



Trust Men Meet in New York (page 38)

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Just a Minute



At the A.B.A. Midwinter Trust Conference: *l. to r.*, Trust Division Secretary M. E. Seccaman; President J. W. Allison; Vice-President Evans Woollen, Jr.; Executive Committee Chairman R. M. Alton. For a picture story on the conference see page 38

Staff-Management

DURING the past year and a half an unusual and highly successful experiment in bank-employee management relations has been under way in the Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

Organized as the Staff-Management Council, this group has been unique, to the best of our knowledge, in that its employee members are elected by the staff people themselves. It functions as a clearinghouse for important bank procedures affecting both policy and personnel.

When the group was organized it dealt with operational problems only, but soon management was bringing up for discussion such matters as job classification, job evaluation, and salary scales, and the council was taking a widely useful part in Wachovia's affairs.

Knowing that this experiment—it can hardly be called experimental now—would interest our readers, we asked the bank's personnel director, THOMAS CARROLL, to tell them about it. His article, we feel sure, is a contribution to bank-

(CONTINUED ON PAGE 3)

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR MARCH 1946

Just a Minute	John L. Cooley	1
Banking on the Whangpoo	Randall Gould	17
Washington	U. V. Wilcox	23
Around Our Bank	I. I. Sperling	31
A Management-Staff-Council	Thomas L. Carroll	33
Financial Counsel for Veterans	G. Gresham Griggs	36
Investments	H. Eugene Dickhuth	37
Trust Men Meet in New York		38
Getting the Trust Message Across	Marjorie S. Davis	42
The Deposit Slip Trick	Myron Stearns	43
We Remodeled for \$9,000		44
The Consumer Credit Digest		46
THE COUNTRY BANKER		
A Bank Talks Turkey		47
Find Out What Farmers Are Doing	Van B. Hart	49
Pilots in Blue Denim	Harold Severson	50
History Repeats Warning of Farm Land Boom		52
New Around and About		54
BUILDING FOR THE FUTURE		
Prefabrication Is Still Young	Russell Porter	59
Gangway!	J. Will Irwin and Bob Kirkpatrick	62
Banker-BUILDER-MERCHANT Tie-up		64
Houses for Veterans?		66
News Paper		67
Convention Calendar		69
METHODS AND IDEAS		
A Payroll Savings Allotment Plan	A. W. Maischoss and J. G. Nassoy	70
The Pupils Run This Bank		72
Financing Appliance Dealers		75
Signature Verification Time Savers	J. E. Moore	78
Briefly Told	John J. McCann	82
Legal Page		98
Heard Along Main Street		104
The View From Here		116
North of the Border		122
Your Reading		132
Index to Advertisers		134
The Condition of Business	William R. Kuhns	136

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JUST A MINUTE—Continued,

ing thought, and therefore a "must."

Savings, Mortgages, and Boston

As THIS issue of the magazine reaches you, Reader, the American Bankers Association will be holding in Boston its Eastern Regional Savings and Mortgage Conference.

The point is not the fact that the meeting is taking place, but that its locale is Boston, birthplace of that energetic thrift promoter, Benjamin Franklin, and home of one of the two oldest savings banks in the United States. (The two, in case you've forgotten, are The Provident Institution for Savings in the Town of Boston, and the Philadelphia Savings Fund Society. It was to Philadelphia, you remember, that Poor Richard transferred residence and allegiance, though of course he never forgot the responsibilities of being born near Beacon Hill!)

Getting back to the banks—both institutions mentioned date from 1816, which is quite a long time, even in Boston and/or Philadelphia.

Well, these eastern savings conferences of the A.B.A. have been going on for some time, too—in fact, there has been one almost annually since the Savings Division was organized back in 1902. But this is the first year the scene of the meeting has not been New York.

The theme selected for the 1946 gathering was "Merchandizing," and the services stressed were those related to savings banking and mortgage financing. The latter have been a part of the savings conference agenda since the A.B.A. Real Estate Finance Department was organized a few years ago.

Margins

MAYBE you haven't noticed, but BANKING, like the stock market, is on 100 per cent margins.

Speaking more directly, this only means that we have restored our pages to the size that prevailed until the paper shortage, early in the war, forced us and most other publications to cut down our margins as a conservation measure.

