Francisco

Southern California Headquarters: 556 South Spring Street, Los Angeles

Member Federal Deposit Insurance Corporation



BANK LAW NEWS

A Summary of 1958 State Legislation

THE legislatures of 17 states met in regular session this year, while one state legislature carried its 1957 session over into 1958. A number of special sessions have also been held.

Following is a summary of state enactments considered of interest to bankers.

A.B.A.-Recommended Statutes

GEORGIA (Act 336) enacted a modified version of the Competency of Bank and Corporation Notaries Act.

KENTUCKY (SB 60) enacted a modified version of the Holiday Bank Transactions Act.

Among amendments to existing A.B.A.-recommended acts is a NEW YORK modification (c. 776) of §4 of the Bank Collection Code to permit a presenting bank to extend the time of payment of an item drawn on a nonbank payor one additional day, in a good faith effort to secure payment, with or without the approval of any other person.

General Banking Legislation

KENTUCKY adopted joint resolutions (SR 50 and 103) providing for an investigation and study of the A.B.A. Model State Banking Code, with particular reference to the effect thereof on existing Kentucky law.

NEW YORK (c. 774) continued its "stop-gap" freeze on bank holding company expansion until May 1, 1959. Other NEW YORK legislation of general banking interest permits nonbanking organizations, as well as out-of-state banks, to discount evidence of indebtedness. (cc. 990 and 991.)

Holidays

KENTUCKY (SB 60) permits optional bank closing on certain holidays: January 19, January 30, February 22, June 3, October 12, and November 11. A bank electing to remain open on any of such days which falls on Monday to Friday, inclusive, shall be closed the following Saturday. The terms of the A.B.A.-recommended Holiday Bank Transaction Act, in essence, are applied to transactions taking place on the holidays listed above. LOUISIANA (Acts 210 and 270) makes Saturday a legal holiday in certain areas but permits banks to elect to remain open on certain designated holidays, as well as Saturday mornings. VIRGINIA (c. 103) extends optional Saturday closing of banks to additional areas of the state and also (c. 167) restores November 11, Veterans Day, as a holiday.

Dormant Deposits and Abandoned Property

NEW YORK (c. 879) amended and clarified provisions of its abandoned property law respecting unclaimed contents of boxes opened by a safe deposit company or bank pursuant to law. Such property, if unclaimed within 10 years after the box is opened, becomes subject to the abandoned property law of the state.

RHODE ISLAND (HB 1454) generally amended its laws respecting abandoned property. The new law eases the procedure to reclaim smaller funds turned over to the state, without the necessity of court proceedings. The classes of property held by banks and other financial organizations subject to turnover to the state have been broadened, and

the statute also applies specifically to national banks and to certain other financial organizations.

Loans and Investments

GEORGIA (Act 130), LOUISIANA (Act 199), MISSISSIPPI (HB 412) and VIRGINIA (c. 74) broaden the scope of permitted investments by banks in obligations of certain U. S. instrumentalities or agencies.

A NEW YORK law (c. 98) permits a bank to take as collateral up to 25% (formerly 10%) of the total capital stock in another bank, and also deletes a limitation of the amount of insurance company stock which a bank may hold as collateral.

Savings banks in NEW YORK are permitted to invest in slum clearance projects (c. 564), in a mortgage of a leasehold estate (c. 908), and in a mortgage loan on a house not over two years old, for a term not over 30 years, with a maximum limit of \$25,000 (c. 949). In RHODE ISLAND, restrictions on loans secured by residential mortgages are liberalized. (HB 1473.)

Credit Transactions

MISSISSIPPI (SB 1792) enacted a new accounts receivable law applicable to "sums due or to become due on open accounts or contracts." The law provides for the recording of notices of assignment and also permits the assignor to exercise dominion over assigned accounts.

MISSISSIPPI (HB 40, 41, and 42) completely revised its small loans law applicable to licensed lenders and pawnbrokers. The revision sets the legal rate of interest at 6% and also permits certain additional

(CONTINUED ON PAGE 94)



IN MANY KINDS OF PLANTS...

TALK TO MEN RESPONSIBLE FOR GETTING THINGS DONE...

AND THEY'LL TELL YOU...

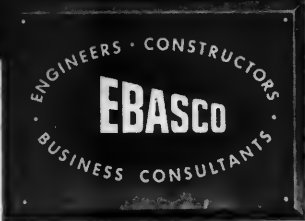


IT PAYS TO CALL ON EBASCO BUSINESS CONSULTANTS...

FOR HELP WITH SPECIAL PROJECTS OR BUSINESS PROBLEMS

For a complete outline of the services Ebasco offers, send for "The Inside Story of Outside Help." Address Ebasco Services Incorporated, Dept. L., Two Rector Street, New York 6, N. Y.

Consulting Engineering • Design & Construction • Facilities Planning • Financial & Business Studies • Industrial Relations • Insurance, Pensions & Safety • Purchasing, Inspection & Expediting • Rates & Pricing • Research • Sales & Public Relations Systems, Methods & Budgets • Tax • Valuation and Appraisal • Washington Office



**NEW YORK • CHICAGO
DALLAS • PORTLAND, ORE.
SAN FRANCISCO • WASHINGTON, D. C.**

20 years ago, Canada's iron ore production was negligible. Today an important world source, shipments of Canadian iron ore reached close to 22,000,000 tons in 1956. In the same year, production of steel ingots and castings was 5,305,805 tons, an increase of some 66% in seven years.

**iron & steel
hold**

KEY POSITIONS in Canada

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

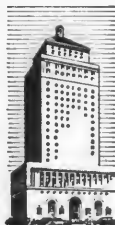
THE ROYAL BANK OF CANADA

Head Office: Montreal

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

Over 900 branches in Canada, the West Indies, Central and South America.
Offices in New York, London and Paris. Correspondents the world over.

Total Assets Exceed 3¼ Billion Dollars



(CONTINUED FROM PAGE 92)

charges in connection with instalment loans. These laws do not apply to banks. MISSISSIPPI also (HB 237) raises the maximum limit on bank instalment loans from \$500 to \$1,000 and limits the amount of interest on instalment loans of \$100 or less which a bank may receive, permitting a rate of excess of the "contract" rate on such smaller loans.

New laws regulating retail instalment sales have been enacted in KANSAS (HB 25-X), LOUISIANA (Act 74) and MISSISSIPPI (HB 39). The KANSAS statute applies to instalment sales of "goods," including motor vehicles and "services," while the LOUISIANA and MISSISSIPPI laws apply to motor vehicles selling for \$7,500 or less. All three new laws require the licensing of sales finance companies, prescribe the form of contract in connection with such sales, and limit permissible finance charges. The laws do not apply to banks, but the MISSISSIPPI law provides that a bank acquiring instalment paper may collect only the principal due plus finance and other charges permitted under the law.

A number of NEW YORK laws relating to the regulation of instalment sales were passed in 1958, a few provisions of which are referred to here. These include new regulations on insurance in connection with instalment sales, lowering credit service charges on insurance, and broadening regulatory powers with respect to credit insurance. In addition, instalment contracts must itemize the cost of insurance, and the contract may no longer include a charge for the package deal. Moreover, the allowable minimum charge on revolving credit plans is lowered. Merchandise certificates are also subject to regulation. A purchaser of instalment paper is required to give notice in a certain manner to the obligor. Upon doing so, after a certain period, the purchaser may acquire "holder in due course" rights. Failure to give the notice will preclude such rights as "holder in due course."

Taxation

KANSAS (HB 11-X) amended its laws taxing bank deposits and certain other intangibles. In place of the former tax of a flat 5 mills per \$1 on money, notes, and other evidences of debt, including bank de-

posits, the taxpayer may elect to pay a tax of 3% of the total gross earnings received from certain intangibles. The voters of WEST VIRGINIA affirmed a constitutional amendment to exempt bank deposits and money from taxation. RHODE ISLAND (HB 1453 and 1454) sets its tax on interest-bearing deposits in national banks and savings banks at not more than 17 cents nor less than 13 cents per \$100. Another RHODE ISLAND law (HB 1192) increases the tax on state and national banks from 4% to 5% and adds a 10% surtax, or alternatively sets the tax at 40% per \$100 of corporate excess, whichever ratio yields the greater tax.

**Miscellaneous
State Legislation**

Some provisions of possible interest to trust departments are itemized here: GEORGIA (Act 467) now requires but two witnesses to a will. Three witnesses were formerly required. MISSISSIPPI (SB 1928) permits a devise or bequest to a trustee of an existing written trust, even where such trust by its terms may be amended or revoked. A somewhat analogous provision was enacted in VIRGINIA (c. 450). Gifts to Minors Acts were adopted in KENTUCKY (SB 255), LOUISIANA (Act 195), MISSISSIPPI (HB 301), and VIRGINIA (SB 113).

Laws relating to employee welfare funds were enacted in MASSACHUSETTS (SB 863) and NEW YORK (cc. 91 and 857). NEW YORK (cc. 152 and 153) does away with its "two lives in being" rule limiting the suspension of ownership of real or personal property, and substitutes the "lives in being" rule.

Legislation relating to industrial development was enacted in four states: KENTUCKY (SB 315), NEW JERSEY (c. 218 of the 1957 "hold-over" session), RHODE ISLAND (HB 1511), and SOUTH CAROLINA (Act 1013).

KENTUCKY (SB 169) has enacted the Uniform Commercial Code, in substantially the 1957 official text of the sponsoring organizations. The effective date of the KENTUCKY code is July 1, 1960.

MASSACHUSETTS (c. 542) enacted a number of miscellaneous amendments to the Uniform Commercial Code of that state. The code became effective in MASSACHUSETTS on October 1, 1958.

*Do you have high collecting costs,
poor collecting performance?*

**Get more level payments on time
at less cost with**

ALLISON COUPONS



The Allison Coupon Payment System is practically 100% effective in bringing in exact payments from normal accounts because the system:

- ★ Bills each payment separately with *one* mailing, for the complete account.
- ★ Makes paying by mail easier. Speeds up window service. Builds your reputation for service.
- ★ From the start it saves time and reduces expenses by eliminating detail and improving collections.

Beat rising costs now. Discover how easily the Allison Coupon Payment System can be adapted to your needs. Use this handy coupon to request free sample books and complete information. No obligation of course.

mail coupon
today for
complete
information

ALLISON COUPON COMPANY, INC.
Indianapolis 6, Indiana

Please send information and samples of Allison Coupon Books showing how to achieve more level payments at less cost.

Name _____ Title _____

Firm _____

Address _____

City and State _____

ALLISON COUPON COMPANY, INC.

P.O. Box 102, Indianapolis 6, Indiana



An Investment in Efficiency

NUMERICAL ACCOUNTING MACHINES



TYPING ACCOUNTING MACHINES



IN EVERY WAY, BURROUGHS LEADS . . . ST

Bankers have seen it happen time and time again: When Burroughs equipment goes on the job, the efficiency of their figuring, data processing and control operations increases smartly.

Whatever the solution to your problem calls for—anything from top quality adding machines to the most advanced giant electronic computers—there's Burroughs equipment and Burroughs competence in the banking field to bring you results fast.

For complete information on any of the equipment shown here—or on the many other ways Burroughs can help—call our nearby branch office today. Or write Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

ELECTRONIC
BOOKKEEPING MACHINES



PROOF AND
DISTRIBUTION MACHINES



STRAIGHT TO BETTER BANK ACCOUNTING



Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

Burroughs—TM.

December 1958

97

BANKING NEWS

Committees of American Bankers Association and National Association of Mutual Savings Banks Are Holding Discussions of Taxes and Related Matters

Representatives of the American Bankers Association and the National Association of Mutual Savings Banks are getting together to discuss tax and related matters, according to a joint announcement made on November 17 by Lee P. Miller, A.B.A. president, and William A. Lyon, president of the NAMSB.

Since the A.B.A. convention held in Chicago in September, according to the announcement, committees appointed from the membership of each association, as well as members of the associations' staffs, have been compiling materials for joint discussion.

A.B.A. Committee

Members of the A.B.A. committee are Carlisle A. Bethel, vice-chairman of the board and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C.; Louis E. Hurley, president, The Exchange Bank and Trust Co., El Dorado, Ark.; Comer J. Kimball, chairman of the board, First National Bank of Miami, Fla.; and Louis B. Lundborg, vice-president, Bank of America N.T. & S.A., San Francisco. They will function as a subcommittee of the A.B.A. Administrative Committee, Mr. Miller said.

NAMSB Committee

Members of the NAMSB committee are Henry S. Kingman, chairman of the board, Farmers and Mechanics Savings Bank of Minneapolis; R. Stewart Rauch, Jr., president, The Philadelphia Saving Fund Society; Earl B. Schwulst, president and chairman of the board, The Bowery Savings Bank, New York; and Crawford H. Stocker, Jr., president, Lynn (Mass.) Five Cents Savings Bank.

A.B.A. President Miller is president of the Citizens Fidelity Bank and Trust Company, Louisville, and NAMSB President Lyon is president of the Dry Dock Savings Bank, New York.

All meetings of the respective associations' committees, as well as



Lee P. Miller



William A. Lyon

Description of Welfare or Pension Plan Covering 25 Employees or More Must Be Published Under P.L. 85-836

Effective January 1, 1959, all banks whose trust departments are administering welfare and pension plans and every bank with a welfare or pension plan covering more than 25 employees will be required to publish a description of the plan to comply with Public Law 85-836, according to bulletins to member banks of the American Bankers Association which have been prepared jointly by the Trust Division of the Association and the A.B.A. Washington Office. A more detailed report, including suggested forms, will be sent to the banks before the first papers are to be filed.

Preliminary reports, which have been mailed by the two Association

their joint meetings, are being held in executive session, Mr. Miller and Mr. Lyon said. The committees will study and discuss the problems involved and report back to the governing bodies of their respective associations.

departments, say: "The first requirement under the law is the preparation and publication of a description of the plan. This must be done within 90 days of January 1, 1959, the effective date of the act, or within 90 days after the establishment of the plan, whichever is later. The second requirement is the publication of an annual report, which is first required to be done within 120 days after December 31, 1959, if the plan is on a calendar-year basis, or within 120 days after the end of the plan's policy or fiscal year, if the plan is on a policy- or fiscal-year basis."

The A.B.A. bulletins point out that the Secretary of Labor also would make available for inspection copies of documents filed with him and will prepare suggested forms for compliance with the act. However, the law confers no regulatory authority upon the Secretary of Labor and imposes no obligation on the banks to use the suggested forms.

A.B.A. Publishes "Special Checking Accounts—Operating Procedure" Book

The Bank Management Commission of the American Bankers Association has published a revision of its booklet on *Special Checking Accounts—Operating Procedure*.

A foreword points out that the original booklet on special checking accounts was published in 1944. Over the years, "many changes have taken place in the type of special checking accounts being sold, in the price being charged, and in the philosophy of the use of such accounts in relation to regular checking accounts. Some of the changes have been desirable and have resulted in improved services and profitability, while others have had the opposite effect. The Commission has undertaken the revision of this booklet in order to keep the banks generally informed of developments in this field."

The booklet notes that special checking accounts are of "slight importance" in the total dollar deposit structure of banks, yet they attract depositors "who are truly new."

The booklet advises on selling this service, outlines types of plans and regulations covering them, illustrates special forms needed, and goes deeply into operating procedures. An appendix contains details of a special checking accounts survey which was completed last year.

A copy of the new booklet is being mailed to every commercial bank in the A.B.A. membership. Additional copies are available to members at 50 cents each from the A.B.A. Bank Management Commission, 12 East 36 St., New York 16.

Speakers at A.B.A.'s 11th National Credit Conference in Chicago, Jan. 22-23, Announced by William F. Kelly

Bankers in executive positions in the credit field will hear leaders in banking, industry, business, Government, and the press at the Eleventh National Credit Conference of the American Bankers Association in Chicago on January 22 and 23. According to announcement by William F. Kelly, chairman of the A.B.A. Credit Policy Commission, under whose auspices the conference is held, the program for the 2-day meeting at the La Salle Hotel is rapidly being completed. Mr. Kelly is president of the First Pennsylvania Banking & Trust Company, Philadelphia.

Scheduled Speakers

Speakers scheduled for the meeting include Lee P. Miller, president of the A.B.A. and president of the Citizens Fidelity Bank & Trust Company, Louisville, Ky. Featured also are: Mr. Kelly; Charles H. Kellstadt, president of Sears, Roebuck and Company, Chicago; Earl Coke, vice-president, Bank of America N.T. & S.A., San Francisco; J. Cameron Thomson, chairman of Northwest Bancorporation, Minneapolis;

Maxwell C. King, president, Pacific Finance Company, Los Angeles; Louis B. Lundborg, president of the A.B.A. Savings and Mortgage Division and vice-president, Bank of America N.T. & S.A., San Francisco; Richard E. Graves, executive vice-president, Philadelphia (Pa.) Industrial Development Corporation; James A. Linen, publisher, *Time Magazine*, New York; J. Andrew Painter, vice-president, First National City Bank of New York; Dr. H. E. Luedicke, editor, *Journal of Commerce*, New York; and Carl M. Flora, chairman of the A.B.A. Small Business Credit Commission and vice-president, First Wisconsin National Bank, Milwaukee. Also, as an annual feature, Robert Morris Associates will present at the evening session on January 22 a panel on credit operations. The complete program will be announced shortly.

The conference provides an opportunity for credit men from all parts of the country to exchange information and ideas, and to appraise the business outlook. Further details about the program will appear in the next issue.



At left—
William F. Kelly

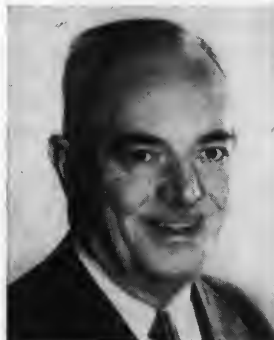


At right—
James A. Linen

Earl Coke



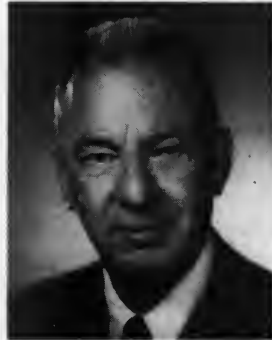
J. Andrew Painter



Louis B. Lundborg



Carl M. Flora



"Central Banking" Will Be Theme of A.I.B.'s 1959 Public Speaking Contest

Finalists Will Compete for A. P. Giannini Endowment Prizes

"Central Banking" will be the general theme for the public speaking contests to be held within the American Institute of Banking from March to June 1959, it was announced recently by Donald K. Trescott of the Industrial National Bank, Providence, R. I., who is chairman of the Institute's National Public Speaking Committee.

The speaking program will culminate with the 33rd Annual National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes in Philadelphia next June. The contest will be held on June 1 as part of the A.I.B.'s annual convention in that city.

The speaking program to choose the participants for the contest in Philadelphia will have three stages, each of which will use a specific phase of the general theme for subject matter. The specific topic for contests within individual chapters will be announced on or about February 1, with the specific topic for the district contests announced on or about April 1. The subject for the semifinal elimination contest will be announced following the district contests.

For purposes of the contest, the country has been divided into 12 geographical districts. Each A.I.B. chapter will be entitled to send one contestant to its respective district contest. The winners in each district contest will then compete in the semifinal, with six people becoming the contestants in the final contest.

The participants in the final contest will compete for prizes of \$500 for first place, \$300 for second place, and \$100 for third place. The expenses of the contestants in the semifinal contest, as well as the prizes in the final contest, are supplied by the A. P. Giannini Educational Endowment. Mr. Giannini was the founder of the Bank of America N.T. & S. A., San Francisco.

In addition, the chapter of which the first-place winner is a member will be awarded the A. P. Giannini Memorial Trophy—a gift of the late

Murray G. Lee Is Director of A.B.A.'s New Council on Banking Education

Douglas G. Herron Has Joined A.B.A. Staff to Assist Dr. Lee

Dr. Murray G. Lee has been appointed director of the American Bankers Association's Council on Banking Education, according to A.B.A. Executive Manager G. Russell Clark.

Dr. Lee, a member of the Association's staff since 1952, has served as secretary of the A.B.A.'s Economic Policy Commission and assistant director of the Department of Monetary Policy. He will relinquish these positions to become the first director of the Council on Banking Education.

Douglas G. Herron, for three and a half years assistant to the Conference and Public Information Director of the National Industrial Conference Board, New York, joined the A.B.A. staff on November 1 to assist Dr. Lee in the Council work.

Council's Function

The council was organized in early 1958 as a means of expanding and coordinating the work of the Association's many educational activities. The A.B.A. for years has carried on an extensive educational program within the ranks of organized banking, with its American Institute of Banking, which has an annual student enrolment of some 85,000 bank personnel, and The Graduate School of Banking, a 3-year school for some 1,100 bank officers at graduate college level. The work of the new council will be largely concerned with developing

L. M. Giannini, who during his lifetime was president and chairman of the general executive committee of the Bank of America. The winning chapter will be allowed to retain this trophy in its possession for a 1-year period.

Each year a replica of the above cup is awarded to the person winning the final contest. This award, presented by Mrs. Claire Giannini Hoffman in memory of her father, A. P. Giannini, will remain the permanent property of the winner.