And that's not the only step we've taken toward reconversion. The paper for the main editorial section of the magazine is now of considerably better quality, which means that pictures and other art work print more clearly and that the general appearance of the pages is improved.

Landmark

THE A.B.A.'s Midwinter Trust Conference, a war casualty in 1945, was back again last month, bringing together several hundred trust people for a shirt-sleeves discussion of mutual problems.

BANKING attended, with notebook and camera, and records its observations in prose and picture on pages 38-40.

This was the 27th midwinter conference. Curious as to what the first one was like, we asked the Trust Division if it still had the old program. It did, and we learned that the date was February 20, 1920, the place, the Waldorf-Astoria Hotel, New York, which has since been the scene of the meetings.

There were two sessions. The first, under the chairmanship of J. ARTHUR HOUSE, head of the Division's executive committee and president of the Guardian Savings and Trust Company, Cleveland, considered Federal legislation,

"I hear it's tough to get a loan in this bank"



March 1946

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FOUR FACTORS AND THE FUTURE

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"It's for St. Patrick's Day—green, you know"

state legislation, publicity, cooperation with the bar, fees, and cooperative legislation. Discussions were lead, respectively, by HERBERT M. CAMPBELL, chairman, Union Trust Company, Detroit; THEODORE G. SMITH, president, International Trust Company, Denver; FRANCIS H. SISSON, vice-president, Guaranty Trust Company, New York; WILLIAM S. MILLER, president, The Northern Trust Company, Chicago; GEORGE D. EDWARDS, vice-president, Commonwealth Trust Company, Pittsburgh; and WILLIS H. Booth, vice-president, Guaranty Trust Company, New York.

After lunch the Division considered the work of the employment department, and community foundations or trusts. Discussion leaders were P. E. Hathaway, employment manager, The Northern Trust Company, and F. H. Goff, president, Cleveland Trust Company.

Last year no formal meeting was held. Instead, the Division had a "Conference in Print," distributing and publishing the papers that would have comprised the program.

Seen, Heard, Read

WHEN the Industrial Savings Bank at Daytona Beach, Florida, recently changed into a general banking institution under the name Commercial Bank at Daytona Beach, the opening festivities in the lobby began with an invocation by a Baptist minister. . . . Governor COKE R. STEVENSON of Texas has appointed a committee to study devel-

(CONTINUED ON PAGE 6)

INDUSTRIAL FACTS ABOUT TENNESSEE

Labor

The average Tennessee industrial worker looks about the same as other Americans of the same economic strata. He has the same ambitions and the same desires for self-improvement but he knows that his success can come only from his own efforts. He speaks the same language, if with a soft accent and local idiom, and at first glance you wouldn't notice any difference between him and industrial workers of other sections. But there are a few basic differences that have proven profitable to management.

The Tennessee worker is principally of pioneer stock; consequently, his being is still deeply rooted in the soil. The chances are he owns a small farm near town, or his home with garden and chickens, and very often a cow. He is a citizen of, and has an interest in the community where he works. He is an individualist not easily swayed by demagogic oratory or utopian promises.

In Tennessee, the worker has room to live, room to work and room to play—and he enjoys all three to the fullest. He does not have the cramped, futile feeling possessed by so many workers in the more congested areas.

Being of pioneer stock, the Tennessee worker has not forgotten man's oldest lesson—that he must live by the work of his hands. The heritage of craftsmen ancestors give to his hands a native skill that makes him efficient in the most intricate operations. This native skill makes for efficiency in manufacturing or assembly. He has retained the early craftsman's pride of his work—in the perfection he has put into the finished article. This pride insures a better manufactured product. His inherent belief in religion, based on the Golden Rule, makes for smoother industrial relations.

Detailed information on labor, as well as all other industrial resources in Tennessee, are treated in a big, 210-page general survey: "Industrial Resources in Tennessee." That will be mailed free to executives and industrial engineers. Dictate a request today—on your business stationery, please.

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JUST A MINUTE—Continued

opment of veterans' centers patterned after Houston's, which was described in our March issue by B. MAGRUDER WINGFIELD, vice-president of The National Bank of Commerce, Houston. . . . The National Bank of Athens, Georgia, which claims the distinction of being "the oldest national bank in the Southeast operating under its original charter," recently celebrated its 80th birthday.