Murray G. Lee



D. G. Herron

closer relationships between bankers and educators and with assisting state and other bankers associations in carrying out projects in the public education field.

The council comprises, in addition to Dr. Lee (who until his appointment as director had served as its secretary) 12 bankers long identified with banking education. They were appointed by Joseph C. Welman, 1957-58 A.B.A. president. Everett D. Reese, chairman of the board, The Park National Bank, Newark, Ohio, and chairman, board of regents, The Graduate School of Banking, is chairman of the Council.

Dr. Lee's Training

Dr. Lee came to the Association after a career in the law and education. He attended Syracuse and Columbia universities and holds A.B., M.A., Ph.D., LL.B., and J.S.D. degrees from New York University. A member of the New York bar since 1934, he practiced law with Laughlin, Gerard, Bowers & Halpin in New York from 1934 to 1939. From 1939 to 1941 he was assistant professor of law at New York Law School, and from 1938 to 1952 he was affiliated with the Economics Department of New York University, where he attained the rank of associate professor. During World War II he was an officer in the Navy.

Before joining the NICB in May 1955, Mr. Herron was associated with the Public Relations Department of General Motors Corporation (1939-1948). Subsequently, he handled promotional assignments for the Hoffman Motor Car Company and Ethicon Suture Laboratories.

Mr. Herron graduated in economics from Brown University in 1939; studied at the University of California in 1940; and completed the Advertising and Selling Course of the New York Advertising Club.

He served a total of eight years on active duty as a Coast Guard officer.

He is married and has one child.



J. R. Dunkerley

J. R. Dunkerley, A.B.A. Senior Deputy Manager, Dies on November 20

Had Been on Association Staff in Various Capacities Since 1927

J. R. Dunkerley, senior deputy manager of the American Bankers Association, died on November 20 of a heart ailment. He was in charge of the Savings and Mortgage Division and secretary of the Organization Committee.

Mr. Dunkerley joined the A.B.A. in 1927 as secretary to the executive manager after having been associated with the Erie Railroad Company and the Mutual Benefit Life Insurance Company.

He later became assistant executive manager and in 1938 was appointed secretary of the A.B.A. Public Relations Council, assistant secretary of the Savings Division, and assistant secretary of the Membership Committee. He was advanced to secretary of the Division in 1943 and secretary of the Membership Committee, now the Organization Committee. In 1945, Mr. Dunkerley was appointed deputy manager of the Association in charge of the Savings Division (now Savings and Mortgage Division). He was made senior deputy manager in April 1956.

Mr. Dunkerley is survived by his widow, Beatrice Chamberlain Dunkerley, and two sons, Donald and Paul, of Hastings-on-Hudson, N. Y. Surviving also are two brothers, William H. and James, both of Paterson, N. J., and a sister, Mrs. Hobart Anderson, Ridgewood, N. J.

Richard L. Kraybill Is Named Associate Editor of BANKING, Journal of A.B.A.

Richard L. Kraybill of Shrewsbury, N. J., is joining the editorial staff of **BANKING**, the official journal of the American Bankers Association, on December 1, according to announcement by G. Russell Clark, executive manager of the A.B.A.

Mr. Kraybill, who will be an associate editor of **BANKING**, brings to the A.B.A. several years of editorial experience with leading business and professional magazines. He began his professional career as a teacher of high school mathematics in 1937 and continued in this field until 1942, when he joined the U.S. Army Air Force. Shortly after his release from military service in 1945 he entered the magazine field.

From 1946 to 1953, Mr. Kraybill was associated with *Dun's Review* in various capacities, including associate editor. When the *Review* merged in 1953 with *Modern Industry*, he was made managing editor. Since 1957 he has been administrative editor of *Medical Economics*.

Mr. Kraybill received an A.B. degree from Dartmouth College in 1937; M.A. from Columbia University in 1950; has taken graduate work in statistics and economics at New York University; and, in 1955, completed a management course



Richard L. Kraybill

with the American Management Association.

As associate editor of **BANKING**, Mr. Kraybill will write on various aspects of banking and finance and will assist with the general production of the magazine.

Committee Meets to Approve College Recruitment Manual

The Committee on Executive Development of the American Bankers Association will meet at the Drake Hotel in Chicago on December 3 and 4 for the purpose of reviewing and approving the final draft of the *Manual on College Recruitment* being prepared by the Committee, according to William Powers, senior deputy manager of the A.B.A. and Committee secretary.

This manual will be a guide to the banks either presently active in recruiting college people for management jobs or contemplating becoming active in this field. It will give them an opportunity to compare their own practices with those of other industries.

This group of 13 Japanese small business financing specialists were briefed in banking operations and procedures by staff members of the American Bankers Association during a day's conference at the New York headquarters of the Association. The leader of the group is Tamaki Sato, vice chief of the board of directors, The Central Bank for Commercial & Industrial Cooperatives, Tokyo. *Left to right*, at head of table, Alfred L. Cardinaux, project manager, International Cooperation Administration, Washington; Walter B. French, senior deputy manager, A.B.A., and secretary, Credit Policy Commission and Small Business Credit Commission; Dr. Lawrence E. Kreider, assistant secretary, Agricultural Commission, A.B.A.; Interpreters Masaaki Imai and Kunio Okabe; and Mr. Sato



JOHN BATT

A.B.A.'s 11th National Credit Conference

LaSalle Hotel, Chicago

January 22-23, 1959

December 1958

To the Officer in charge of Credit Policy:

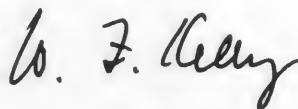
The National Credit Conference, which is under the sponsorship of the Credit Policy Commission of the American Bankers Association, will be held at the LaSalle Hotel in Chicago next January 22-23. This will be the eleventh year that such a conference has been held and each year, if attendance is an index, it gains in importance.

As one active in making loans or formulating loan policy, you will appreciate the major importance the meeting will have this year. As has been the custom in previous years, the program will be made up of informed speakers representing banking, industry, and government. The sessions will take up two full days and one evening.

If you have attended these meetings in previous years, may we call your particular attention to the location of the next meeting--the LaSalle Hotel.

You will note that the conference is at the end of the week. The Thursday and Friday dates were tried for the first time last year and appeared to be preferable to the majority of bankers attending, rather than the early part of the week. The dates chosen will enable us to hold the conference after most of the annual bank meetings. They are early enough, however, to give the speakers an opportunity to express their views as to the business and credit outlook for the coming year.

Very truly yours,



Chairman
Credit Policy Commission

Savings

NEWS

Speakers Representing Both Banking and Building on Cincinnati Savings and Mortgage Conference Program

SPEAKERS representing both the banking and building businesses will headline the sessions of the American Bankers Association Regional Savings and Mortgage Conference, scheduled for January 26-27 in Cincinnati.

The program of the 2-day conference at Cincinnati's Sheraton Gibson Hotel was announced by Louis B. Lundborg, president of the A.B.A.'s Savings and Mortgage Division and vice-president of the Bank of America N.T. & S.A., San Francisco. The conference will be conducted by the Savings and Mortgage Division, with the cooperation of the Ohio Bankers Association and the Cincinnati Clearing House Association, for the benefit of bankers in Ohio, Indiana, Kentucky, West Virginia, and Western Pennsylvania.

William A. Reckman, vice-president of the Fifth Third Union Trust Company, Cincinnati, and former president of the A.B.A. Savings and Mortgage Division, is general chairman.

The conference will devote sessions to the administration and operation of bank savings departments and to mortgage procedures appropriate to current and prospective conditions. The program:

Morning Session

Monday, January 26, 10 A.M., Grand Ballroom

Presiding, Mr. Reckman.

Remarks by F. George Heidacher, president, Cincinnati Clearing House Association; vice-president and cashier, Central Trust Company, Cincinnati.

"Solicitation of Savings and Mortgages" by Mr. Lundborg.

"Legislative Activities in Savings and Mortgage Field" by Ben C. Corlett, senior vice-president, American Bankers Association, Washington, D. C.

Afternoon Session

2 P.M., Grand Ballroom

Presiding, President Lundborg. "Determination of Interest Rates on Savings"—speaker to be announced at a later date.

"Bank and Credit Unions" by Dr. Rudolf Modley, management consultant, Kent, Conn.

"The Answers to Savings and Loan Associations" by Gaylord A.

Freeman, Jr., vice-president, The First National Bank, Chicago.

Morning Session

Tuesday, January 27, 10 A.M., Grand Ballroom

Presiding, Louis S. Finger, vice-president, Savings and Mortgage Division, A.B.A.; president, Andover (Mass.) Savings Bank.

"The Rewards to Commercial Banks in the Mortgage Business" by S. Carlyle McDowell, vice-president, Wachovia Bank & Trust Company, Winston-Salem, N. C.

"What a Builder Expects from a Bank" by George N. Seltzer, The Seltzer Building Company, Cleveland.

"The Future of Savings and Mortgage Banking" by G. Russell Clark, executive manager, A.B.A.

Luncheon

12:15 P.M., Roof Garden

Presiding, President Lundborg. "What to Do Until the Psychiatrist Comes" by Dr. Murray Banks, psychologist-humorist, New York.



At left—
William A.
Reckman



At right—
Rudolf Modley

Gaylord A. Freeman, Jr.



Ben C. Corlett



S. Carlyle McDowell



G. Russell Clark



NEWS

Savings Higher in Savings Bank Areas

FIGURES released recently by the Savings Banks Association of the State of New York show that in those counties of New York State where there are savings banks, savings per person are higher than in counties that are without savings banks.

According to the survey, average per capita savings are \$1,646 in counties with one or more savings banks; in counties without savings banks per capita savings average \$531. The study reports that there are savings banks in each of the 19

counties in the state where individual savings average over \$1,000.

George M. Penney, managing director of the association, said "two out of every three people in New York State now are saving in a savings bank, with the average savings account totaling \$1,777."

The Billion Dollar Habit of Christmas Club Savers

THE nation's business received an added boost in November when some 7,900 financial institutions distributed about \$1.4-billion to 30,000,000 Christmas Club members throughout the country.

The 1958 payoff is about 3% larger than in 1957. The average check this year amounts to \$105 for each member.

Of the 7,900 financial institutions, 189 had clubs in excess of \$1,000,000

each. As in past years, New York leads with 2,641,840 members and \$281,861,000, followed by Pennsylvania with 1,676,301 members and \$184,176,000, and then New Jersey with 1,133,704 members and \$144,836,020.

The rapid growth of the Christmas Club on the Pacific Coast has put California in fourth place with 968,584 members and \$131,029,000.

Here is the forecast of how the Christmas Club fund will be used:

Christmas purchases	\$ 420,966,000
Permanent savings	390,800,000
Taxes	136,910,000
Insurance premiums	126,808,000
Year end bills	77,668,000
Home furnishings and Improvements	75,621,000
Miscellaneous	56,374,000
Education	41,360,000
Mortgage payments	38,493,000
	\$1,365,000,000

Housing and Mortgages

October Construction Rise

NEW construction activity showed better-than-seasonal strength in October, and the dollar value of work put in place virtually equalled the record \$4.8-billion spent in August and September, according to preliminary estimates prepared jointly by the U. S. Departments of Labor and Commerce. Outlays for the first 10 months of 1958, at \$41.1-billion, were up 2% from the comparable 1957 period.

Private expenditures thus far in 1958, amounting to \$28.3-billion, almost matched the 1957 alltime high for the 10-month period. Improvement over the year in homebuilding, and gains in many types of nonresidential construction, were offset by the steep drop in private industrial building.

The \$12.8-billion spent for publicly owned construction during the first 10 months of 1958 was 6% above a year earlier, with highways and public housing contributing most of the gain.

New Housing Starts

NEW permanent nonfarm dwelling units started in October, includ-

ing 2,000 public units, totaled 111,000, compared to total starts in October 1957 of 97,000, a 14% rise.

The seasonally adjusted annual rate of private starts, based upon the October private start total of 109,000, is 1,260,000, according to announcement by the Bureau of Labor Statistics. Private housing starts for the year 1957 totaled 992,800.

Miles Colean Is Bullish on Housing-Mortgage Future

"I HAVE a number of concerns about the outlook, but concern about a surplus of housing and a depreciation of values is not among them," Miles L. Colean, said in an address before the 56th annual convention of the Savings Banks Association of Connecticut. Mr. Colean is consultant on building, finance, and construction to trade associations, financial institutions, and Government agencies, Washington, D. C.

"According to all the measures I have been able to find," he said, "there is no slack in the housing market, no prospect of a surplus, and no probability that even normal depreciation will be reflected in the

selling prices of anything but the worst, or perhaps the very fanciest, or the supply."

Mr. Colean said that "although the net additions to the number of nonfarm families will be relatively small they will not be inconsiderable. The range on the average for the next several years should not drop below 800,000 a year and it may go to 900,000 a year or somewhat more. These people have to be provided for."

When discussing the need for new housing, he added: "We have that need created by the removal from the supply each year of 400,000 to 500,000 dwelling units by fire and other disaster, abandonment and withdrawal from the market, demolition, and change in use. The Census estimates that on the average—about 475,000 dwelling units were lost each year from 1950 to 1956 from the causes I have mentioned. Yet in these years the urban renewal and highway programs—the two main causes of demolition—were just getting started.

"The now rising tempo of these activities should assure that in the future the figure on removals should be on the high rather than the low

side. Since our vacancies, especially in desirable quarters, are still very low, the removal of dwellings, after all the reshuffling up the scale is taken into account, should result in the demand for almost the equivalent number of new houses.

"These two influences I have mentioned, by simple addition, produce a basic annual demand, at the minimum, 10 to 15% higher than the number of new dwelling units built either last year or this, or in prospect in the year ahead. But even this is by no means the whole story.

"To me, the most significant fact about the potential demand for housing is that the number of families that have incomes large enough to put them effectively in the housing market is increasing more rapidly than is the total number of nonfarm families. To get down to the arithmetic of this situation, recent income studies of the Department of Commerce show that the number of families in the over-\$5,000-a-year group—in terms of 1956 dollars—have been increasing on the average about 1,010,000 a year. This is 100,000 to 200,000 more than the probable total increase in nonfarm families.

Vacancies Less Than 3%

On the subject of vacancies, Mr. Colean had this to say: "The most recent vacancy figures are for the second quarter of 1958. These show that the vacancies in habitable units available for sale or rent amounted to less than 3%—2.9% to be exact—of the total housing stock. A year ago—in the second quarter of 1957—the ratio was 2.3%. This is certainly not a startling increase since that time considering the change in economic conditions during the intervening period; and it surely shows that there has been no extensive resort to doubling up—the thing the market most fears in a time of recession. On the contrary, the indications are, if anything, that the increase represents a shift from smaller to larger units and from rental to owner tenure. Again, these are not discouraging signs.

"If we look at delinquencies on mortgage payments, we find no cause for alarm. The most recent delinquency survey of the Mortgage Bankers Association shows an average delinquency rate of 2.19% for the second quarter of 1958 for the country as a whole compared with

2.02% for the same period in 1957. From individual discussions I have had, I gather that it has been advisable this year to be especially alert in checking on delinquencies, but that actual defaults have not been a serious problem."

Demand for Mortgage Loans

As to the demand for mortgage loans during the next two years, Mr. Colean is of the opinion that "so far as the supply and demand for houses are concerned there is no surplus nor any threat of a surplus. On the contrary we have a real threat of a shortage, even on the basis of the upturn in building that we have seen this year; and this threat will appear larger next year if another increase in volume does not take place.

"All this is to say that any of you who want to increase your acquisitions of mortgage loans this year and next will have ample opportunity to do so; and you can put the money out with complete assurance that it will be meeting a pressing need and without fear that it will be contributing to an economic glut. The facts are that the housing market can use all the credit that is likely to be made available to it, that it could safely absorb a great deal more than it is likely to get, and that the only seriously inhibitive factor in the market's prospects is lack of credit.

How Much Credit?

"This brings me to the real question. How much credit is the mortgage market likely to get? I have taken the view that, for the present year, it will get enough to assure the financing of about a 9% increase in the number of new private, non-farm dwelling units started as compared with last year—that is, an increase from 993,000 units in 1957 to 1,060,000 or 1,070,000 in 1958. Considering the momentum of the current trend, it would appear to be virtually impossible for the now impending seasonal decline to bring the final figure for the year to a lower point than this. In other words, this year's production is pretty well settled, no matter what the Treasury or the Federal Reserve decides to do and no matter what changes are made in the policies of investing institutions.

"I have also taken the view—that is, I took this view last August, when

the occupational hazards to which I am exposed forced me to take it—that we could reasonably expect another increase of like proportions in 1959. Such an increase would still bring the year's total to no more than 1,150,000 to 1,700,000, a conservative figure, indeed, it seems to me, considering the present potentialities of demand, especially in an improving business environment."

GI Loan Repayment Record

VETERANS with GI home loans have set and continue to set a remarkable record of paying off more than \$44-billion of home mortgage debts, Sumner G. Whittier, Administrator of Veterans Affairs, reported recently.

He pointed out that well over 5,000,000 home loans have been guaranteed by VA since the first one in December 1944, and that nearly 1,250,000 of these loans, or 24%, have been repaid in full by the veteran-borrowers.

During this 14-year period, VA has paid claims on only about 42,000 home loans, or about 8/10ths of 1% of the guaranteed home loans. Not all of these claims, however, were attributable to defaults by the original veteran-borrowers, since some were defaulted by transferees who obtained the properties from veterans and assumed the mortgages.

Mortgage Group Chided

BECOME true mortgage underwriters in the home-loan field, William A. Lyon, president of the Dry Dock Savings Bank of New York, told the Mortgage Bankers Association's convention in Chicago last month. He is president of the National Association of Mutual Savings Banks.

Mr. Lyon urged the mortgage bankers to invest in mortgages on their own financial responsibility without waiting for advance commitments by investors to take over their loans.

"This would mean," he said, "that mortgage bankers would have to take positions in the market more

NEWS

widely and more often than in the past — just as investment bankers and dealers in Government securities do."

Home Builder Survey Results

HIGHLIGHTS from a nationwide survey of home builders of the 1958 building trends, made by Housing Securities, Inc., of New York City:

Home building is edging upward. Reasonable expectations foresee a modest gain for 1958 within a 10% range from 1957 levels.

More builders are entering the apartment construction field. Job size is also getting bigger.

1958 projections of home construction by states range from 0% for District of Columbia region to 50% for Texas over 1957 levels.

Reflections of builders' mood: 55% expect to increase their operations in 1958 over 1957.

Around 60% of all new homes sell from \$12,500-\$20,000. Homes below \$12,500 account for around 25%.

1958 to see a shift toward lower priced homes. Volume below \$12,500 to display moderate gains. All other price classes to show a relative decline which is more pronounced in the upper brackets.

Trend toward lower priced homes from 1957 to 1958 strongest in California, New Jersey, and Ohio.

Highest proportion of lower priced homes is found in Southwest and Southeast.

1958 outlook for mortgage financing on new homes to indicate shift from VA to FHA financing. Ratio of conventional to total mortgages is expected to change little.

Volume of FHA insured loans on new homes is anticipated to double between 1957 and 1958.

After price and terms, the number one consideration of home buyers is design, followed by neighborhood and quality of construction and materials.

Home buyers, except in Florida and California, generally prefer a more closed interior layout.

Over 60% of builders believe awareness of nationally advertised products has increased.

Instalment Credit

Line-of-Credit Plan Announced

AMERICAN Fletcher National Bank and Trust Company, Indianapolis, Ind., now offers a service called "AFNB Check-Credit," a comparatively new development in the field of personal finance.

Individuals may apply for a personal line of credit up to \$2,400, on which they may draw when they wish simply by writing a check. This revolving loan account, combined with personal checking privileges, permits the borrower to buy what, when, and where he wishes. The customer determines the monthly payment, varying between \$10 and \$200, which best suits his income and needs. His maximum credit is 12 times his monthly amount, and he is furnished a supply of special checks. Each check automatically creates a loan for the amount of the check when it is presented to the bank for payment. Monthly payments of 1/12 of the established maximum line of credit are required until the loan is paid off. As the borrower makes regular monthly payments to the bank, he rebuilds the amount of credit available for future use.

The bank does not charge for

opening such an account, and makes no charges until the account is used. The borrower may use as much or as little of this credit as he wants. The bank charges the borrower 1% per month on the average outstanding balance and 25 cents for each check paid. A monthly statement and payment notice are sent to each borrower on the date selected by him. The statement shows the activity of the account in the previous month, listing charges to the account, payments made, loan balance, and available credit.

Bank Lending Geared to '59 Model Showings

A "preview" ad campaign, timed to coincide with public showing of 1959 model cars, was run by First Wisconsin National Bank of Milwaukee to boost its auto finance sales.

Focal point of the promotion was a series of 17 time-credit ads, with a news format featuring just-released photographs of new model cars. On the day a particular 1959 model made its debut at dealer showrooms, an on-the-spot First Wisconsin ad appeared in that afternoon's newspapers and also the following morning's. Brief copy pointed up

the lower interest rates, individualized services, and extra advantages of personal bank credit.

This bank felt that maximum impact could be assured by advertising its finance plan, with actual pictures of new cars at the time they were still news. To provide an authentic news format, the bank arranged to secure editorial photographs for its exclusive use and to obtain clearance from zone managers and factories.

Bank of Nova Scotia Offers New Loan Plan

SCOTIA PLAN LOANS, a new consumer credit service offering signature and chattel mortgage loans, has been instituted by the Bank of Nova Scotia. Three types of loans are offered—on signature, on automobiles, and on home furnishings.

This is the first large-scale loan plan featuring loans secured by chattel mortgage to be offered in Canada since the 1954 revision of the Bank Act which permitted commercial banks this practice. The cost of a Scotia Plan Loan will be \$6.83 for \$100, repayable over a year. Canadian banking law provides only for a 6% interest rate, which has deterred Canadian banks from entering this loan field in a large-scale way.

However, attorneys have advised that the plan adopted by the Bank of Nova Scotia will be within the law.

The Canadian Bank of Commerce has offered consumer instalment loans for over 12 years. The Bank of Montreal also has offered consumer loans, but as part of individual branch operations, not as a broad, inter-branch "plan."

Accrual System Invaluable In Loan Department Cost Analysis

"BEFORE you can answer the question 'How profitable is my instalment loan department,' you must take the primary step of installing an adequate accrual system and then you will be ready to branch out into other fields of cost analysis."

In a panel discussion held during the Pennsylvania Bankers Association fall meeting in Philadelphia last month, Joseph B. James, vice-president and cashier, Cumberland County National Bank and Trust Co., underlined the value of an accrual system over that of a daily cash basis of reporting income for a bank's instalment loan department.

The over-simplification of daily reporting produces the following, according to Mr. James:

- (1) A distorted profit and loss picture;
- (2) Income taxes prepaid on profits which may not materialize;
- (3) Income not distributed throughout the term of the loan.

Using his own bank as an example, he gave the following illustration: if outstandings at the present time were \$4,000,000, and during the current year, rebates to customers on prepaid loans amount to \$120,000, then if similar rebates were in view for the next year, and loans had to be curtailed, unless the accrual method were in use the instalment department would be in a serious earnings position.

Some banks, says Mr. James, have changed from reporting on a cash basis to one of the various accepted methods of deferring income over the life of the loan without too much difficulty. The Director of Internal Revenue has not objected to the change, so long as the various ac-

cepted methods do not materially distort the income picture. However, before any change is made in the method of accounting for income, the bank's tax advisor should be consulted, Mr. James warns.

Gidney Speaks Out Against Regulation W

RAY M. GIDNEY, Comptroller of the Currency, voiced his disapproval of much-discussed proposals for the reinstatement of Regulation W in his address delivered last month to the New York State Bankers Association's Management Conference on Instalment Credit.

Mr. Gidney, who was vice-president of the Federal Reserve Bank of New York ('24-'44) and president of the Federal Reserve Bank of Cleveland ('44-53), reminded the gathering that he had not favored the since-discontinued World War II regulation, which empowered the Federal Reserve Board to control consumer credit terms and down payments, during its original enactment. Banks, using their own discretion, should curb their own credit extension policies, he feels.

Mr. Gidney described instalment credit as an instrument of progress.

"Certainly from the point of view of profitable lending," he said, "consumer credit abundantly proves itself to be of great value. In general, it has been healthy in the economic sense, and has been important in facilitating the distribution of so-called consumer durable goods and the development of large scale production operations which characterize our present day economic system. To me it seems clear that we could not have had the rise in standard of living and general physical well being which we have known in recent years without the instalment credit facilities with which we are familiar."

He added, however, that . . . "there have been times at which I felt that there was evidence that credit of the consumer type was being pushed too strongly."

In line with his belief that "self-regulatory practices" on the part of banks are the answer to credit control, Mr. Gidney quoted a letter sent in 1955 to all national banks by his office which said, in part, that "well-managed banks and finance companies alike will wish to

NEWS

avoid such a development (loosening of credit terms and lowering of down payments, particularly on auto loans) and will use their influence to keep the business on a sound basis."

Employment Conditions Have Slight Effect on Loan Defaults

UNEMPLOYMENT has little effect on the proportion of loan delinquencies, providing individual loans are sound at the outset, according to John B. Paddi, vice-president, Manufacturers Trust Company, New York City. Lack of work as part of the over-all picture of a sagging local or national economy will not have any unusually detrimental effect on the instalment loan picture over the long haul, he feels.

Mr. Paddi told the Management Conference on Instalment Credit of the New York State Bankers Association that patience and sympathetic understanding of the debtor's problem when he needs it most assures the best results and lasting goodwill.

A Calculated Business Risk

Summing it all up, Mr. Paddi said, "there is ample evidence that the hazard of unemployment is a calculated business risk and that losses therefrom will be no more, and very likely less, than from many other reasons for default inherent and common in the retail credit field.

"In making this conclusion, I must assume that banks have sufficient control over their competitive appetites for volume to avoid the indigestion of distress cases which are inevitable if the abnormal risk is permitted to infiltrate into their portfolios.

"There is a tradition in this business that if a loan or a deal is sound at the outset, it is bound to remain sound regardless of changing conditions. If we adhere to this principle, we can be confident that the volume we acquire in good times will stand up come what may."

CALENDAR

1958 DECEMBER 1958						
S	M	T	W	T	F	S
	1	2	3	4	5	8
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

1959 JANUARY 1959						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

MARCH						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

American Bankers Association

- 1959
 Jan. 22-23 National Credit Conference, La Salle Hotel, Chicago
 Jan. 26-27 Regional Savings and Mortgage Conference, Sheraton-Gibson Hotel, Cincinnati
 Feb. 9-11 Midwinter Trust Conference, Waldorf-Astoria, New York City
 March 2 National School Savings Forum, Roosevelt Hotel, New York City
 March 2-4 Annual Savings and Mortgage Conference, Roosevelt Hotel, New York City
 March 5-6 Committee on Real Estate Mortgages, Roosevelt Hotel, New York City
 March 9-11 Instalment Credit Conference, Conrad Hilton Hotel, Chicago
 March 19-20 Agricultural Commission and Subcommittee on Agricultural Credit, Westward Ho Hotel, Phoenix, Ariz.
 May 14-15 Southern Regional Trust Conference, Dinkler-Tutwiler Hotel, Birmingham, Ala.
 June 1-5 American Institute of Banking, The Bellevue-Stratford and the Sheraton Hotel, Philadelphia, Pa.
 Oct. 25-28 85th Annual Convention, Miami Beach, Fla.

State Associations

- Dec. 7-9 Southern Secretaries Conference, Sir Walter Hotel, Raleigh, N. C.
 1959
 Feb. 4-6 Eastern Secretaries Conference, Skytop Lodge, Skytop, Pa.
 March 19-21 Florida, Americana Hotel, Bal Harbour, Miami Beach
 March 30-31 Eastern States Agricultural Credit Conference, Hotel Manhattan, New York City
 April 12-14 Louisiana, Buena Vista Hotel, Biloxi, Miss.
 April 14-16 Georgia, Augusta Hotel, Bon Air
 April 27-29 Ohio, Cleveland Hotel, Cleveland
 May 5-6 Tennessee, New Gatlinburg Inn, Gatlinburg
 May 7-8 Oklahoma, Mayo Hotel, Tulsa
 May 7-9 North Carolina, The Carolina Hotel, Pinehurst
 May 8-9 North Dakota, Clarence Parker Hotel, Minot
 May 8-12 Maryland, Chalfonte-Haddon Hall, Atlantic City, N. J.
 May 10-12 Missouri, Muehlebach Hotel, Kansas City
 May 10-12 Texas, Gunter Hotel, San Antonio
 May 13-15 Kansas, Hutchinson
 May 14 Delaware, duPont Hotel, Wilmington
 May 14-15 Massachusetts, New Ocean House, Swampscott

- May 14-16 South Carolina, Poinsett Hotel, Greenville
 May 15-16 South Dakota, Sheraton Cataract Hotel, Sioux Falls
 May 17-19 California, del Coronado Hotel, Coronado
 May 18-20 Mississippi, Buena Vista Hotel, Biloxi
 May 19-20 Illinois, Chase-Park Plaza Hotel, St. Louis, Mo.
 May 20-22 Alabama, Tutwiler Hotel, Birmingham
 May 20-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City
 May 21-23 Colorado, Broadmoor Hotel, Colorado Springs
 May 22-23 New Mexico, La Fonda Hotel, Santa Fe
 May 24-27 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.
 May 25-27 Arkansas, Arlington Hotel, Hot Springs
 May 31-
 June 2 Oregon, Marion Hotel, Salem
 June 3-4 Indiana, French Lick - Sheraton Hotel, French Lick
 June 3-7 Dist. of Col., The Homestead Hotel, Hot Springs, Va.
 June 4-6 Utah, Utah Hotel, Salt Lake City
 June 5-6 Connecticut, Equinox House, Manchester, Vt.
 June 7-9 Idaho, The Lodge, Sun Valley
 June 9-10 Minnesota, St. Paul Hotel, St. Paul
 June 11-13 Washington, Olympic Hotel, Seattle
 June 11-13 Wyoming, Casper
 June 15-17 Wisconsin, Schroeder Hotel, Milwaukee
 June 18-20 Michigan, Grand Hotel, Mackinac Island
 June 18-20 Montana, Canyon Hotel, Yellowstone Park
 June 18-20 Virginia, The Homestead, Hot Springs
 June 19-20 *New Hampshire, Wentworth-By-The-Sea, Portsmouth
 June 19-20 *New Hampshire Savings Banks, Wentworth-By-The-Sea, Portsmouth
 June 19-20 New Jersey Savings Banks, Monmouth Hotel, Spring Lake
 June 19-20 Vermont, Equinox Hotel, Manchester
 June 19-21 Maine, Poland Spring House, Poland Spring
 June 25 New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
 July 23-25 West Virginia, The Greenbrier Hotel, White Sulphur Springs
 * Joint meeting

Other Organizations

- Nov. 30-
 Dec. 5 Investment Bankers Assn., Americana Hotel, Miami Beach, Fla.
 1959
 Sept. 21-24 46th Annual Convention, Mortgage Bankers Assn., Hotel Commodore, New York City
 Sept. 23-25 Annual convention, National Association of Bank Women, Milwaukee, Wis.
 Oct. 4-7 Robert Morris Associates, Annual Fall Conference, Edgewater Beach Hotel, Chicago, Ill.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

JUNE						
S	M	T	W	T	F	S
	1	2	3	4	5	8
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

AUGUST						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

1959 NOVEMBER 1959						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

How to make your bank say: “come on in”



Do it with a friendly-looking Pittsburgh *Open-Vision* Front. It could easily be the drawing card that brings depositors crowding into *your* bank instead of the one down the street. Besides giving the establishment an up-to-date, progressive look, an Open-Vision Front gives people a *close-up* of your bank interior before they come in to do business.

The design possibilities for building or remodeling with a Pittsburgh Store Front are practically unlimited—and so are the possibilities for increased business and prestige. You can choose from a variety of Pittsburgh Store Front Products, including Pittsburgh Polished Plate Glass and TWINDOW® Insulating Glass Units for the open-vision front, supported by PITCO® Store Front Metal. TUBELITE®, West, and HERCULITE® Doors. Pittsburgh Door Frame Assemblies and PITCOMATIC® Automatic Door Openers are also available to achieve a truly distinctive store front.



FREE BOOK

For more information on Pittsburgh Open-Vision Store Fronts, send in the coupon and we'll be glad to send you our new store front booklet.

Pittsburgh Plate Glass Company
Room 8304, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pennsylvania

Please send me a free copy of your booklet,
“Put Your Best Store Front Forward.”

Name

Address

City State



SYMBOL OF SERVICE FOR SEVENTY-FIVE YEARS
PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

900 Bankers Serve on A.B.A. Committees

NINE HUNDRED prominent bankers have either been elected to head important divisions and sections of the American Bankers Association or have accepted appointments to either head or serve on the various commissions, committees, and councils of the Association during the presidency of Lee P. Miller, who is president of the Citizens Fidelity Bank and Trust Company, Louisville, Ky. John W. Remington, president of the Lincoln Rochester Trust Company, Rochester, N. Y., is A.B.A. vice-president.

Division presidents and vice-presidents and chairmen and vice-chairmen of the other departmental units in themselves constitute a sizable group. The bankers holding these top leadership posts in the Association during Mr. Miller's presidency include the following:

NATIONAL BANK DIVISION

President, HULBERT T. BISSELLE, president, The Riggs National Bank, Washington; Vice-president, JOHN S. COLEMAN, chairman of board, Birmingham (Ala.) Trust National Bank.

National Bank Division Subcommittees

Legislation: Chairman, HARRY F. HARRINGTON, president, The Boatmen's National Bank, St. Louis.

Program and Planning: Chairman, JOHN A. SCHOONOVER, president, Idaho First National Bank, Boise.

Relations With Federal Agencies: Chairman, G. HAROLD WELCH, senior vice-president, First New Haven National Bank, New Haven, Conn.

Research and Operations: Chairman, WILLIS D. WYARD, president, First American National Bank, Duluth.

Commission for the Observance of the 100th Anniversary of the National Banking System: Chairman, BEN H. WOOTEN, president, First National Bank in Dallas; Vice-chairman, GIBBS LYONS, chairman of board, National Bank and Trust Company of Fairfield County, Stamford, Conn.

STATE BANK DIVISION

President, LOUIS E. HURLEY, presi-

dent, The Exchange Bank and Trust Company, El Dorado, Ark.; Vice-president, HARRY EATON, president, Twin Falls (Idaho) Bank & Trust Company.

State Bank Division Subcommittees

Federal Bank Supervisory Agencies: Chairman, Mr. EATON.

Legislation: Chairman, ARCHIE K. DAVIS, chairman of board, Wachovia Bank and Trust Company, Winston-Salem, N. C.

State Bank Research: Chairman, ROLAND L. ADAMS, president, Bank of York, Ala.

State Banking Departments: Chairman, CHARLES A. PIPER, president, The Liberty Trust Company, Cumberland, Md.

SAVINGS AND MORTGAGE DIVISION

President, Louis B. Lundborg, vice-president, Bank of America N.T. & S.A., San Francisco; Vice-president, LOUIS S. FINGER, president, Andover (Mass.) Savings Bank.

Savings and Mortgage Division Subcommittees

Federal Legislation: Chairman, GAYLORD A. FREEMAN, JR., vice-president, The First National Bank of Chicago.

Real Estate Mortgages: Chairman, COWLES ANDRUS, senior vice-president, New Jersey Bank & Trust Co., Passaic.

Conventional Mortgages: Chairman, RICHARD B. HASKELL, president, Mechanics Savings Bank, Hartford, Conn.

FHA Mortgages: Chairman, V. R. STEFFENSEN, senior vice-president, First Security Bank of Utah, N.A., Salt Lake City.

GI Mortgages: Chairman, J. WAYNE WILSON, vice-president Fidelity-Philadelphia Trust Co., Philadelphia.

Pension Fund Mortgage Investments: Chairman, HARRY A. YOARS, vice-president, First National City Bank of New York.

Savings and Mortgage Develop-

ment: Chairman, C. ARTHUR HEMMINGER, vice-president and public relations director, First National Bank in St. Louis, Mo.

Savings Management and Operations: Chairman, EVERETT J. LIVESEY, president, The Dime Savings Bank of Brooklyn, N. Y.

School Savings Banking: Chairman, JEAN M. TURANO, assistant to the president, Trenton (N.J.) Savings Fund Society; Chairman of Exhibits, DOROTHY T. CONDRON, assistant secretary, Auburn (N.Y.) Savings Bank.

State Legislation: Chairman, FREDERICK H. HOFFMAN, president, Harmonia Savings Bank, Elizabeth, N. J.

TRUST DIVISION

President, CARLYSLE A. BETHEL, vice-chairman of board and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N.C.; Vice-president, CHARLES W. HAMILTON, senior vice-president and trust officer, The National Bank of Commerce, Houston.

Trust Division Subcommittees

Common Trust Fund: Chairman, HOLLIS B. PEASE, vice-president, The Hanover Bank, New York.

Corporate Trust Activities: Chairman, RONALD M. KIMBALL, vice-president, Continental Illinois National Bank and Trust Company, Chicago.

Costs and Charges: Chairman, W. F. WORTHINGTON, vice-president and senior trust officer, First National Bank in Dallas.

Employees Trusts: Chairman, CECIL P. BRONSTON, vice-president, Continental Illinois National Bank and Trust Company, Chicago.

Fiduciary Legislation: Chairman, LEROY B. STAVER, vice-president and trust officer, The United States National Bank of Portland, Ore.

Trust Legislative Council: Chairman, Mr. STAVER.

Handling Businesses in Trust: Chairman, CLARENCE D. COWDERY, vice-president, The Boatmen's National Bank, St. Louis.

(CONTINUED ON PAGE 112)

MEM-
ublic
onal

era-
J.
Sav-

hair-
t to
Sav-
of
as-
(Y.)

an,
lent,
beth,

HEL,
enior
and
lem,
W.
and
k of

man,
The

hair-
vice-
Na-
any,

man,
dent
Na-

man,
dent,
Bank

man,
dent
ates
eg.
hair-

rust:
DERY,
Na-

Sincere wishes
for a
Happy Holiday
Season



The First National Bank of Chicago
Dearborn, Monroe & Clark Streets • Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

always MIAMI BEACH'S finest
... now MIAMI BEACH'S newest!

INTRODUCING
the ivory tower

THE ONLY ONE ON U MIAMI BEACH
overlooking city and sea,
reached by a glass walled
elevator gliding skyward
outside THE SAXONY!

the hotel
with a
heart!



400 luxuriously NEW rooms,
magnificently ENLARGED facilities ...
a fabulous setting for The Saxony's smart
service and famous food; new meeting, display
and catering facilities now enable The Saxony
to accommodate formerly-unacceptable
requests for large groups.

Arrangements should be made now for space and
facilities at THE SAXONY during the
**AMERICAN BANKERS ASSOCIATION
CONVENTION • OCTOBER 25-29, 1959 • MIAMI BEACH**

**COCKTAIL PARTIES • LUNCHEONS • DINNERS
FORMAL BANQUETS • POOLSIDE STEAK PARTIES**
with or without entertainment

FLORIDA'S MOST MODERN, MOST VERSATILE PUBLIC SPACES
AVAILABLE FOR GROUPS OF 5 TO 2500 PERSONS!

Contact your local Convention Committee or call
HENRY G. PHILLIPS, National Sales Director
The Saxony Hotel, MIAMI BEACH • Jefferson 8-6811

GEORGE D. SAX, President
ROBERT "Robbie" ROBINSON
Executive Vice President

the **Saxony** Member
Diners' Club
ALWAYS THE PRIDE OF MIAMI BEACH
The Most Exciting Block Front ON THE OCEAN at 32nd St.

do you need
modern-designed
hand and machine
posting; savings and
commercial passbooks
Samples and Prices on Request
WILLIAM EXLINE INC.
1270 Ontario Street • Cleveland 13, Ohio

(CONTINUED FROM PAGE 110)

Operations for Trust Departments:
Chairman, HERBERT J. SMITH, vice-
president, Old Colony Trust Com-
pany, Boston.

Relations With the Bar: Chair-
man, JOSEPH W. WHITE, vice-presi-
dent, Mercantile Trust Co., St. Louis.

Relations With the Public: Chair-
man, EDWARD W. NIPPERT, vice-
president and trust officer, Fifth
Third Union Trust Company, Cin-
cinnati.

Relations With Life Underwriters:
Chairman, JOHN M. ZUBER, vice-
president and trust officer, Republic
National Bank of Dallas.

**Relations With Supervisory Au-
thorities:** Chairman, WILLIAM P.
WISEMAN, vice-president and trust
officer, Chicago Title and Trust Com-
pany, Chicago.

Statistics: Chairman, ROBERT A.
JONES, vice-president, Guaranty
Trust Company, New York.

Taxation: Chairman, ROBERT L.
WOODFORD, vice-president and trust
officer, Delaware Trust Company,
Wilmington.

Trust Education: Chairman, RICH-
ARD P. CHAPMAN, president, Mer-
chants National Bank of Boston.

Trust Investments: Chairman, E.
T. BARTLETT, vice-president, The
Cleveland (Ohio) Trust Company.

Trust Personnel: Chairman, MR.
CHAPMAN.

Trust Policies: Chairman, B. B.
BROWN, vice-president and senior
trust officer, American Trust Com-
pany, San Francisco.

**AMERICAN INSTITUTE OF
BANKING**

President, GERARD E. HAYES, as-
sistant vice-president, The National
Shawmut Bank, Boston; Vice-presi-
dent, RALPH H. MITTENDORFF, vice-
president, American Security &
Trust Company, Washington, D. C.

STATE ASSOCIATION SECTION

President, JEFF BURNETT, secre-
tary, Arkansas Bankers Association,
Little Rock, Ark.; Vice-president,
CARL E. BAHMEIER, JR., executive
secretary, South Dakota Bankers
Association, Huron.