Masaryk Institute, New York, sends us the "ex libris" placed in the copies of BANKING which go to Charles University in Prague, Czechoslovakia. . . . "Let's stop complaining," suggested J. STANLEY BROWN, personnel director of the Chemical Bank & Trust Company, New York, at a dinner of New York Chapter, American Institute of Banking. "Whether we be management or worker, let's stop so much useless worrying, bickering and quarreling. Let's go back to work—and get some fun out of life!" . . . A directory of local services for veterans has been published in Kalamazoo, Michigan.

On his retirement from the Federal Reserve Board after 10 years of service, JOHN K. MCKEE warned against lower interest rates for banks and asserted that establishment of a definite trend toward lower earnings would be "a most serious matter, particularly for the smaller banks."

Farm Land

FARM real estate price trends are pictured graphically for each state on pages 52 and 53 of this issue. The maps, showing the ups and downs—it's the (CONTINUED ON PAGE 11)

"Nothing today, thank you!"



BANKING

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Statement of account
for the month of July, 1933

Black Hardware Store, Inc.
200 South Main St.
Minneapolis

Balance forward	100.00
Deposits	200.00
Checks	(100.00)
Balance	200.00

Account No. 887833

JOURNAL

OLD BALANCE	CHECKS	DEPOSITS	NEW BALANCE
100.00	25.00	15.00	90.00
100.00	10.00	18.00	108.00
100.00	12.00	15.00	103.00
100.00	15.00	18.00	103.00
100.00	18.00	15.00	97.00
100.00	20.00	12.00	92.00
100.00	22.00	10.00	88.00
100.00	25.00	8.00	83.00
100.00	28.00	5.00	77.00
100.00	30.00	2.00	72.00
100.00	32.00	0.00	68.00
100.00	35.00	0.00	65.00
100.00	38.00	0.00	62.00
100.00	40.00	0.00	60.00
100.00	42.00	0.00	58.00
100.00	45.00	0.00	55.00
100.00	48.00	0.00	52.00
100.00	50.00	0.00	50.00
100.00	52.00	0.00	48.00
100.00	55.00	0.00	45.00
100.00	58.00	0.00	42.00
100.00	60.00	0.00	40.00
100.00	62.00	0.00	38.00
100.00	65.00	0.00	35.00
100.00	68.00	0.00	32.00
100.00	70.00	0.00	30.00
100.00	72.00	0.00	28.00
100.00	75.00	0.00	25.00
100.00	78.00	0.00	22.00
100.00	80.00	0.00	20.00
100.00	82.00	0.00	18.00
100.00	85.00	0.00	15.00
100.00	88.00	0.00	12.00
100.00	90.00	0.00	10.00
100.00	92.00	0.00	8.00
100.00	95.00	0.00	5.00
100.00	98.00	0.00	2.00
100.00	100.00	0.00	0.00

OLD BALANCE	CHECKS	DEPOSITS	NEW BALANCE
100.00	25.00	15.00	90.00
100.00	10.00	18.00	108.00
100.00	12.00	15.00	103.00
100.00	15.00	18.00	103.00
100.00	18.00	15.00	97.00
100.00	20.00	12.00	92.00
100.00	22.00	10.00	88.00
100.00	25.00	8.00	83.00
100.00	28.00	5.00	77.00
100.00	30.00	2.00	72.00
100.00	32.00	0.00	68.00
100.00	35.00	0.00	65.00
100.00	38.00	0.00	62.00
100.00	40.00	0.00	60.00
100.00	42.00	0.00	58.00
100.00	45.00	0.00	55.00
100.00	48.00	0.00	52.00
100.00	50.00	0.00	50.00
100.00	52.00	0.00	48.00
100.00	55.00	0.00	45.00
100.00	58.00	0.00	42.00
100.00	60.00	0.00	40.00
100.00	62.00	0.00	38.00
100.00	65.00	0.00	35.00
100.00	68.00	0.00	32.00
100.00	70.00	0.00	30.00
100.00	72.00	0.00	28.00
100.00	75.00	0.00	25.00
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100.00	80.00	0.00	20.00
100.00	82.00	0.00	18.00
100.00	85.00	0.00	15.00
100.00	88.00	0.00	12.00
100.00	90.00	0.00	10.00
100.00	92.00	0.00	8.00
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100.00	98.00	0.00	2.00
100.00	100.00	0.00	0.00