**THE GRADUATE SCHOOL OF
BANKING**

Chairman of the Board of Re-
gents, EVERETT D. REESE, chairman
of board, The Park National Bank
of Newark, Ohio.

AGRICULTURAL COMMISSION

Chairman, HARRY W. SCHALLER,
president, Citizens First National
Bank, Storm Lake, Iowa.

**BANK MANAGEMENT
COMMISSION**

Chairman, HAROLD E. RANDALL,
vice-president and comptroller, First
National Bank of Boston, Mass.

**COUNTRY BANK OPERATIONS
COMMISSION**

Chairman, L. M. SCHWARTZ, pres-
ident, Citizens State Bank, Paola,
Kans.

CREDIT POLICY COMMISSION

Chairman, WILLIAM F. KELLY,
president, First Pennsylvania Bank-
ing and Trust Company, Philadel-
phia.

**ECONOMIC POLICY
COMMISSION**

Chairman, JESSE W. TAPP, chair-
man of board, Bank of America
N.T. & S.A., Los Angeles.

**INSTALMENT CREDIT
COMMISSION**

Chairman, EDWARD J. FREY, pres-
ident, Union Bank and Trust Com-
pany, Grand Rapids, Mich.

**SMALL BUSINESS CREDIT
COMMISSION**

Chairman, CARL M. FLORA, vice-
president, First Wisconsin National
Bank, Milwaukee.

**COUNCIL ON BANKING
EDUCATION**

Chairman, EVERETT D. REESE,
chairman of board, The Park Na-
tional Bank of Newark, Ohio.

PUBLIC RELATIONS COUNCIL

Chairman, MELVILLE M. PARKER,
executive vice-president, First Na-
tional Bank, Lebanon, Pa.

Council Subcommittee

Committee on Public Education:
Chairman, LAUDER HODGES, vice-
president, Citizens National Trust &
Savings Bank, Los Angeles.

RESEARCH COUNCIL

Chairman, ROY L. REIERSON, vice-
president, Bankers Trust Company,
New York.

MANAGEMENT COMMITTEE

Chairman, President LEE P. MILLER.

ADMINISTRATIVE COMMITTEE

Chairman, President LEE P. MILLER.

ADVISORY COMMITTEE ON SPECIAL ACTIVITIES

Chairman, WILLIAM A. MITCHELL, president, The Central Trust Company, Cincinnati.

COMMITTEE ON EMPLOYEE TRAINING

Chairman, THOMAS G. WILSON, president, First State Bank, Conway, Ark.

COMMITTEE ON EXECUTIVE DEVELOPMENT

Chairman, J. W. BELLAMY, JR., president, National Bank of Commerce, Pine Bluff, Ark.

COMMITTEE ON FEDERAL DEPOSIT INSURANCE

Chairman, D. EMMERT BRUMBAUGH, president, First National Bank, Claysburg, Pa.

COMMITTEE ON FEDERAL FISCAL PROCEDURES

Chairman, RICHARD A. NORRIS, president, Lincoln National Bank, Washington, D. C.

COMMITTEE ON FEDERAL LEGISLATION AND FEDERAL LEGISLATIVE COUNCIL

Chairman, M. MONROE KIMBREL, executive vice-president, First National Bank, Thomson, Ga.

Federal Legislation Subcommittees

Agricultural Credit: Chairman, GEORGE H. STEBBINS, president and trust officer, Simsbury (Conn.) Bank and Trust Company.

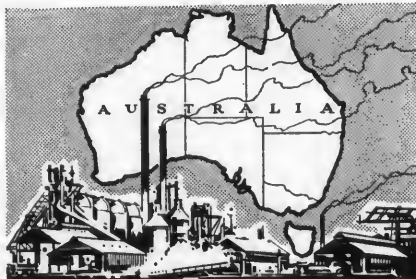
Bankruptcy: Chairman, JOSEPH M. NAUGHTON, president, Second National Bank, Cumberland, Md.

Mortgage Financing and Urban Housing: Chairman, JOHN A. REILLY, president, Second National Bank, Washington, D. C.

Postal Savings System: Chairman, PAUL A. WARNER, president, Oberlin (Ohio) Savings Bank Co.

AUSTRALIA OFFERS opportunities for industries

United States investment in Australian industry already totals over 500 million dollars. With its rapidly expanding local market and proximity to South-East Asian markets, Australia continues to provide opportunities for industries.



If you are interested in Australia and require industrial, economic, or market information, you are invited to use the comprehensive facilities of the Bank of New South Wales, the oldest and largest

commercial bank operating in Australia, New Zealand, Fiji, Papua and New Guinea, with over 1,000 branches and agencies.

BANK OF NEW SOUTH WALES

ESTABLISHED 1817

Head Office: Sydney, Australia

International Division — John W. McEwen, Manager.



Financial Studies for Management Needs

Financial studies and analyses for management use have been an important part of the work of our firm for many years. Clients in almost every field of business have been served.

Dependable, resourceful opinion studies are offered by an experienced staff for the assistance of management in decisions relating to planning, negotiation, litigation, and new financing needs.

We invite your investigation of our services in these fields:

- Over-all financial surveys and business analyses
- Valuations of businesses, properties and securities
- Determinations and analyses of fair bases of exchange
- Recapitalization and merger planning studies
- Tax base determinations
- Studies of financial planning potentials

All reports are fully documented, and recommendations and conclusions are supported factually and analytically for management use.

For full particulars, write E. R. Lamp, Dept. B

STANDARD RESEARCH CONSULTANTS, INC.

345 Hudson Street

Watkins 4-6400

New York 14, N. Y.

• CONSULTANTS TO BUSINESS AND INDUSTRY •

COLOMBIA



Efficient Services through

BANCO DE BOGOTA

Oldest established and largest Bank in Colombia
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service



120 BRANCHES

TOTAL ASSETS:

More than \$ 870 Million Pesos
(Approximately US. \$ 160,000,000)

TOTAL COLOMBIAN FOREIGN BUSINESS:

	Imports	Exports
1956:	US. \$ 655,000,000	US. \$ 607,500,000
1957:	US. \$ 403,080,000	US. \$ 449,628,000 <small>(excepting gold exports)</small>

BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.



BRANCHES IN
PRINCIPAL CITIES

MOBRO

**LIQUIDATES MOBILEHOMES FOR
BANKS and FINANCE COMPANIES**

Communicate direct with nearest location, or General Office:
424 Lacust Trafficway, Kansas City 6, Mo., Phone BA1tmore
1-7721, for full information.

If you must liquidate a mobilehome, within reach of one of
our locations, we will arrange pick-up, advance any charges
and negotiate sale for your account.

MOBILEHOME BROKERS EXCLUSIVELY

INDIANAPOLIS 6150 West Washington CH 1-3328	KANSAS CITY 7807 East 40 Highway WA 3-1663	TULSA 9441 East Admiral TE 5-0283	WICHITA 2808 South Broadway LY 1-2061	DENVER 4625 West Coffax AL 5-8257	PHOENIX 3029 East Van Buren BR 5-9113	MIAMI 2501 N.W. 79th St. PL 7-2912	LOS ANGELES 9800 Atlantic (Southgate) LO 7-2724
------------------------------------------------------	-----------------------------------------------------	--------------------------------------------	------------------------------------------------	--------------------------------------------	------------------------------------------------	---------------------------------------------	----------------------------------------------------------

Section 5219 U. S. Revised Statutes: Chairman, ALEX H. ARDREY, president, Bankers Trust Company, New York.

Social Security: Chairman, FRANK P. POWERS, president, Kanabec State Bank, Mora, Minn.

Taxation: Chairman, ROBERT L. WOODFORD, vice-president and trust officer, Delaware Trust Company, Wilmington.

FINANCE COMMITTEE

Chairman, Vice - president JOHN W. REMINGTON.

FOUNDATION FOR EDUCATION IN ECONOMICS

Chairman, Board of Trustees, RICHARD G. STOCKTON, chairman, executive committee, Wachovia Bank and Trust Company, Winston-Salem, N. C.

GOVERNMENT BORROWING COMMITTEE

Chairman, ROBERT V. FLEMING, chairman of board, The Riggs National Bank, Washington, D. C.

INSURANCE AND PROTECTIVE COMMITTEE

Chairman, THOMAS F. GLAVEY, vice-president, The Chase Manhattan Bank, New York.

ORGANIZATION COMMITTEE

Chairman, FRANK W. THOMAS, president, Washington (Ga.) Loan & Banking Company; Vice-chairman, JOHN W. KRESS, executive vice-president, The Howard Savings Institution, Newark, N. J.

RETIREMENT COMMITTEE

Chairman, VANCE J. ALEXANDER, chairman of board, Union Planters National Bank, Memphis.

SAVINGS BONDS COMMITTEE

Chairman, RENO ODLIN, president, Puget Sound National Bank, Tacoma, Wash.

COMMITTEE ON STATE LEGISLATION AND STATE LEGISLATIVE COUNCIL

Chairman, JOSEPH W. WHITE, vice-president, Mercantile Trust Company, St. Louis.

Stat-
REY,
any,

ANK
tate

F. L.
rust
any,

OHN

ION

tees,
man,
Bank
lem,

NG

ING,
Na-

IVE

WEY,
hat-

EE

MAS,
Loan
man,
pres-
titu-

E

IDER,
aters

EE

dent,
Ta-

E

HITE,
Trust

KING

ST. LOUIS UNION STATION

ST. LOUIS UNION STATION
and
THE ALOE PLAZA FOUNTAINS

In 1892 St. Louis opened what was later to be considered the Taj Mahal of rail terminals. Designed in the Romanesque style by St. Louis architect Theodore G. Lind, Union Station served as the terminal point for thirteen major railroads in its day, terminal of the world famous four-car train engine on a single level. In 1940, Sweden's famed sculptor, Carl Milles, created the Aloe Plaza Fountains which unite the joining together of the Missouri and Mississippi Rivers.

SINCERE BEST WISHES
for a merry Christmas
and a happy new year

First National Bank in St. Louis
FIRST NATIONAL BANK IN ST. LOUIS

Trust Service for Everyday Living

The 27th Mid-Continent Trust Conference

JOHN L. DE JONG

THE expanding usefulness of trust and fiduciary services aimed at helping bank customers deal successfully with problems of everyday living is fast bringing trust business on a par with credit and deposits as a basic and essential banking function. Such a conclusion was carried away by the 660 trustmen from 19 states who taxed meeting room capacity of the Statler Hotel in St. Louis, November 6-7, during the 27th Mid-Continent Trust Conference of the American Bankers Association. Traditional subjects such as wills, cooperation with the Bar, legal facets of the business, as well as operational and administrative developments, were not neglected; but there was much evidence of interest in the possible effects of Congressional and state elections on business activity which will be reflected in such trust

activities as estate planning, investments, and pension plans.

During the two days, it became strikingly clear that trustmen have extended their role beyond acting only as conservators of estates of the wealthy to help more and more people plan to live. At times, their interests and activities are closely allied to commercial banking, and at others to the savings and mortgage field. This positive approach to improving and enlarging trust services was sounded in the opening address of the conference by Carllysle A. Bethel, president of the A.B.A. Trust Division, when he reviewed the various advantages sought in funding pension and profit-sharing trusts.

Mr. Bethel, who is vice-chairman of the board and senior trust officer of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, reported:

"Retirement plans are currently being established in this country at the rate of about 600 a month or

over 7,000 a year. On a 5-day work-week basis, this means that over 25 retirement plans are being established each day somewhere in the United States.

"The two major types of retirement plans involving the 'trusteed' or 'wholly invested' approach are pension plans and profit-sharing retirement plans. Each of these types has characteristics which make it more appealing to some employers than to other employers, but both can serve to provide financial security for personnel."

The idea of the modern corporate trustee as being on the business firing line was carried forward by Clarence D. Cowdery, vice-president of the Boatmen's National Bank, St. Louis. He discussed the activities of a trust department in administering a business interest. Mr. Cowdery, who is chairman of the Committee on Handling Businesses in Trust, said:

"Today our ever expanding economy has multiplied the number of closely held businesses that are being operated successfully. This fact, coupled with the steadily increasing use of the services of a corporate trustee, explains the present interest trustmen have shown in the special problems that arise in handling a business."

From the standpoint of the trustmen and legal technicians in attendance, the address by Henry C. Lowenhaupt, St. Louis attorney, was outstanding. The speaker addressed himself to "Estate Planning," with particular reference to taxation. During the course of his remarks he compared methods of accumulating through insurance and trusts. In planning the ultimate division of estates, he touched on a new idea, "a division in time."

Mr. Lowenhaupt said: "The con-

(CONTINUED ON PAGE 118)



Left to right, seated: Joseph H. Wolfe, deputy manager, A.B.A., and secretary, Trust Division; Carllysle A. Bethel, president of the Trust Division and vice-chairman of the board and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C.; Gilbert T. Stephenson, former Trust Division president, living in Pendleton, N. C.; standing: Joseph W. White, former Trust Division president, vice-president, Mercantile Trust Company, St. Louis; Evans Woollen, Jr., chairman, American Fletcher National Bank, Indianapolis, and a former president of the A.B.A.

with the Burroughs Imprinter . . .

YOU CAN LAUNCH INTO THE FIRST STAGE OF BANK AUTOMATION . . . ANY TIME

Now comes the "count-down" to bank automation, stage by stage.

Launched (with the Burroughs Imprinter): account numbering and imprinting. *Launched*: magnetic ink coding (the Burroughs Imprinter is engineered to be converted right in your bank to magnetic ink requirements). *Launched*: automation in all its stages. More benefits:

- Big reduction in missorts, misposts. No illegible signature problems.
- Easy, accurate sorting and filing at high speed and low cost.
- You can open new accounts, fill emergency orders or imprint deposit tickets handily.
- No delay in getting personalized checks to customers. Three minutes after ordering, customer gets checks hot off the Burroughs Imprinter.

The Imprinter itself? Look at it. A solid, heavy-duty floor model machine precision-built by Burroughs' Todd Division—the people who design and manufacture checks—the people who know the business and can bring you the benefits of over 50 years' experience in it. It's engineered and researched for today *and* tomorrow. And it's backed by famous Todd service—fast, competent, knowledgeable.

Details? Demonstration? Call the nearby Todd office. Or write—

THE TODD COMPANY DIVISION, ROCHESTER 3, NEW YORK



Burroughs
Corporation

"NEW DIMENSIONS / in electronics and data processing systems"

(CONTINUED FROM PAGE 116)

servative pedestrian way to build or increase an estate is by systematic saving. This is the method of so-called life insurance, which, except for the frequently secondary aspect of assurance against untimely death, is no different from systematic deposits at compound interest."

To prepare the participating trustmen for an investments panel, Arthur J. O'Hara, vice-president of the Northern Trust Co., Chicago, made a formal presentation on "Growth Stocks for 1959." He said:

"I am confident that stock prices will continue to rise during the entire year 1959. I am hopeful that corporate earnings will show a satisfactory increase in 1959 as compared with 1958. . . ."

The investments panel urged trustmen to exercise a "high degree of caution," in view of current political developments which seem to favor "more spending" to create new inflationary pressures.

Prospects for investments in stocks and securities in four basic industries were covered. Roland C. Behrens, senior vice-president, St. Louis Union Trust Company, discussed the outlook for the construction industry; William Pagenstecher, vice-president, The Boatmen's National Bank of St. Louis, the oil industry; Wayne R. Bennett, vice-president, Continental Illinois Na-

tional Bank and Trust Company of Chicago, the automobile industry; and Albert W. Winter, trust officer, Mercantile Trust Company, St. Louis, spoke on the increased acceptance of steel company stocks on the part of investors.

In his preliminary remarks on prospects for the construction industry during the months ahead, Mr. Behrens asserted that until a trend is indicated there is a likelihood of less corporate spending during 1959. "The political overtones lead to a conclusion that inflationary pressures will resume."

The oil industry, Mr. Pagenstecher believes, will enjoy a better year in 1959 than in 1958, due to a correction in inventories and an over-all increase in demand about 3% higher.

Mr. Bennett believes that 1959 will be a better year in the automobile industry than this year, even though the companies "got away to a slow start on the production of '59 models because of delays resulting from strikes."

Mr. Winter said: "Fiduciaries have shown an increasing interest in steel equities, but I believe the surprising earnings performance during this year of low operating levels will bring about an even greater use of the leading stocks in the industry in the future."

The first two addresses on Friday morning were by veterans of the trust business, who are of national reputation in their respective fields.

Austin W. Scott, professor of law, Harvard Law School, examined the liabilities of trustees in instances where a breach of trust is committed. Gilbert T. Stephenson spoke on aid that may be given lawyers by a trust department in the drafting of wills and trust agreements.

Mr. Stephenson urged that trustmen prepare a checklist of points which may be covered in drafting wills and trust agreements.

Ben H. Wooten, president, First National Bank, Dallas, said concerning "New Business Development": "The personality of the trust department is an item that should be on the agenda of every officer. The trust department can be warm, human, affable; or it can be a cold, calculating, legal segment of an otherwise friendly bank.

"The commercial department has the contacts with the customers, and the commercial officer should be the first to mention the fact that a trust might be desirable."

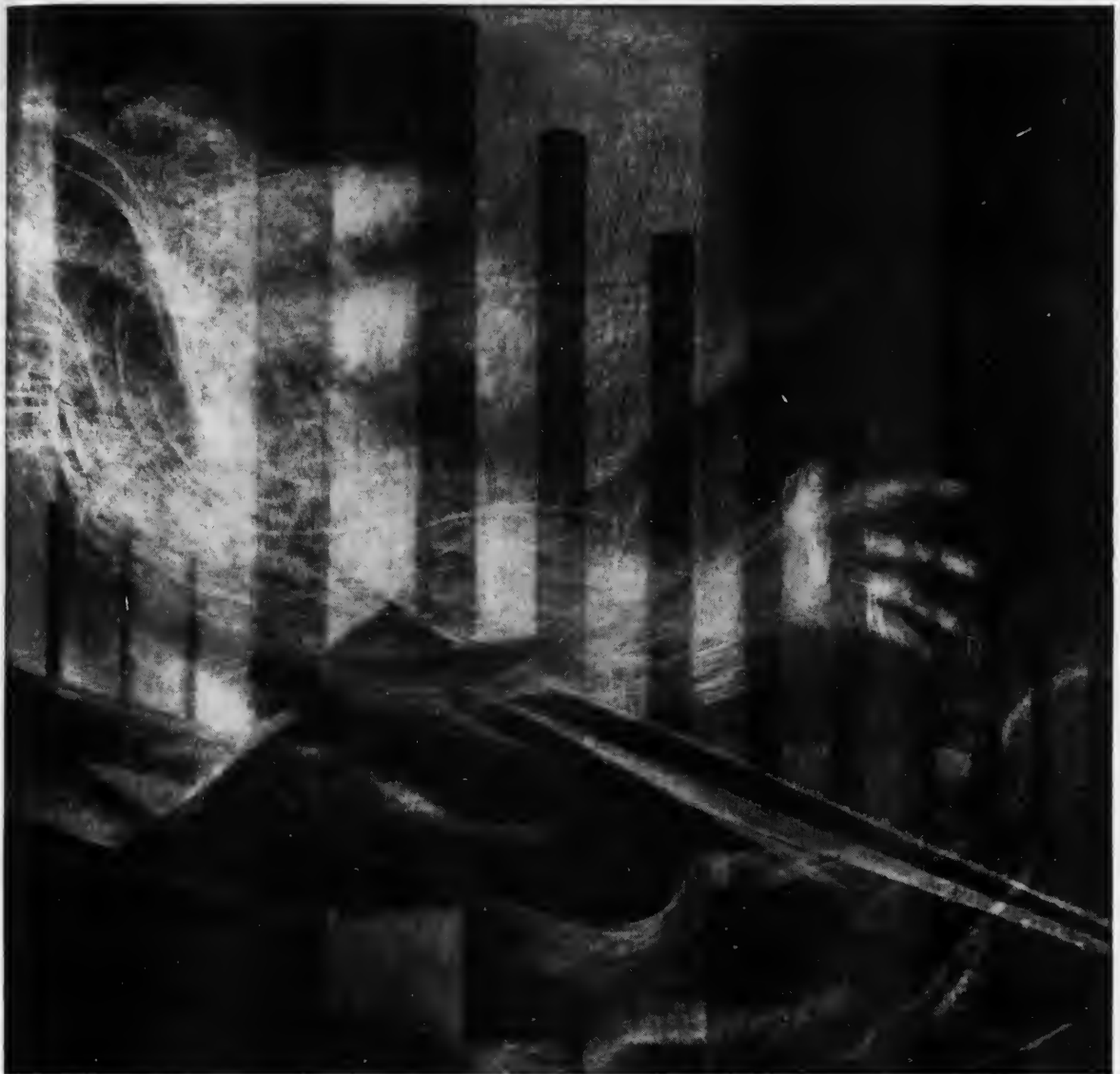
The final session of the conference was on Friday afternoon.

First speaker was Robert N. Arthur on "Renegotiation of Agency and Custody Fees."

Wesley L. Johnson, vice-president and trust officer of the Security-Mutual Bank & Trust Co., St. Louis, spoke on immediate problems of small trust departments. He summarized them: "An aggressive selling program is essential to bring in
(CONTINUED ON PAGE 120)

LEFT—Left to right: Clarence D. Cowdery, chairman, Trust Division Committee on Handling Businesses in Trust, and vice-president, The Boatmen's National Bank, St. Louis; Henry C. Lowenhaupt, St. Louis attorney; and William A. McDonnell, chairman of the board, First National Bank in St. Louis, and president of the United States Chamber of Commerce
RIGHT—The panel on investments. Left to right: Roland C. Behrens, senior vice-president, St. Louis Union Trust Company; William Pagenstecher, vice-president, The Boatmen's National Bank; Arthur J. O'Hara, vice-president, The Northern Trust Company, Chicago; Wayne R. Bennett, vice-president, Continental Illinois National Bank and Trust Company of Chicago; and Albert W. Winter, trust officer, Mercantile Trust Company, St. Louis





THE PHANTOM OF THE OPEN HEARTH

How would you like to build a \$45 million open hearth furnace with only \$10 million? You think it can't be done? At United States Steel, we *know* it can't be done. But under the existing tax laws on depreciation we're supposed to do it.

Because it cost only \$10 million to build an open hearth furnace 25 years ago, that's all that the tax laws let us set up to replace it when it wears out—even though it costs \$45 million to build one today. The additional \$35 million has to come from profits. But profits we spend on replacement are only phantom profits. They can't be used for research, expansion, payments to our shareholders—the things profits *should* be used for. We have to use them just to stand still.

Last year, nearly $\frac{1}{4}$ of all the profits that United States Steel earned were phantom profits.

USS is a registered trademark

 **United States Steel**

PERSONAL SERVICE

in

Credit Life Insurance

Licensed in all 48 States,
D.C. and Hawaii with
Regional Service Offices
Coast to Coast

THE
Credit Life
INSURANCE COMPANY
Springfield, Ohio

Do Your Directors Read Banking?

**DO
YOU
NEED**

tellers
cash tickets
coin wrappers
ledger cards
file guides

Write for free
samples and prices.

DIAM EXLINE INC.
100 Ontario Street - Cleveland 13, Ohio

(CONTINUED FROM PAGE 118)

profitable business. With profitable business, you can staff your department with an adequate number of qualified personnel, compensated in accordance with their specialized abilities. Without qualified personnel you have nothing to sell. . . ."

The conference closed following a down-to-earth panel on economies in trust operations. This was a completely unrehearsed audience participation panel with Noel T. Robinson, vice-president and trust officer, Central National Bank and Trust Company, Des Moines, Iowa, as leader. Panel members were John M. Carnahan, trust officer, Union National Bank, Springfield, Missouri; Hugh S. Hauck, vice-president, The Boatmen's National Bank, St. Louis; L. A. Ozment, trust officer, St. Louis Union Trust Company; and Mr. Johnson.

Deans Attend Conference

ONE big forward step in enlarging the trust services of banks was taken during the Mid-Continent Trust Conference in St. Louis, where deans of all Middle West law schools were invited to the conference by their state bankers associations. The purpose was to acquaint leaders in legal education with the areas of cooperation between lawyers and trustmen. Trust Division President

Carlisle A. Bethel spoke of the essential part lawyers play in trust business. At a luncheon for the deans on Friday noon, Mr. Bethel said trust departments depend on lawyers for drafting wills and other instruments, for filings and appearances before courts, in negotiating contracts, and in numerous other capacities.

The deans, in turn, were enthusiastic at the opportunity given them to learn about the operations of corporate trustees and the possibilities for lawyers and trustmen to cooperate in serving clients better. In conversations with many of them from central, south, and southwest states, it was learned that only during the past 10 years have estates, particularly those of modest size, been administered by a bank trust department. Every one of the deans thought that the information provided during the trust conference should be available to instructors of such courses as estate planning. "Up to 10 years ago," the deans said, "it was the practice to form an endowment fund or foundation for the administration of private estates intended for education and public purposes. Other estates were in the hands of individuals. We are just beginning to understand the possibilities in bank trust activities, and recently organized courses in estate planning need to have available the kind of information we have been getting at this conference."

Plans of the Division point to invitations to law deans and instructors at future conferences.

Luncheon for law school deans



e es-
rust
the
thel
on
ther
ear-
ting
ther

usi-
hem
of
ibil-
to
ter.
hem
vest
dur-
tes,
ize,
rust
ans
pro-
nce
s of
'Up
aid,
en-
the
in-
our-
the
ust
ssi-
and
ate
the
een

in-
uc-



**whatever the
drive-in site, with
DIEBOLD equipment
YOU'RE RIGHT!**

Whatever your drive-in banking situation or plans, you can count on Diebold Drive-In banking windows to help you develop maximum traffic through your installation. Key reason lies in Diebold's unequalled experience with Drive-In situations of almost unlimited variety. Another vital reason: the range of Diebold Drive-In Windows is so comprehensive that whatever your site, there's a Diebold Drive-In window designed specifically to solve your kind of problem.

Put this great fund of experience and drive-in banking know-how to work on your problems. To find out how Diebold can help costs you nothing and could prove invaluable! Simply have your secretary mail the coupon today.

DIEBOLD

Represented in Canada by The Ahern Safe Co.

BANK EQUIPMENT

DIB-435

DIEBOLD, INCORPORATED DEPT. B-24
CANTON, OHIO

Gentlemen: Please send complete information on Diebold Drive-In Banking Equipment.

Name

Bank

Address

City..... Zone..... State.....

Increasing Deposits

(CONTINUED FROM PAGE 49)

conclusion must be that this tract's residents do not find it convenient to visit the bank, although those in Tract 10 do. What is the difference?

Now that the specific area is under close scrutiny, the reason is found—Tract 10 is within walking distance of the bank, but those in Tract 9 must drive, and when they drive the traffic pattern is such that it is difficult to reach the bank's drive-in window or parking lot from that particular district. It is far simpler for these residents to drive on an uncongested back street paralleling the busy boulevard, to the competing bank, at the same time patronizing a seemingly more remote shopping district. To tap the additional \$1,200,000 of savings available in this tract the bank needs a branch south of the boulevard.

Whether or not such a branch would reach sufficient additional ter-

Table I				Table II			
Savings Depositors				Savings Deposits			
Tract No.	Population	Number	% of Population	Tract No.	Income (000)	Amount (000)	% of Income
1	4,010	1,512	37.7	1	\$ 5,210	\$ 2,545	48.8
2	3,741	1,262	33.7	2	5,610	1,220	21.7
3	4,976	796	16.0	3	5,970	1,247	20.9
4	5,243	2,135	41.1	4	6,290	2,890	46.0
5	2,716	1,062	39.1	5	2,990	1,254	42.0
6	6,601	1,326	20.1	6	7,920	1,420	17.9
7	3,429	457	13.3	7	3,770	448	11.9
8	4,992	614	12.3	8	5,490	556	10.1
9	5,677	1,002	17.7	9	6,810	1,508	22.1
10	1,020	423	41.5	10	1,530	563	36.8
	42,405	10,612	25.0		\$51,590	\$13,551	26.5

ritory to support it is another subject.

Thus far, only the number of savings accounts has been considered, but a similar comparison may be made for dollar amount of savings deposits. This time, income is compared with deposit volume, as shown in Table II; here the percentage of time deposits to income is computed for each tract. By comparison with the percentages in Table I it is apparent that the bank is obtaining deposits in dollar amounts about consistent with its coverage as to number of accounts, with the tracts with higher incomes per family be-

ing the expected amounts higher. But there is one marked exception—Tract 2, in which number of depositors is satisfactorily over the average, but dollar volume low.

Investigation of the characteristics of this tract indicates that the district is one of above-average income per family—in fact, it is the best residential district of the bank's entire territory. A considerable proportion of the residents are known to commute to the metropolitan center, usually driving or being driven to the railroad station across the street from the bank. The inference is that these commuters have local

"Farming for Profit" . . . unique service to your customers

Doane monthly reports help bankers serve farmers through last-minute analysis of price trends and latest practices to cut costs, boost income.

More and more bankers serving farmers are using "Farming for Profit" as the nucleus of a service-type public relations program to build bank business, as well as a sounder agriculture in their area.

This terse, authoritative, easy-to-read bulletin compresses the thinking of some of our best-informed agricultural brains into money-making, money-saving capsules of information.

Vernon McCoy, Vo-Ag teacher, Vinita, Oklahoma, says, "We use 'Farming for Profit' in our classes regularly. It helps to keep us current on new ideas in management. We sure appreciate the bank sending it to us."

W. W. Tallman, farmer, Welch, Oklahoma, says, "You bet I like 'Farming for Profit.' We (farmers) need all the help we can get these days. I appreciate getting the service."

Robert (Bob) White, Veterans teacher, Vinita, Oklahoma, remarks, "My young veterans appreciate getting 'Farming for Profit' from the bank. They're interested in current information that might be of help."

The First National Bank of Vinita, Oklahoma, has been mailing "Farming for Profit" to its farm customers and friends since October '52. Mr. George Reeves, President, and H. B. Hildebrand, Farm Representative, are well pleased with the service.

Mr. Reeves says, "We're very happy with 'Farming for Profit.' It's the best thing we do for the money it costs us."



Mr. George Reeves, President, First National Bank, Vinita, Oklahoma

Write today, and see how little it costs to identify your bank with this unique service to farm customers.

"Farming for Profit" is edited by Doane Agricultural Service, Inc., St. Louis 8, Missouri . . . the oldest and largest organization in the United States engaged in Farm Management and Agricultural Research.

DOANE

AGRICULTURAL SERVICE, INC.

5142 Delmar Blvd. • St. Louis 8, Mo.

household accounts, but that their principal savings accounts are near places of work in the city proper; an inexpensive customer poll limited to this tract can be made if necessary, as verification.

If the tract were brought up to the average of its neighbors, an additional \$1,000,000 of deposits would be added. While the bank had been aware of a low savings-income ratio in this tract, it had not been aware of the large dollar size of the loss. Immediately the thought arises that perhaps the walk-up or drive-in windows should be opened during the morning commuter rush; possibly also a mailing campaign restricted to the tract should be conducted to garner these accounts now held in city center banks. There can be no sure answer in this case, but at least the roots of the situation have been found, and the problem can now be attacked with new hope.

Preliminaries

Up to this point, the essential preliminary work which had to be done before market research could start has not been mentioned. There are certain requirements. First, the economic facts about the territory should be known concerning present population and its characteristics; income; commercial enterprises; manufacturing; and similar data. What basic facts are not presently available must be compiled. Further, the information is useless unless it is broken down into as small a subdivision of the entire territory as is feasible. The "tracts" used in the decennial United States Census are quite valuable for this purpose, and have the advantage of being kept intact so far as practical, from one census to the next.

Tracts are small geographic areas selected to be homogeneous in population characteristics, and in the range of 3,000 to 6,000 population each. Governmental data usually conform to the census tracts, and, where at all feasible, independent research data also should be so compiled. Where the census tract is not a desirable geographic unit because of radical population changes since the last census, or for other reasons, wards, school districts, or other unit areas may be used. The important point is that all data must be segregated according to the identically same geographic unit. The sub-areas are better too small than too large.

The second requisite in market research is that the bank's own business be geographically distributed according to the same unit areas. The example was concerned solely with time deposits, as an illustration, but in addition to analysis of saving depositor distribution, similar reviews can be made of regular commercial accounts, special checking accounts, mortgage loans, instalment loans.

Basically, the several procedures outlined were merely samples. In other instances other data or percentages might be more useful. Even

these few computations in the illustrative case point to a possible additional \$3,900,000 of savings deposits for that bank—a worthwhile increase for any bank, and at very little expense. Banks with a number of branches can use this statistical approach in evaluating their several branch territories to determine the relative amount of potential business actually being secured by each branch.

In market research there is no formalized routine. The analyst must be imaginative, and try and try again to dig out the real facts.

The advertisement features a newspaper clipping with the headline "bad news on Thursday" and "ARMED BANDIT STEALS \$53,500 ESCAPES IN DARING DAYTIME HOLDUP". Below the clipping is a letter from the American Surety Company, dated April 28, 1958, expressing satisfaction with their service in a recent holdup case. The letter is signed by Sam McNamee. The text of the letter is as follows:

...good news by Monday

American Surety Company
100 Broadway
New York, New York

Gentlemen:

Let me express our complete satisfaction of your service in our recent holdup loss.

The act occurred Thursday afternoon late, April 24, 1958, when an armed robber held up one of our branches and escaped with \$53,500 in cash. Your check for the full amount was delivered to us Monday morning, April 28, 1958.

Though we haven't ever experienced such a substantial loss, we have over the years had a few smaller fidelity losses under our blanket bond, and in each of those instances you have been exceedingly prompt in making payments. I might add that there has never been the least quibbling as to the amount or coverage, and we certainly are glad you are carrying our bond.

Sincerely,
Sam McNamee

Name and address on request

Will you get service like this should your institution suffer a loss? To be sure you do . . . and to be sure your blanket bond and protective program are really up-to-date, call your American Surety agent today! If you're not sure of his name, just write our Agency Department. There's no obligation.

AMERICAN SURETY COMPANY

FIRE • FIDELITY AND SURETY BONDS
CASUALTY • INLAND MARINE

Affiliate: The American Life Insurance Company of New York

100 Broadway • New York 5, N. Y.

Carl A. Bimson Is Endorsed for A.B.A. Vice-presidency, 1959



Carl A. Bimson

CARL A. BIMSON, president of the Valley National Bank of Phoenix, Ariz., has been endorsed for election to the vice-presidency of the American Bankers Association in 1959 by both the Arizona and Colorado bankers associations.

The Arizona resolution was adopted at the annual convention of the association on November 13-15 and the Colorado endorsement was passed unanimously by the Executive Council of the Colorado Bankers Association. The Arizona association's resolution of endorsement reads:

"WHEREAS, Carl A. Bimson of Arizona, president of the Valley National Bank, has been prominently mentioned by various banking groups and individuals as a logical and qualified candidate for vice-presidency of the American Bankers Association during the 1959-1960 organizational year of that body, and

"WHEREAS, Carl Bimson during his quarter-century banking career, has been a forceful and articulate exponent of banking's vital role in the American economy, and

"WHEREAS, we the members of the Arizona Bankers Association are especially mindful of the extremely

able manner in which he conducted the affairs of our association during his 1952 presidency, his capable presidency of the Phoenix Clearing House during 1950, and his leadership as president of the Valley National Bank since January 1953, and

"WHEREAS, we are also aware of his many years of devoted service to the American Bankers Association, especially in his capacity as chairman of the Instalment Credit Commission where he has just completed his third term and where he has also served three years as a member of the Credit Policy Commission and the Executive Council, and where he has just been reappointed to a fourth term on the Credit Policy Commission, and

"WHEREAS, Carl Bimson has been a prominent and widely respected figure in national banking and business circles for many years, having been a former director and vice-president of the Financial Public Relations Association, member of the original Bankers' Advisory Committee of Westinghouse Electric, past director of the National Retail Credit Mens Association, a member of the Finance Committee of the U. S. Chamber of Commerce, and is a past District Governor of

the National Association of Better Business Bureaus, and

"WHEREAS, here in Arizona he has served with equal distinction as president of the Phoenix Chamber of Commerce, Phoenix Credit Bureau, Maricopa County Better Business Bureau, and numerous other business and civic groups, and

"WHEREAS, he has also been a director of many local or statewide business or civic groups, and

"WHEREAS, the eight Rocky Mountain States have had only one A.B.A. president since 1875, and

"WHEREAS, the Executive Committee of the Colorado Bankers Association has unqualifiedly endorsed Carl Bimson for this office, therefore

"BE IT RESOLVED that the members of the Arizona Bankers Association, gathered at Tucson, Ariz., for the 55th annual meeting of this body, hereby unanimously endorse the election of its own Carl A. Bimson for the vice-presidency of the American Bankers Association during that body's 1959-1960 organizational year, and

"BE IT FURTHER RESOLVED that copies of this resolution be forwarded to the American Bankers Association, the various state associations affiliated with that body, appropriate financial publications, and any other sources proposed by officers of this association during the months preceding the 1959 convention of the American Bankers Association."

Main Street

(CONTINUED FROM PAGE 35)

FIRST NATIONAL BANK of ELKALAKA, Mont., holds Saturday open house to celebrate 50th anniversary.

DEPOSIT GUARANTY BANK & TRUST COMPANY, Jackson, Miss., celebrates completing 18-story annex to main office building with ribbon-cutting ceremony presided over by Miss America and "open house" tours.

HANOVER BANK, New York City, announces plans for Park Avenue offices in a newly-planned 30-story building. Tentative target dates: construction start, early 1959; bank occupancy, early 1961.

FIRST BANK & TRUST COMPANY of SOUTH BEND, Ind., holds open house at newly-remodeled River Park branch.

CONNECTICUT NATIONAL BANK starts construction on 19th branch. Location, South Norwalk.

FIRST NATIONAL BANK of JUNEAU, Alaska, opens new Sitka branch.

PLAINVILLE (Conn.) TRUST COMPANY holds two-week 50th Anniversary celebration at main office and new East Street branch.

CLOISTER NATIONAL BANK AND TRUST COMPANY opens new Northvale (N. J.) office.

CENTRAL NATIONAL BANK



Cleveland's proximity to European ports gains new commercial importance as the St. Lawrence Seaway approaches completion. If you'd like to be in the center of business activity in this great inland port, talk with Central National, Cleveland's progressive bank. One of the fifty largest banks in America.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Photographed with the co-operation of the Cleveland Public Library.

OF **CLEVELAND**

The Best Location in the Nation

CLEVELAND 1, OHIO

Tax Treatment

(CONTINUED FROM PAGE 51)

109, C.B. 1955-1, and others). However, we cannot dismiss repetition, regularity, and continuity as no part of the distinction, even though we might conclude it is not the sole criterion, as many of the reported cases and rulings have obviously taken these elements into account.

At the risk of appearing presumptuous, the writer submits that businessmen might be advised that the point of distinction between "trades," "businesses," and "profit" transactions v. the "investor" roots in the theme of "opening the doors to do business with customers" (using "customers" in both singular and plural) *by the taxpayer*; and that the distinction between a "trade or business" v. a "transaction entered into for profit" requires a similarity in requirement as to customers as a prerequisite in the eyes of the Internal Revenue Service, but otherwise rests on frequency and regularity *as to the taxpayer in question* for its element of distinction.

Revenue Ruling 57-418 (p. 9, IRB

1957-38) well illustrates the problem area faced by individual taxpayers. This ruling emphasizes the Government's victories in *Morton Frank v. Comm.*, 20 T.C. 511, and *Robert Lyons Hague v. Comm.* (24 B.T.A. 288), reverses the prior nonacquiescence in *Charles T. Parker v. Comm.* (1 T.C. 709, non-acq. C.B. 1943, 37) and revokes I.T. 1505 (C.B. 1-2, 112; 1922). This revenue ruling assumes that expenditures incurred in the search for a new business or investment are not deductible as expenses incurred in *conducting a trade or business*, and rooted in this premise the ruling limits itself to a discussion of whether such expenditures are deductible as having been incurred in a transaction entered into for profit. The theme of the ruling appears in its text as follows:


"Accordingly, it is held that a loss, not compensated for by insurance or otherwise, sustained during a taxable year with respect to expenditures incurred in search of a business or investment, is deductible only where the activities are more than investigatory and the taxpayer has actually entered into a transaction

for profit and the project is later abandoned. The loss is allowable only in the taxable year in which the project is abandoned."

Hindsight Flavor

Revenue Ruling 57-418 and certain prior rulings (55-237, CB 1955-1, 317 and 55-442, CB 1955-2, 529) obviously do not treat investigation costs solely on their merits but flavor the tax consequences by hindsight consideration of the actions which result from the expenditures. On the contrary, I.T. 1505 (which theory was followed in *Leslie N. Duryea v. Comm.* T.C.M. Dkt 11608) reflected the theory that the transaction for profit *began* with the phase of investigation, and its revocation was an obvious need to reflect the change in official attitude.

The substitution of an acquiescence for nonacquiescence in the case of *Charles T. Parker* makes that case significant as an example of the "step further" beyond investigation to qualify the expenditures for deduction under Revenue Ruling 57-418. In this case the taxpayer conducted certain test runs on a placer mine site which activities the court



FUND
OF EXPERIENCE

You depend on your Chief Teller because he has *experience*. Enjoy the same confidence when you buy Bankers Blanket Bonds. See National Surety Corporation for a reliable FUND OF EXPERIENCE that can save you time and serve you better. Be certain! Be protected by . . .

NATIONAL SURETY CORPORATION
Bankers Blanket Bonds—Available through independent agents and brokers

 **The FUND**
Insurance Companies

FIREMAN'S FUND INSURANCE COMPANY • HOME FIRE & MARINE INSURANCE COMPANY
FIREMAN'S FUND INDEMNITY COMPANY • NATIONAL SURETY CORPORATION

Central Bonding Offices:
3333 CALIFORNIA STREET, SAN FRANCISCO
4 ALBANY STREET, NEW YORK
Branch Offices in Principal Cities in America

FACTUAL APPRAISALS



for every valuation need

- Insurance — coverage and proof of loss
- Property, cost and general accounting
- Corporation finance
- Legal requirements
- Purchase or sale
- Reorganization, merger or consolidation

THE **LLOYD-THOMAS** co.

Recognized Appraisal Authorities
4411 Ravenswood Ave., Chicago 40, Ill.

Offices — Coast to Coast
First for Factual Appraisals Since 1910

"Easiest Fast Counting"



**Gummed
Currency
Straps (Type "C")**

Standard PAPER GOODS
MANUFACTURING COMPANY
WORCESTER 8, MASS.
A Complete Line of Money Wrappers

Free Colorful Catalog C6



**GIVE
a
Happy
Christmas
through
The Salvation Army**

considered had passed beyond the nebulous line of demarcation for investigatory expenditures.

J. W. York

The costs of a survey of the industrial potential of an area to be developed for industrial use was denied as a deduction in J. W. York, 29 T.C. 60. The taxpayer argued that since his business was that of developing and promoting real estate developments and inasmuch as he had used the same survey services previously in his business, that this particular expenditure was an ordinary and necessary business expense.

The commissioner and the court made use here of a particularly nice distinction *by holding that the taxpayer's trade or business was that of promoting and developing shopping centers and residential developments, rather than industrial developments*, and concluded that industrial developments constituted a "potential new" business for the taxpayer with consequent disallowance of the survey costs.

Considering the actions of Congress in enacting provisions designed to stimulate business development (e.g., "accelerated" depreciation; deduction of research and experimental costs, etc.) it is incongruous to find so many stumbling blocks which must be overcome to obtain compensating tax benefits for expenditures relating to business investigations and developments.

Individual taxpayers might well raise the cry of "discrimination" in contrasting their position regarding tax losses with the treatment accorded to corporate taxpayers. But the primary problem of individual taxpayers arises from the concept that expenditures incurred in the investigation of new business opportunities are not deductible either as expenses incurred in a trade or business or in a transaction entered into for profit. Individuals are often caught in neat tax traps as illustrated by the case of J. W. York; and does not this case, with others, show far too much imagination and theory in distinguishing "new" business ventures from old?

The present situation shows little in the way of trends or climates of opinion which may turn the tide to favor taxpayers, and quite likely substantial relief can be obtained only through corrective legislation.

Take Another Look



NOW

**54
 offices in
 40 communities**

3 new offices — in Tucson,
Phoenix and Scottsdale —
opened November 17.

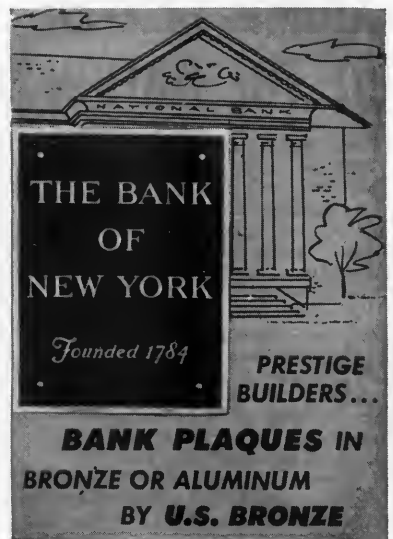
Home Office
Phoenix, Arizona

**FIRST
NATIONAL
BANK OF ARIZONA**



54 Offices in 40 Communities

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Signs of distinction, in excellent taste—from desk name plates to building facade letters. The impressive creations of U.S. Bronze serve the country's leading banks. Yet the cost is modest. Write today for catalog and full information.

USB UNITED STATES BRONZE Sign Co., Inc.

Free design service.

Dept. B, 101 W. 31st St., New York 1, N. Y.



Business is BIG
in Pittsburgh—

ATOMIC CENTER OF THE NATION

Pittsburgh is indeed *the* atomic city. With its concentration of nuclear plants and experience it has taken the lead in everything from nuclear propulsion for submarines and surface ships, to the fabricating of brand-new atomic metals, and the production of isotopes for public health.

Developments in all these areas of nuclear energy indicate a gigantic industrial expansion. Already 25 Pittsburgh companies engaged in atomic work do a business involving billions of dollars. Fifteen of these companies use Peoples First banking services.

When you need correspondent services in thriving Pittsburgh, think of Peoples First. To learn what we have to offer, send for our new booklet, "Correspondent Service in Pittsburgh."

**PEOPLES FIRST
NATIONAL
BANK & TRUST
COMPANY**

Pittsburgh 30, Pa.
Member F.D.I.C.



A.B.A. Team

(CONTINUED FROM PAGE 57)

and state and local associations, for the purpose of strengthening existing educational programs.

It is recognized that the task of the Council is of great scope, encompassing as it does the fields of banker education as well as the fields of college and school relations, and, in a direct effort to improve public relations, a program of general public education as well.

I wish that time would permit me to outline, in detail, the plans for the development of this tri-area educational program. A few weeks ago, a letter was sent to A.B.A. members inviting them to donate subscriptions to *BANKING* and certain other A.B.A. publications to college teachers and college libraries in their areas. Since June 1, our total "give-away" program has reached nearly 2,000 pieces. We believe that the teaching profession is a leading force in the molding of youthful attitudes, and our efforts in that area shall gain in intensity as our program, with its multitudinous problems, is developed. It is clearly recognized by the Council that this is not a solo undertaking, but one that must be developed *with* and *through* other groups within the financial institution framework.

Invitations to College Teachers

We have already started on a phase of the program which I am sure will interest you—stimulating invitations by state associations to leading college teachers to attend bankers' meetings at the expense of the inviters. The reaction of the teachers to this overture is most heartening and makes it possible for us to get to know them better, and for them to see our people in action. It is paying good dividends in relations with that extremely influential person—the college teacher.

Incidentally, to get back to our program of banker education for a moment, I might mention that a recent count shows that A.B.A. has 355 publications and 705 G.S.B. theses available for use by member banks.

Up to three years ago, the A.B.A.'s public relations and publicity work was carried on almost exclusively through individual banks and the business press rather than directly

with the public. Then the A.B.A. decided to supplement its work through individual banks with a national, umbrella publicity program aimed directly at the consumer—the masses of people—thus supporting the important work done by local banks. Experience of other businesses and professions has shown clearly that such a national publicity program would complement all other public relations efforts in such a way as to encourage and improve the work of the individual banks. Thus a new and highly significant dimension was added to banking's public relations efforts.

It was realized from the outset that this new phase of public relations required specialists in national publicity media. The very extent of publicity opportunities at the national level made this obvious, because it was hoped that information beneficial to banks and banking could be channeled to the masses through such diverse media as:

- 1,700 daily newspapers
- 9,000 weekly newspapers
- 100 general and women's interest magazines
- 2,700 special publications—employee, religious, fraternal, shopping publications.
- 50 farm publications
- 3,000 radio stations
- 4 radio networks
- 450 television stations
- 3 television networks

—all of which media reach the masses of people directly.

Because of its large staff of specialists in all of these media as well as staff in major cities and sections of the country, a nationally recognized advertising and public relations firm was retained to work with the A.B.A. staff in executing the program.

From these nearly three years of

Some people are willing to work hard, and some people are willing to let them.

The young husband who lets his wife know who is boss right from the start doesn't fool himself.

People who produce nothing else can still produce trouble.

Lockheed Management answers your questions about:

Lockheed's Diversification

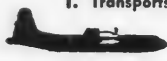


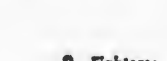

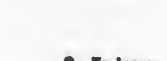
1. How many types of aircraft and missiles is Lockheed manufacturing or developing? What other activities is Lockheed engaged in?

Lockheed, long noted for its wide diversification, now has more projects in production or development stages than at any time in its history—thus increasing our resiliency and ability to adjust to changing conditions in the years ahead.

Lockheed Aircraft Corporation is composed of a team of autonomous operating divisions—each one specializing in certain fields and independently active in a multitude of endeavors that make up today's air/space industry. Lockheed's versatility in management and technical skills is, we believe, unrivaled in the field of flight.

Here is a partial list (restricted for security reasons) of Lockheed projects which are now in production or development stages:

MANNED AIRPLANES

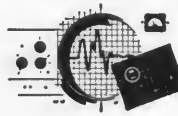
- | | |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | 1. Transports: Passenger piston Super Constellation
Cargo piston Super Constellation
Passenger prop-jet Electro
Airfreighter prop-jet Hercules
Utility jet JetStar
Prap-jet in-flight refueling tanker
Prap-jet traop, missile carrier
Prap-jet photo-mapping, air rescue
Prap-jet drone launcher director
Chemically-powered logistics
Jet/prap-jet special air missions
Supersonic jet transport study |
|  | 2. Fighters: F-104A-C air superiority jet Starfighter
F-104B-D two-seat jet Starfighter
Jet all-weather interceptor
Jet unmanned
Jet fighter-bomber
Close support attack |
|  | 3. Trainers: T-33A jet
T2V-1 jet SeoStor
Jet ond prop-jet novigotional
Jet and prap-jet electronic counter measur@ |
|  | 4. Patrol Planes: P2V-7 piston-jet anti-submarine Neptune
WV-2 & WV-2E piston flying radar stotions
P3V-1 prop-jet anti-submarine Electra
Prop-jet flying radar station |
|  | 5. Research Planes: U-2 high altitude
P2V equipped for Intemotional Geophysical Year |
|  | 6. Nuclear Plane: Nuclear-powered strategic bomber design
Nuclear-powered logistics, patrol designs |

MISSILE PROGRAMS



1. Navy Polaris missile system
2. Earth satellite
3. Army Kingfisher target service
4. XQ-5 Air Force test drone
5. X-7A Air Force ram-jet test vehicle
6. Navy flight test rocket vehicle
7. Anti-Intercantional Ballistic Missile (study program)

ELECTRONIC DEVICES



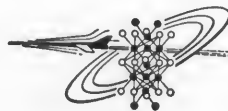
1. Telemetering equipment
2. In-flight recording devices
3. Training aids and simulators
4. Solid-state electronic devices
5. Data-link systems
6. Rodar and becon systems
7. Data reduction equipment
8. Antenno development

NUCLEAR PROGRAMS



1. Testing of nuclear devices
2. Industrial reactor design
3. Nuclear propulsion for missiles
4. Radiation effects on aircraft systems, equipment, and materials
5. Radiation shielding
6. Radiaisatapex for industry

RESEARCH PROGRAMS



1. Man in space
2. Space communication laboratory
3. Ian propulsion
4. Gas dynamics under magnetic influence
5. Computing machine memaries
6. Very high-speed aerodynamics
7. Human engineering and crew fatigue studies
8. Noise suppression
9. Materials and pracesess
10. Boundary layer control
11. Jet thrust reversal
12. Electromagnetic wave propogotion and radiation
13. VTOL and STOL designs
14. Operations research and analysis
15. Chemically-powered supersonic bomber design

AIRCRAFT MODERNIZATION AND SERVICE



1. Maintenance, overhaul and servicing
2. Repair
3. Modification
4. Electronics maintenance and overhaul
5. Missile field service support

AIRPORT SERVICES



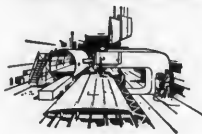
1. Operation
2. Aviotian fuel distributorship
3. Mointenance base operation

MANAGEMENT SERVICES



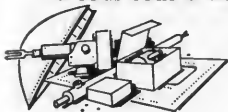
1. Airport management consultation
2. Aircraft production licensing and technical assistance
3. Aircraft/missile flight and ground crew training
4. Computer time
5. Nuclear operations management

MANUFACTURING SUBCONTRACTING



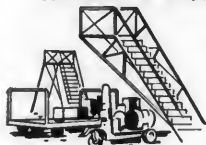
1. Tool design and manufacturing
2. Fabrication
3. Assembly

SPARE PARTS DISTRIBUTION



13,000 parts for commercial planes alone—in five U. S. depots.

HANDLING EQUIPMENT



1. Passenger/cargo loading bridges
2. Aircraft/missile maintenance and ground handling equipment
3. Aircraft/missile test and checkout equipment
4. Mechanized cargo loading systems
5. Aircraft/missile flight and maintenance training aids
6. Aerial delivery systems

2. Is Lockheed's diversification paying off in increased sales and profits?

Yes. And it will continue to. Our drive for diversification in the past decade has brought significant sales in many new fields. Just 10 years ago our sales volume was \$126 million. In 1958 we estimate sales will exceed \$900 million—seven times our 1948 figure. Let's look, for example, at several areas in which we have expanded vigorously:

Missiles and satellites—one Air Force missile project in 1948...sales of \$194,000. This year our Missile Systems Division has been awarded orders from three military services at the rate of \$1.4 million *every working day*. We expect missile-satellite sales will be nearly one third of our total 1958 sales volume.

Government research and development—aside from missile and satellite work, research sales of less than \$6 million in 1948 have grown to an estimated \$22 million this year. Postwar research sales through 1958: about \$170 million.

Military aircraft—in 1948 we delivered \$78 million worth of Navy antisubmarine patrol bombers, Air Force jet fighters and jet trainers. This year we have delivered jet fighters, jet trainers, antisubmarine craft, airborne early warning planes, and troop-cargo transports to the Air Force and Navy at a dollar volume more than five times greater than the 1948 level.

Atomic developments—our studies began 10 years ago. First contract received eight years ago. Current annual revenues: \$4 million.

Military modernization and service—about \$11 million in revenues in 1948. Now a sprawling network of service facilities—Japan, Hawaii, Georgia, New York, California—brings us service sales 10 times greater than a decade ago.

Commercial transports—in 1948 we delivered 18 Constellation airliners valued at \$31 million to four domestic and foreign customers. We had orders for 12 more. In 1958, a year of transition, the Constellation line has ended. We are beginning deliveries of 163 new prop-jet Electra transports ordered by 15 major domestic and foreign carriers. Our commercial backlog stands at more than one third of a billion dollars.

3. What about the future?

Our 1958 nine-month financial report showed sales at an all-time high and earnings nearly one fifth above 1957. We expect this higher volume and earnings trend to continue.

Rising missile-satellite revenues, accelerating deliveries of Electra transports, expanding competence in electronics, and broadening markets for our diversified product line will, we believe, combine to increase our 1959 sales above the 1958 level.

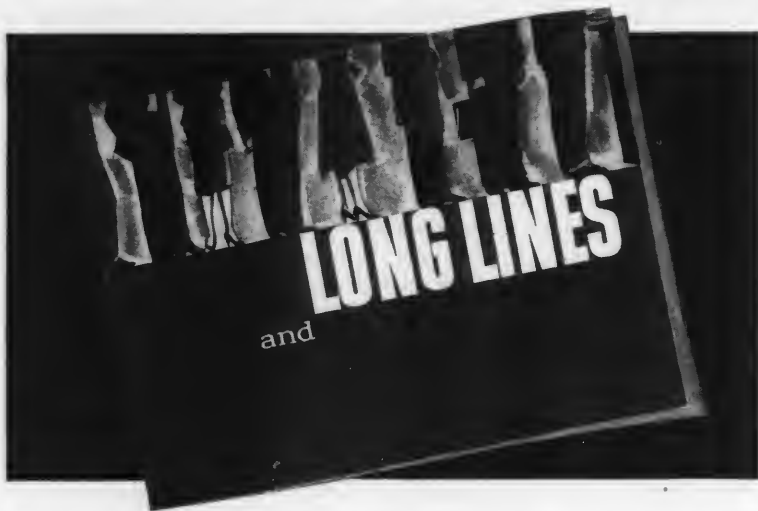
Next year and in the years to follow, out of the many advanced projects we are now developing will come exciting new contributions to human knowledge—and sales from sources undreamed of a few short years ago:

Commercial applications of missile and space travel technologies...radically new supersonic jet transports...harnessing of nuclear energy for industrial use...incredibly sophisticated electronics applications...

Or from the whisper of an idea as yet unborn.

LOCKHEED *means leadership*

How to Improve Service and Keep Customers Happy



Here's a brand-new booklet with a fresh, proved-effective solution to a problem that is fast reaching the despair point for many institutions handling repetitive payments. It tells what to do about the growing line at the payment window—the slow-moving line that tries tempers, loses customers.

"Long Lines and Short Friendships" gives vital facts on the Cummins Coupon-Payment System . . . how it improves service, keeps customers happy, reduces costs, simplifies posting, and prepares for future automation. Data is also included on the coupon processing equipment that can provide completely automatic accounting at any time once all accounts are on the coupon system.

Prepare now for automation . . . write today for your copy of this authoritative new publication.



AIR REDUCTION

Company Incorporated



166th CONSECUTIVE COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 62½¢ per share on the Common Stock of the Company, payable on December 5, 1958 to holders of record on November 18, 1958, and the twenty-eighth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on December 5, 1958 to holders of record on November 18, 1958.

October 29, 1958

T. S. O'BRIEN, Secretary

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM EXLINE, INC.

1270 Ontario Street • Cleveland 13, Ohio

Help Fight TB



Buy Christmas Seals

Shop Talk

(CONTINUED FROM PAGE 48)

ter from the chairman of the audit committee. Here's the outline, reported to the NABACers by Comptroller William H. MacIvor:

(1) The chairman should prepare in advance (with the assistance of the auditing department) cash make-up sheets that will reverse the tellers. (Teller in cage 11 will count cash in cage 16, etc.) All packages except 5's and 1's should be counted. The total of these sheets plus the vault cash must equal the account in the general ledger "cash," noting any differences.

(2) A director should be assigned to count the vault cash. It is suggested that the auditor or someone who does not have access to the vault be assigned to assist.

(3) A director should be assigned to physically check the regular loans to the trial balance tape prepared by the audit staff, carefully scrutinizing the notes in the portfolio. If the trial balance tape agrees with the general ledger, figure initial the tape. Note the amount of past due paper and feel free to comment on any exceptions.

(4) A director should be assigned to the examination of the bond portfolio. Securities in the vault can be checked physically and those held for safe-keeping in the Federal Reserve banks or correspondent banks may be verified at a subsequent date by requesting the chairman of the board to obtain a list of the securities held by these banks on the date of the examination.

(5) A director should be assigned to check the trial balance tapes prepared by the audit department of the instalment loan department. It will probably be impossible to check this department entirely, but a thorough spot check of various portions of the trial balance tape will accomplish the purpose.

(6) A director should be assigned to check the trial balance tape prepared by the audit department of mortgage loan department; make a

Next Month

The Fall Meeting of the Pennsylvania Bankers Association came just too late for coverage in this issue. It will be reported next month.



The NABAC convention in session

spot check of any portion of the tape picked at random and request the mortgage papers of that portion; check the mortgage file for a recorded mortgage, judgment bond, attorney's letter as to title and taxes, and an active fire insurance policy with mortgagee clause, in the bank's name, adequate for the amount of the mortgage. Note the total of delinquent mortgages.

(7) A director should be assigned to check the due-from-bank accounts, requesting the auditor to obtain spe-

cial statements from all correspondent banks and checking the audit department's reconciliation to the balance carried on the general ledger.

(8) A director should be assigned to check the cash items for age and anything that does not look like a collectible item should be noted for the report.

(9) A director should check the transit department's totals of clearing house items and transit checks processed that day and these totals can be verified at the time the due-

from-banks' accounts are reconciled as being the amount that our correspondent banks gave for credit.

(10) A director should check (or spot check) the trial balance tapes prepared by the audit department of the cashier's checks, certified checks, official checks, money orders, etc.

(11) A director should check the last trial balance tapes of checking accounts and savings accounts to the general ledger totals.

(12) A list of overdrafts should



EXCLUSIVE

The Bank of California is in the unique position of being able to offer its corporate customers and correspondent banks the services of seventeen complete banking offices in all three Pacific Coast states. For on-the-spot credit information, fast collection of items, concentration of funds and other banking services in California, Oregon and Washington, we suggest you take advantage of this exclusive tri-state operation.

THE BANK OF CALIFORNIA

NATIONAL ASSOCIATION

SAN FRANCISCO and other California cities... PORTLAND, Oregon... SEATTLE and TACOMA, Washington

HEAD OFFICE: 400 CALIFORNIA STREET, SAN FRANCISCO 20

MEMBER
FEDERAL
DEPOSIT
INSURANCE
CORPORATION



be examined by a board member.

(13) The remaining general ledger accounts should be scrutinized and a comparison of the last call report to the Comptroller of the Currency to the date of call should be made.

A 9-step procedure is suggested for the branch office examination.

Mr. MacIvor said his bank regards the directors' examination as a mutual get-acquainted opportunity for the staff and the board members—a chance to interest the directors in the employees.

Briefly Told

HERE'S a run-down of short items from the convention's Bank Idea Section, conducted by Howard L. Bauder, assistant vice-president, Pueblo (Colo.) Savings and Trust Company. This was a review, with the aid of slides, of many practical operating ideas used by banks.

DRIVE-IN. The Mercantile National Bank in Dallas has an unusual drive-in garage. The car enters from a 1-way street with no ramps to climb. Four windows are built on the diagonal to the approach, allowing more windows than the building's width would otherwise permit. At the far end of the area are two large payroll service windows where autos can wait without interfering with traffic at the other four.

TRAFFIC AID. The Citizens Bank of Sheboygan, Wis., has a useful service at its drive-in. Three numbered electric arrows show when a window is unoccupied. An electric eye turns off the sign as a car approaches, thus indicating that the window is busy.

CHECKS. Mr. Bauder reported this one about The Valley National Bank in Phoenix: After the checks have been posted, proved and perforated, they are divided into groups corresponding to the statement cy-

cle groups. They are then stored in these groups by days. At statement cycle time all the checks for that group are arranged in chronological order on a peg board holder. As each statement comes up, an employee scans the top check on each pile for the signature of the depositor. These checks are removed and counted. This count should compare with the statement count. If there is an inactive statement with only one check, the statement preparer looks at only that day's pile of checks.

CERTIFICATION. To avoid overlooking a certification notice, the First National Bank of Akron, Ohio, has a tab of scotch tape imprinted "Certified Check" for placement just above the signature.

VAULT GUARDS. The vault area in the Republic National Bank, Dallas, has three entrances. Formerly, three guards were on duty. Each could see the face of the person awaiting admission, but couldn't talk to him. By using closed circuit television and two-way communication, a single guard can now see and talk with the customer.

NABAC Research

DR. F. Byers Miller, executive director of the association, told the convention that membership in the NABAC Research Institute was more than 600. The Institute's progress, he said, was "excellent," and a report on its first project, a study of dual posting, will soon be available to the subscribing members. It is the result of over 1,000 observations made in more than a score of banks of all sizes, and will offer a yardstick against which operating efficiency of an individual institution can be measured.

No FRB "Leaks"

GOVERNOR J. L. Robertson of the Federal Reserve Board described the workings of the Board, the Federal Advisory Council, and the Open Market Committee.

"Leaks" on decisions of the Reserve groups cannot occur, he said. "Anyone who prematurely divulged anything which had taken place would be in very bad odor. The 'leaks' you may read about are no more than guesses, couched in terms that imply authenticity."

Call **Shawmut**
For prompt service on all
correspondent business in
New England.
Call LAfayette 3-6800
The National
Shawmut Bank
OF BOSTON
40 Water Street
Member Federal Deposit Insurance Corporation

WELCOME WAGON'S
personal touch
ASSURES YOU OF CUSTOMERS

We make new customers for your banking services—retain old customers, bring back lost customers. The WELCOME WAGON HOSTESS, a respected member of your community—presents a personal greeting from you to your neighbors. We successfully serve more than 1600 banks!

FOR INFORMATION, WRITE
WELCOME WAGON BUILDING
685 FIFTH AVE., NEW YORK 22, N. Y.

Sharp Wits
Need Sharp Pencils!
BUY...
DIXON
TICONDEROGA

Agricultural Conference

(CONTINUED FROM PAGE 83)

for agricultural products is badly needed," said Dr. Lambert. "While such research will not be a panacea for our agricultural surpluses, I do think that research eventually will result in the development of substantial new outlets for these products," he said.

Continuing, Dr. Lambert stated that "a large part of the utilization research today is being done in industrial laboratories and in the four large regional laboratories of the United States Department of Agriculture. This research in the USDA laboratories is centered mainly around finding new uses for the starch and proteins in our grain

crops, on improving the qualities of animal and plant fibers to make them more competitive with synthetic fibers, and on finding new uses for the fats and oils of animal and vegetable origin. Progress is being made in all of these fields, but so far the results have not added up to large scale outlets for our surpluses. I believe these answers will come if money is provided for an adequate utilization research program."

Economics of Agricultural Chemicals

In an address on "Economics of Agricultural Chemicals," W. E. McGuirk, Jr., made these four points:

(1) That fertilizer usage can drastically affect unit costs and profits.

(2) That most farmers apply fertilizer at rates far below agricultural experiment station recommendations.

(3) That few farmers look to bankers for help in selecting fertilizers.

(4) That a reasonably accurate scientific determination of proper fertilizer use is available to most farmers and to most bankers, too, for that matter.

Mr. McGuirk posed this question: "How should we pull these facts

Agricultural Survey Results

(CONTINUED FROM PAGE 83)

former is a short-run problem, but likely a recurring one. The latter is a long-run major problem requiring continuous efforts on the part of farmers, bankers, and everyone interested in strengthening American agriculture.

A complete summary of the survey was included in a packet of material given out to delegates to the conference.

together so that they indicate a course of action to you as bankers?" and then commented: "Since fertilizer can exert such a drastic effect on income, since it frequently is the most profitable single input in the farm enterprise, and since it is not difficult to determine with a reasonable degree of accuracy the most profitable rates of fertilizer usage, fertilizer should never be ignored in any farm plan or farm budget.

"Of course, fertilizer is no cure-all. I am sure none of you gentlemen thinks fertilizer can replace hard work or good management. It won't kill insects and it seldom kills weeds. The poor farmer will not find salvation in fertilizer. To get the most out of fertilization, the

1959 Agricultural Meeting

The Eighth Annual National Agricultural Credit Conference, sponsored by the A.B.A., will be held in Cincinnati, November 9-10, 1959, at the Netherland-Hilton Hotel.

The announcement was made by Chairman Schaller at the final session of the 1958 conference.

To all bankers

DO YOU HAVE ACCOUNTS REQUIRING SPECIAL FINANCING?

Talk to Talcott. If you have loan customers whose requirements are temporarily beyond your loaning policy, James Talcott, Inc. can help you keep their good will and loyalty. If you're faced with the decision of limiting loans, Talcott will cooperate with you in working out a financing

program in which you may wish to participate. Remember: if you, as a banker, feel that your client requires special financing beyond the services of a bank, Talcott can supply this additional working capital until such time as the needs of your customer are again acceptable to you.

Talcott's Special Financing ...

- Accounts Receivable (Non-Notification)
- Inventories
- Machinery & Equipment
- Instalment & Lease Sales
- Factoring (Notification & Non-Notification)



JAMES TALCOTT, INC.
FOUNDED 1854

CHICAGO
209 SOUTH LaSALLE STREET
Financial 6-1444

NEW YORK
221 FOURTH AVENUE
ORegion 7-3000

DETROIT
1870 NATIONAL BANK BLDG.
W0odward 2-4563

Charles T. Brown, 811 Queens Road
Charlotte, N. C. EDison 2-7685

J. R. Sharpe, 1826 Coulee St.
P. O. Box 6048, Jacksonville, Fla.
EVERgreen 7-4260

Clarence Knowles, 1734 Candler Bldg.
Atlanta 3, Ga. LAMar 1936

farmer must do an all-round good job of farming, and he should use the right kinds and amounts of fertilizers.

"Though no cure-all, fertilizer use is very important to the economic well-being of the user. It merits the attention of any banker who makes loans which involve the production of crops, dairy production, or livestock."

"Don't Fear Change," Butz

"The advances we will experience in the next decade will be unparalleled in American agriculture. It

will be the decade of the most far-reaching in our entire history," said Dr. Earl L. Butz, dean of Agriculture, Purdue University, Lafayette, Ind. "Those who serve the growing area of 'Agri-Business,' including those who finance agriculture, must keep ahead of these changes or be swept away by the tidal wave of change itself.

"The present agricultural revolution, resting on basic science and closely allied with the widespread advance of automation in both production and distribution, is threatening the traditional pattern of

owner-manager-operator all wrapped up in a single person.

"This is the very basis of much of today's social and political unrest in agriculture."

Continuing, Dr. Butz said that "many agricultural and political leaders are frightened by the far-reaching changes taking place in agriculture. They should not be any more wary of these changes than of other economic and sociological changes in modern society."

"It has been said," he added, "that the proponents of the 'status quo' are often the villains of history. Those who resist inevitable change frequently perish in the process. Those who manage our agricultural production, processing, and distribution firms are challenged to give intelligent direction to the changes ahead, so that our great food and fiber industry will function even better than now. The future belongs to those who prepare for it!"

New Credit System Needed

"Agriculture must develop a system of financing similar to industry, a system that will permit farmers to use a revolving type of credit or an open-end mortgage for year-round financing," said Douglas F. Graves, assistant vice-president, Chicago National Bank. "Farmers need a line to draw on for the hire of labor and purchase of feed, livestock, fertilizer, machinery, and the like.

"The country banker must have a correspondent that understands agriculture and its capital requirements. When a customer comes into a bank with a 'bankable' problem, there should be no question of the willingness of the correspondent to participate or take the entire line," added Mr. Graves, who was a member of the panel which discussed "Providing a Full Credit Service for Agriculture."

Edgar T. Savidge, deputy manager, A.B.A., and Dr. Lawrence E. Kreider, Commission assistant secretary, were active, behind-the-scenes participants.

Copies of the addresses delivered by speakers were included in a kit of material given to delegates. Others may obtain copies of speeches by writing to the Agricultural Commission, American Bankers Association, 12 E. 36th Street, New York 16, N. Y.

100 years
100 greetings
100 years to remember
100 years that have
been enriched by the
privilege of
working with
and for you

100 YEARS OF BANKING
5 2/3 BANK
1858-1958

27 Offices in Cincinnati and Hamilton County
THE FIFTH THIRD UNION TRUST CO. • CINCINNATI, OHIO • MA 1-5400
Member: FEDERAL RESERVE SYSTEM • FEDERAL DEPOSIT INSURANCE CORP.

New Books

THE 7 FAT YEARS: CHRONICLES OF WALL STREET. By *John Brooks*. Harper, New York. 240 pp. \$4. Wall Street during the boom of the Fifties, in terms of men and events. Mr. Brooks, on *The New Yorker* staff, writes as "a tourist from mid-town about 'the greatest boom' which," he says, "ended, perhaps temporarily but certainly firmly, in the latter half of 1957." It's a lively book.

QUASI-REORGANIZATION. By *James S. Schindler*. School of Business Administration, University of Michigan, Ann Arbor. 176 pp. \$5. Analyzes a proposed alternative to rigid adherence to the historical cost basis of financial reporting, suggesting a one-time major adjustment of historical cost data in which a new basis of accountability is established.

ACCELERATED AMORTIZATION. By *David A. Thomas*. School of Business Administration, University of Michigan, Ann Arbor. 104 pp. \$5. Describes and analyzes the effects of using rapid amortization under present legislative authorization.

A MANUAL FOR ECONOMIC AND FUNCTIONAL CLASSIFICATION OF GOVERNMENT TRANSACTIONS. United Nations, Columbia University Press. 188 pp. \$2.

MAJOR TENDENCIES IN BUSINESS FINANCE. National Association of Manufacturers, New York. 59 pp. \$1.

STATEMENT STUDIES. Robert Morris Associates, Philadelphia. \$10. The 36th edition of annual compilation of financial data on 165 lines of business. There is also an Income Supplement covering 135 lines.

THE POUND STERLING, 1951-1958. By *Roy F. Harrod*. International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J.

FINANCIAL FREE WORLD TRADE with the Sino-Soviet Bloc. By *Raymond F. Mikesell* and *Jack N. Behrman*. International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. J.

PERSONAL SERVICE

that pleases

We at American Security always welcome inquiries from correspondent banks and other friends who need speedy answers to problems arising in Washington. Pleasant personal service is yours to use; put us to work.

American Security
& TRUST COMPANY

Daniel W. Bell, President
Washington, D. C.



Member Federal Deposit Insurance Corporation—Member Federal Reserve System

DO YOU NEED MODERN COVERS
Machine or Hand Posting
PASSBOOKS?

Our designers will create special covers to meet your requirements. Without obligation submit your present passbooks for special redesigns and quotations.

WILLIAM EXLINE INC.
1270 Ontario Street • Cleveland 13, Ohio

YOUR POSTMASTER SAYS:
"Do your Christmas mailing early."

FOREIGN COIN PROMOTIONS!

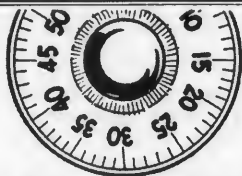
Coins and Bills from 1/2¢ up
Send for FREE Catalog or \$1 Sample Kit

ROYAL COIN CO., INC.
47-K West 46th St., New York, N. Y.

Spencer Weart

BANKING STUDIES
Branch Locations

225 East 46th St. New York 17, N. Y.



is your time
as safe as
your money?

LATHEM TIME RECORDER

A Lathem Time Recorder can protect your time records in two ways. First, it provides printed proof of the time of each safe deposit entry. It can also do double duty as a payroll recorder, to control tardiness and provide valuable Wage Hour time records.

A Lathem can be furnished to print the hour, minute, month, date, and year. Send the attached coupon for complete information.

Gentlemen: I'd like to know more about your double-duty Time Recorders. Please send me prices and information—of no obligation to me, of course.

Name _____
Address _____
City _____ State _____



LATHEM TIME RECORDER CO.

90 Third Street, N. W., Atlanta, Georgia

State Planning

(CONTINUED FROM PAGE 44)

Bank always knows exactly how much credit an enterprise is utilizing as well as the amount of its current bank balance.

When an enterprise asks for a loan the Soviet banker, like his American counterpart, must decide whether the request is legitimate and whether or not the loan should be made. This may involve an examination of the financial accounts of the enterprise—roughly equivalent

to its balance sheet and income statement. But there the similarity ends. The Soviet banker does not look to the three C's of credit nor does he consider his bank's own liquidity position. Neither does he worry about customer relationships or the competition of the bank across the street.

Instead, his task is to determine, first, whether the loan request is in accord with the credit plan of the enterprise and, second, whether the performance of the enterprise in terms of its production and distribution plan is consistent with the proposed utilization of planned credit.

He must satisfy himself that production and sales are on schedule as to amount and timing, and that actual costs have not exceeded planned costs. This may require close analysis of the affairs of the enterprise, since managers who have not fulfilled their plans may attempt to deceive State Bank personnel to gain time and maneuverability in the hope of making a subsequent recovery. (This is my personal observation and not that of my Russian hosts.) If the affairs of the enterprise are in order, the loan is granted. Should shortcomings in the operation of the enterprise be uncovered, the loan may or may not be made, depending on their gravity. Frequently, when such distress loans are granted, the firm is placed under especially close financial supervision somewhat similar to a work-out procedure. In extreme cases it may undergo suspension of operations and ultimately be reorganized under new management, appointed, like the old, by the government.

● *How TI sells home ownership to your customers... protects them, too!*

Through local newspaper ads, Title Insurance is selling the benefits of owning property... benefits like Children and Hobbies and Pets and Flowers.

When *your* customers buy in California, be sure to give their property, and all the many benefits that go with it, the safe, sure protection of a Title Insurance policy.

T.I.'s fast, low-cost dependable title service is made possible by America's largest staff of title specialists, *complete* land records in 15 California counties, and 65 years of title service experience.

Remember—the best safeguard for buyers, sellers and lenders is a Title Insurance and Trust Company policy.

"You can be sure when TI insures"



America's Largest Title Company

Title Insurance and Trust Company

433 SOUTH SPRING STREET, LOS ANGELES 54 • MAdison 6-2411

(Branches and subsidiary companies in fifteen California counties)

National Policy Effect

From this description of Soviet credit administration it is clear that both the ability of the average firm to acquire credit and the discretion of the Soviet banker in granting credit are sharply circumscribed by considerations of national economic policy as reflected in the financial plans of firms and the corresponding credit plan of the State Bank. A far larger proportion of the work in Soviet banks than in American banks is of a routine clerical nature, since the level at which the primary decisions concerning credit allocation are made is far removed from the practicing banker. This fact, coupled with the absence of competition for customers, makes the atmosphere of the average Soviet banking office, both for employee and for client, somewhat like that of a post office in the United States.

In the Soviet Union there is no commercial banking independent of the central bank, and there is no central banking independent of the government. The question naturally arises, if the credit system is to be so closely controlled, why is it not abandoned altogether? The answer is that the credit system is an indispensable component of the machinery of any complex industrial economy, whether of the planned or free enterprise variety. The credit

system is a powerful instrument either for democratic decentralization of economic decisions or of centralized control of economic processes.

In the Soviet Union the mechanisms of credit, suitably altered, are harnessed to the task of helping to guarantee that the activities of the multitude of separate organizations composing the Soviet economy—the higher echelons of industrial management and the individual firms, the collective and state farms, and the individual households—as they go about their daily economic tasks will conform approximately in the aggregate to the prior policy decisions of the central government and the Communist party.

The aggregate of the financial plans of enterprises, taken together with certain aspects of the operations of the state budget, determines the credit plan for the banking system. These general credit and budget plans, in turn, are based on decisions at the highest levels of national policy concerning the end-uses to which the productive capacity of the Soviet economy shall be devoted in a particular year: the type and amount of consumers' goods, machines and equipment, plant and housing construction, military hardware, and so on.

Bank Control Is Primary

Control of banking and policy, along with price setting and budget policy, extends the economic authority of the central government and Communist Party into areas of the economy beyond the practical reach of more direct controls. It is no accident that whenever a Communist regime comes to power, as in the Soviet Union, China, and countries of Eastern Europe, one of its first actions is to nationalize and reorganize the banking and credit system. In the absence of a fully comprehensive system of administrative controls, money exerts an important influence over economic activity. The assignment of the Soviet State Bank (along with the Ministry of Finance) is to assure that the influence of money and credit in the Soviet economy will be used to support the economic goals of central authority rather than the more diverse economic purposes of individual producers and consumers.

The Soviet bankers and specialists in money and credit whom I met im-

pressed me by their professional competence as revealed in their detailed knowledge of their own institutions and procedures. When our discussion turned to some broader issues of monetary policy—for example, the importance of budget surpluses as an offset to the overextension of bank credit—I felt their grasp of the relationships and issues was less sure. They, I am certain, felt the same about me, for in the more abstract discourse which was required, our ability to communicate with each other was impeded by undefined differences in

basic concepts. However, if performance is a gage of correct analysis, it is worth noting that the inflation which plagued the Soviet economy during and before the war not only has been contained since the war, but has been replaced by a more or less steady price deflation since the monetary reform of 1948. The work of the average Soviet banker may be more routine and allow less room for personal judgment and initiative than that of his American counterpart. Nevertheless, his job is an important one in the Soviet economic scheme.

For sound investing

Railroad Equipment Trust Certificates

... virtually tailor-made for pension funds, institutions, trusts and other conservative investors for whom tax exemption is of little importance.

Equipments combine basic stability, dependable average yield and a wide choice of serial maturities to provide return of principal at selected dates. And in today's market, desirable equipment trust certificates are available with yields of 4% and more.

Our helpful pamphlet—"Railroad Equipment Trust Certificates"—presents a thorough discussion of their history, protective features, maturities and other qualities as related to conservative investing. Send for it without cost or obligation, and for our latest list of offerings which includes several well-favored equipment issues.



HALSEY, STUART & CO. Inc.

123 SOUTH LASALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5
AND OTHER PRINCIPAL CITIES

Bank Foundation offers 5 merchandising aids to help members build local business

Now members of the Foundation for Commercial Banks are gaining still greater impact from their national advertising campaign.

With the help of local advertising and display materials based on the Foundation's messages in *Life* and weekly news magazines, Foundation members are attracting more customers, selling more services.

Each month new materials will be offered at cost to Foundation members only. This program is one rea-

son every bank will benefit from support of the Foundation's national advertising campaign.

If your bank has not yet joined the Foundation, *now is the time to act.* The cost is nominal. The opportunities are great. *Compute your contribution on the coupon below, and mail it as soon as possible.*

Foundation for Commercial Banks

Philadelphia National Bank Bldg., Philadelphia 1, Pa.

Newspaper Advertisements

Three- and four-column newspaper advertisements prepared for Foundation members are run in local newspapers *over the bank's own name.*

Mailing Enclosures

Reprints of the *Life* advertisement are used as enclosures with bank statements and other mailings.



Posters

Giant 21½" x 31½" blow-ups of the current magazine advertisements are used in lobby and window displays.

Counter Cards

Current *Life* advertisements, mounted on cardboard easels, are placed beside tellers or on counters.



Morris R. Brownell, Jr.,
Chairman, Foundation for Commercial Banks, Lock Box #8026, Philadelphia 1, Pa.

Our bank will contribute to the fund for co-operative advertising on the following basis: \$5 per million of deposits for each of the next two years, beginning July 1, 1958, adjusted to the nearest million based on

the deposit figure of preceding year. Minimum contribution per year, \$5—maximum contribution, \$15,000. It is understood this contribution is deductible for Federal income tax purposes.

Signature _____

Title _____

Deposits (Dec. 31, 1957) _____

Bank _____

Contribution _____

Address _____

Date _____

City & State _____

WHAT'S NEW

A NEW vacuum cleaner, Model 44, has been added to General Floorcraft's vacuum line. Usable for both wet and dry pickup without changes, it stands more than 26" high and has a number of unusual features, such as easy-move swivel casters, full swivel hose connection, intake and exhaust openings in durable cast aluminum head, recessed carrying handles, durable hose and a 30' cord. Write the company at 421 Hudson Street, New York 14.

★ ★ ★

THE Quik-Stripper, a product used to remove plates and cards from Addressograph Frames, has been announced. Equipped with two hop-



pers, one for unstripped frames, the other for stripped frames, the operator never touches the embossed plate or the ink on the plate. Five models are available; each model has adaptors as extra attachments to permit handling more than one style of frame. For detailed information, write to Addressing Machine Co., 667 Mission Street, San Francisco 5.

★ ★ ★

A COMPACT, key-filing unit which fits desk drawers or file cabinets is announced by Cushman & Denison Manufacturing Co. Portable, with handle attached, it is made of welded steel and will hold 40, 80 or 120 keys. Other units—key racks, boards and wall-mounted cabinets—



can hold up to 800 keys. Write the company at 730 Garden Street, Carlstadt, New Jersey.

★ ★ ★

YAWMAN and Erbe Manufacturing Co. has new literature available on the subject of their Card Record Desks. Contact them in Rochester, New York, for a copy of the folder.

★ ★ ★

THREE new models have been added to the standard line of Fenco Mobile Bank Teller Equipment. Model 14, shown here, has two standard drawers, one legal size drawer, removable note trays, large inside clearance, ease of mobility up or down inclines, step-on brake, and tip-toe release. Model 15 has four standard drawers and two removable trays. Model 16 has two standard drawers, removable note trays, and door with "spy proof" dial combination lock and locking lugs. Fenco Corp., 121 Seventh Avenue, New York 11.



BOOKLETS

THE complete line of restyled bill receipting machines is the subject of a 4-page pamphlet of Jas. Matthews & Co. Features illustrated include the built-in band dater, easy action holder, integral locked compartment, and adjustable guides. Address inquiries for pamphlet to the company at 3644 Forbes Ave., Pittsburgh 13.

★ ★ ★

DRAMATIC use of old photos and drawings, plus attractive displays of existing bank buildings is the theme of a king-sized, 16-page booklet entitled, *Bankers' Guide to Remodeling Existing Premises*. Photo case histories in the form of "before and after" scenes quickly show the improvements made. Questions and answers about remodeling are included, plus a summary of facilities available to banks. For your copy, write to Bank Building & Equipment Corp., 1130 Hampton Ave., St. Louis, Mo.

★ ★ ★

HIGH-SPEED, low-cost paper gathering and 1-step booklet production are the topics considered in the 8-page booklet of the J. Curry Mendes Corp. The vertical collator makes possible fast, accurate gathering of any job up to four, eight or 12 sheets, depending on the unit used. The Bookleteer, fully automatic, collates, jogs, stitches, and folds up to 4,000 booklets per hour. One Curry Lane, Canton, Massachusetts, is the company's location.

★ ★ ★

SEVEN *Marks of a Useful Report* is the name of a current booklet published by Ross-Martin Co., publishers of a semi-monthly letter on system trends and techniques. The report deals with the specifics of not only how to write a good report, but also what should go in it to make the report as useful as possible. You may obtain a copy by writing to the company in Tulsa, Okla., Box 800.



5 months for \$1

BANKING'S Newsletter

Try it for 5 months—only \$1. Published the 15th of every month, BANKING'S Newsletter brings you six easy-to-read pages of banking and financial news reported by experts. Just a few minutes will bring you up-to-date on all the important happenings in banking.

Let us send it to you for a few months. Subscription price is only \$3.50 a year, but for a limited time you may try it for 5 months at this low low rate of only \$1. Enter your subscription NOW—drop us a line on your bank's letterhead.

BANKING

AMERICAN BANKERS ASSOCIATION
12 EAST 36th ST., NEW YORK 16, N. Y.

BANKING'S ADVERTISERS

December 1958

Air Reduction Company, Incorporated	132	Doane Agricultural Service, Inc.	122	Northern Trust Company	19
Allison Coupon Company, Inc.	95	Ebasco Services, Incorporated	93	Old Republic Life Insurance Company	15
American Bankers Association	102	Exline, Inc., William	112, 120, 132, 137	Pease Woodwork Company	17
American Express Company	Cover 1V	Federal Life & Casualty Co.	10	Peoples First National Bank & Trust Company	128
American Machine and Foundry Company	62, 63	Fifth Third Union Trust Company, The	136	Pittsburgh Plate Glass Company	109
American Security & Trust Company, Washington, D. C.	137	First National Bank of Arizona	127	Poik & Co., R. L.	26
American Surety Company	123	First National Bank of Chicago, The	111	Prudential Insurance Company of America, The	5
AMF Pinstoppers, Inc.	62, 63	First National Bank in St. Louis, The	115	Recordak Corporation (Subsidiary of Eastman Kodak Company)	58, 59
Associated Loan Counselors	80	First Western Bank & Trust Company	91	Royal Bank of Canada	94
Banco de Bogota	114	Foundation for Commercial Banks	140	Royal Coin Company, Inc.	137
Bank Building & Equipment Corporation of America	I	Friden, Inc.	21	St. Louis Terminal Field Warehouse Company	88
Bankers Trust Company	27	Fuji Bank, Limited, The	16	Salvation Army, The	127
BANKING	142	Fund Insurance Companies, The	126	Saxony Hotel, The	112
Bank of California, The	133	Guaranty Trust Company of New York	85	Security-First National Bank	36
Bank of Montreal	32	Halsey, Stuart & Company, Inc.	139	Standard Paper Goods Manufacturing Company	127
Bank of New South Wales	113	Hammermill Paper Company	7	Standard Research Consultants, Inc.	113
Bank of Nova Scotia, The	29	Hanover Bank, The	64	Talcott, Inc., James	135
Brandt Automatic Cashier Company	77	Hoggson Brothers, Inc.	23	Tension Envelope Corporation	13
Burroughs Corporation	30, 31, 96, 97, 117	International Business Machines Corporation	Cover 11	Title Insurance & Trust Company	138
Central National Bank of Cleveland	125	LaMonte & Son, George	Cover III	Todd Company (Division of Burroughs Corporation)	117
Chase Manhattan Bank, The	33	Latham Time Recorder Company, Inc.	137	Toronto Dominion Bank, The	87
Christmas Club a Corporation	73	Les Strang Publishing Company	34	Travelers Insurance Companies, The	35
Christmas Seals	132	Lloyd-Thomas Company	127	Union Planters National Bank	34
Citizens National Trust & Savings Bank of Los Angeles	28	Lockheed Aircraft Corporation	130, 131	United Fruit Company	80
Continental Casualty Company	81	Mitsubishi Bank, Limited, The	35	United States Bronze Sign Company, Inc.	127
Continental Illinois National Bank and Trust Company of Chicago	25	Mobro Corporation	114	United States Steel Corporation	119
Credit Life Insurance Company	126	Mosier Safe Company	8, 9	Valley National Bank	76
Cummins-Chicago Corporation	132	National Cash Register Company	89	Weart, Spencer—Banking Studies	137
Cypress Company, The	90	National City Bank of Cleveland	16	Welcome Wagon, Inc.	134
DeLuxe Check Printers, Inc.	28	National Shawmut Bank of Boston	134		
Diebold, Incorporated	121	North American Associates, Inc.	22		
Dixon Crucible Company, Joseph	134				

Abacus; No PR

(CONTINUED FROM PAGE 42)

if they used armored cars or any other precautionary measures. He apparently didn't understand what I meant, so I asked if they had robberies. Laughing as if I were joking, Mr. Savenkno said, "I have never heard of a bank robbery anywhere in the country. Why would anyone want to steal? He couldn't use the money because everyone would know he didn't have that much." I let the subject drop, still wondering why there were so many armed guards stationed in all the state banks I visited.

Great emphasis seems to be put on planning, in banks as well as industrial and other enterprises. Plans are made years in advance by special planning departments in the individual banks. These plans must be approved by the government before they are put into effect.

Among the projected plans are loan limits. In Kharkov, a major industrial city, the loans and deposits of the State Bank are almost equal.

Mr. Savenkno told me that there were industrial banks whose major operation was lending money to factories for building and expansion. His bank, however, finances machinery, raw materials, and the like, to trade agricultural and industrial enterprises. The normal term in Mr.

Savenkno's bank is one year. Interest ranges from 2% to 3%, but 3% is charged only on delinquent loans. When asked about the procedures for nonpayers, he said the bank was very patient but, if all effort to collect failed, they had the power to foreclose. Mr. Savenkno said that his bank's largest loan to one enterprise was 65,000,000 rubles (\$16,250,000).

In cases where the bank turns down loan applications, the economic council of that particular district helps an enterprise upgrade itself to the extent that the bank can lend money to it safely.

No Instalment Loans

There is no such thing as an instalment loan. Individuals can borrow money only for the construction of homes. These loans are handled by communal banks. "Up to 1% interest is charged and loans are extended for five to 10 years," according to Mr. Savenkno.

The minimum deposit in a state bank is 50 rubles (\$12.50). Interest is paid on these deposits at 1½%. Most of the deposits in the State banks are those of enterprises, since individuals can get a higher rate of interest in savings banks.

Although there is no checking service as we know it, transfers can be made from one account to another. For example, an enterprise in Leningrad pays for materials ship-

ped from Moscow by having the Leningrad bank transfer funds from its account to the account of the enterprise in Moscow.

At first glance, the big State banks look much like their American counterparts, with marble walls and teller's lines.

There was no fluorescent lighting and the meager lights that were used gave a dreary appearance.

I particularly noticed that we were not disturbed at any time by ringing telephones—not even in the manager's office. Incidentally, telephone directories are kept out of sight in Russia and few people have them. I wanted to make a call in Leningrad and it took two days to get the number from the hotel's service bureau and I still didn't see the directory.

Bank tellers make their calculations on an abacus. I didn't see any American-made bank machinery other than one old model National Cash Register posting machine in a Moscow savings bank.

Accounting is done on key punch cards. The actual key punch machines, plus the tabulating and sorting machines, were Russian-made but closely resembled IBM equipment.

The most foreign things of all to me were the facts that bank employees are paid in cash and that little or no effort is made toward public relations or advertising.

The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 37)

to something other than the mistakes we seem to be getting ready to make.

So with the objectives apparently fixed on high employment, high wages, high profits, high leisure, but positively no inflation here are a few of the more logical deductions to be drawn from the current picture if logic were part of economics.

Money Rates—On the assumption that the level of business activity will continue to rise, money rates will remain firm and probably tighten.

Taxes—The idea of a tax rise, instead of a cut, is strangely and persistently creeping into the news. This is rather remarkable when we think that taxes are as unpopular as death, the other of the famous pair said to be inevitable.

This might be interpreted as a return to sanity if we could assume that it would include tax reforms to stimulate business instead of weaken it. This may seem

a faint hope to those who view the political scene realistically, but fiscal conservatism is not all on one side of the political fence and the real fight is just beginning.

One of the hardest hitting leaders of the anti-inflation team is William A. McDonnell, chairman of the board of the First National Bank of St. Louis and president of the Chamber of Commerce of the United States. Recently, before the mortgage bankers, he touched on several points, or perhaps we should say he hit on several, and hard, for example:

"Our economy is on the move again. The plus signs outnumber the minus. The vista for the immediate future is one of general prosperity as we usually measure it in terms of employment, sales, earnings, wages, and profits.

"Yes—but what price prosperity?

"What price prosperity, if at the same time, both prosperity itself and the very foundations of our market system of free enterprise are being undermined by a relentless and malignant disease—inflation?

"These are strong words. I intend them to be. Some will say the problem of inflation is greatly exaggerated. Others will say it is the lesser of several other evils. Still others will say, it is inevitable, why not relax and enjoy it?

"I frankly say to those who hold such opinions, you

are dead wrong! Furthermore, I say that we cannot and dare not temporize with inflation. It is the implacable enemy of our system of life and values."

It is difficult to take the McDonnell quotations out of context and keep the flavor but here is another taste:

"And what about wage inflation—the pressure of wage costs on prices?

"The real problem is that labor unions have immunities under the law which business does not have and which neither business nor labor should enjoy. The biggest industrial enterprises operate under the constant restraints of the competitive market. They must please the public. Price-fixing agreements or other attempts to blunt the sharp thrust of competition are denied to businessmen by anti-trust laws—and rightfully so.

"By contrast, labor unions are exempt from such legal restraints. They are free to enter into nationwide combinations to fix prices and conditions of labor that all businesses—large and small—must meet. Labor has license to use force and coercion. Business has a limited liberty.

"You would think that labor leaders would be among the most concerned with the problems of inflation. You would think that the real wages of their membership would be a first consideration. Instead, it would appear that many union officials like inflation and want inflation. Perhaps that is a natural and human attitude for those whose job it is to get a wage increase every year for their members. Inflation makes the job easier..."

"But in fairness, I must say that union leadership is not alone in promoting inflation. You know and I know some businessmen who seem to think that inflation is a fairy godmother who provides us with something for nothing."

Vice-president Nixon at the Harvard Graduate School of Business put the case for tax reform in a 2-paragraph capsule:

"If we wait for needed tax reform until we believe we can afford a tax cut, our economy will have been denied vitally needed stimuli for growth.

"The importance of economic growth to our fiscal position is indicated by the fact that if our economy were to grow at the rate of 5% a year we would have \$10-billion more in tax receipts in 1962 than if we were to continue to grow at the recent rate of 1½%."

He went on to suggest specifically more liberal depreciation allowance, a cut in corporate rates, simplification of the excise rates and relief from confiscatory rates on high bracket personal incomes.

Fixed Income Investments—Bonds are likely to suffer further from the inflation-born preference for stocks. The same is true of mortgages and anything in the savings category. For this reason the building industry is keeping its fingers crossed now, even while recovery seems to be gaining momentum.

Gross Product—The timid are forecasting that this figure will be around \$440-billion at an annual rate in the fourth quarter. Bolder estimates get up toward \$450-billion. Venturing into 1959 we find even wider differences in the popular guessing contest, with a top for the big optimists at close to a \$490-billion rate by the end of next year.

Any number can play and any number can be right

because the results involve so many unknown factors of inflation, population, and world and national politics. Even on a matter so closely watched as population—births, deaths, and immigration, the Government has just raised its forecasts for 1975 by another 15,000,000 or so.

National Income—The best estimates are that this statistic, at an annual rate, will reach an all-time high by the end of this year. The previous peak was \$369-billion (annual rate) in the third quarter of 1957. It dropped to \$351-billion (annual rate) in the first quarter this year and has been going up ever since.

Prices—Prices are the usual criterion for measuring inflation and here we have what seems good news for the time being. Levels are generally steady and there is ample, eminent authority for expecting relative stability to continue through 1959.

Employment—Employment will pick up along with business activity but not so fast. This is partly a normal lag and partly a result of labor saving equipment brought in during several years prior to the recession.

Capital Spending—Some increase in 1959 is likely but no boom is in sight here, because there is still unused capacity from the previous boom. Unless it begins to look like prices and costs are heading sharply up, business is likely to feel conservative about plans for building and equipment in 1959.

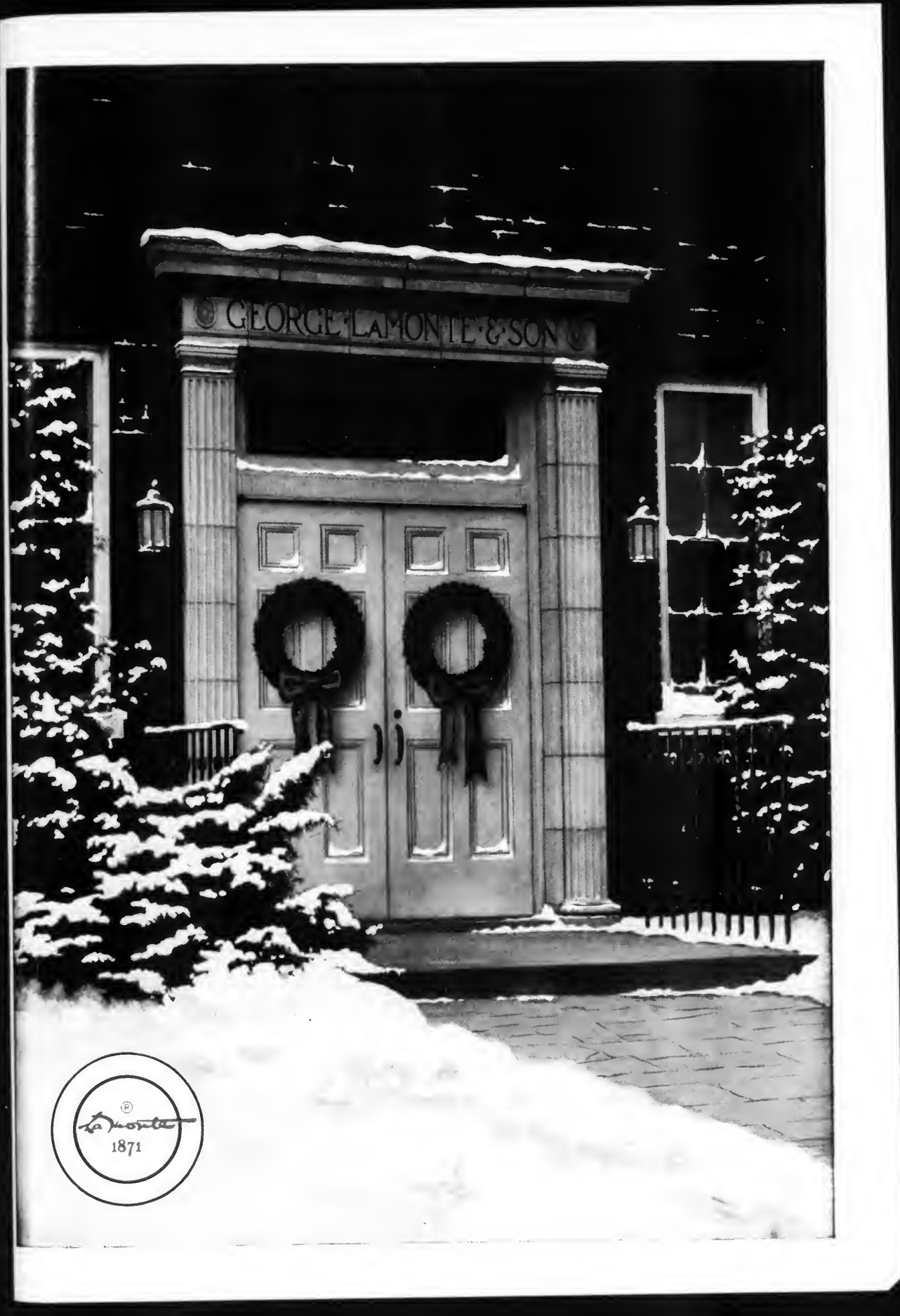
Automobiles—The ever-normal optimism of the automotive industry resulting in part, perhaps, from reading their own ads, sees a good demand for cars in 1959. The estimates of 5½ to 6-million vehicles shows that the industry is more easily satisfied than in recent years. One factor of importance is that it has had the advantage of handling wage negotiations in a period of recession which will not be true of the steel industry next summer.

Steel—Wage talks in steel will come in mid-1959 probably during what looks like substantial recovery. The circumstances could lead to strikes or the fear of strikes.

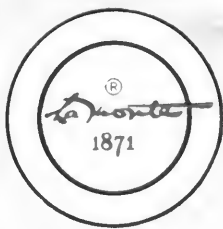
Profits—Corporate executives generally expect higher profits in 1959 than in 1958 and in some industries, even higher than 1957. Much of these great expectations are dependent on what happens to the automotive and building fields.

Stock Prices, Generally—The stock market is usually and wrongly thought of as a bunch of averages that march more or less in step either up the hill or down. Anyone who knows the first thing about it realizes there are extraordinary and astonishing variations between movements of particular stocks and groups of stocks depending on a multitude of individual factors. However, as long as we assume business is going to improve in general, and the supply of stocks will remain in general about the same, the only general conclusion is that the general averages will move generally upward.

WILLIAM R. KUHN



GEORGE LAMONTE & SON



The girl who wouldn't smile

LIBUSE LOOKED much older than four, there in our Nuremberg office. And she wouldn't smile—not even at the little rag doll she'd brought along when she and her parents fled from Czechoslovakia as the Iron Curtain rang down in 1948.

"Finally," recalls Bill Burk, now District Manager of the American Express New Orleans office, "she *did* smile—and she suddenly became a normal little girl again.

"It was when I finally was able to tell her, 'Your ticket to America.' Believe

me, I've never felt happier in my life!"

In his twelve years with American Express, Bill Burk has helped people from Nuremberg to Tripoli, Seattle to Stockholm. He's helped local tourists whose car had been stripped of all their luggage and funds, and world travelers who arrived after hours with four-figure checks on distant banks.

"That sort of thing happens all the time. You come to expect the unexpected," explains Bill. And this attitude is typical of American Express personnel.

In 400 offices around the world, the Bill Burks of American Express are ready to help your clients with just about everything from choice of restaurants to choice of baby sitters. They know the world's customs, people, languages. (Bill speaks French, German, Swedish; can get by in Spanish and Italian. Yet his linguistic versatility is not unusual—for an American Express man.)

See why American Express can give home-town service away from home—most any place in the world?

American Express Company

TRAVELERS CHEQUES • TRAVEL SERVICE • CREDIT CARDS



William N. Burk, District Manager, American Express, New Orleans

end

e
re
st
s-
y
e,
r-
sh
ty
an

an
m
e

ans