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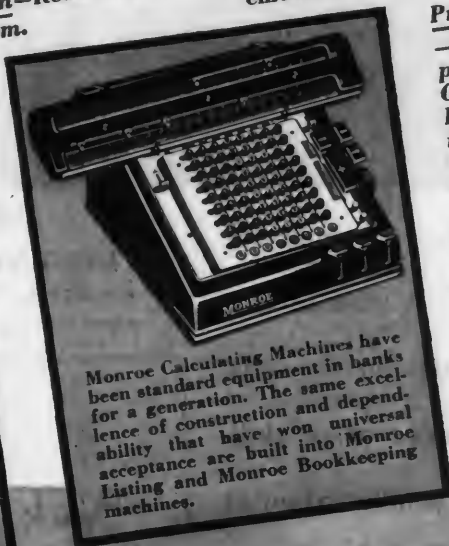
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JUST A MINUTE—Continued



"We found the million, chief. It was only an error in addition!"

former direction today—of rural land values were prepared by the Agricultural Commission of the American Bankers Association in connection with the survey which was reported in last month's magazine.

Prices are currently following the inflationary trend of World War I, the Commission reports. In 36 states they have risen more since 1939 than in the corresponding period of the previous conflict, and in 10 states they are now above the peak levels of 1920.

"The dangers of the present situation are serious," says C. W. BAILEY, Commission chairman and president of the First National Bank, Clarksville, Tennessee. "Whether the boom following World War II will happen again depends on the continued effectiveness of inflation controls and on how well people remember the bitter lessons of 25 years ago."

March

WRITES THOREAU in his journal:

"I . . . see that peculiar scenery of March . . . the earth just bare and beginning to be dry, the snow lying on the north sides of hills, the gray deciduous trees and the green pines sighing in the March wind—they look as if deserted by a companion, the snow. When you walk over bare lichen-clad hills, just beginning to be dry, and look afar over the blue water on the meadows, you are beginning to break up your winter quarters and plan adventures for the new year."

March 1946

DIVERSIFIED INDUSTRY

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A "NATURAL"

On occasion we hear the remark about a product to the effect that it's a "natural," meaning that it can't fail to click. To qualify under this term a product must make a real contribution to the market that buys it. It must deliver more in comfort, or in convenience or pleasure, or it must save money for the buyer. If it does any of these things fully, or all of them in part, it's a "natural".

Personalized Checks are "naturals" because people like them, banks save money on them, operating people find them a real convenience in sorting and filing . . . and they don't cost much money. For some reason or other banks get a kick out of selling them and, from coast to coast, their enthusiasm is mounting.

Some years ago we introduced the thought that bank checks were the

"spearhead of bank merchandising," meaning that they broke the ice in sales contacts with the public. To sell big things it is desirable first to sell little things. To please customers in important transactions it's a good thing first to create that "attitude of acceptance" by pleasing them in little transactions. Personalized Checks are indeed little things but they pack a punch and pave the way for the big sales job facing all banks.

For years bank checks were mere slips of paper, but now we know they can be dramatized and used effectively to improve internal bank operations as well as public relations. They are the principal connecting link between the bank and the public. They are the personal currency of the individual. They represent the common point of contact with all depositors. Are you selling them in your institution?



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Resources exceed
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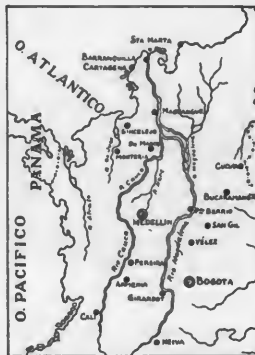
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Poor Richard, Jr.

THRIFT, like charity, begins at home, but, as many banks well know, it can be greatly encouraged at school.

The mutual savings banks of Worcester, Massachusetts, home town of Myron F. Converse, president of the A.B.A. Savings Division, have a school savings program that appears to offer possibilities for banks in other cities. The plan, as you will learn on page 72, is an outgrowth of the Worcester mutuals' "Schools-at-War" program which accumulated more than \$1,600,000 for the purchase of War Bonds and Stamps. The young people are the tellers and bookkeepers, and the transactions are conducted by the familiar banking pattern—passbooks, deposit slips, etc.

The Navy Nodded

FROM MARCIA WINN's column, "Front Views and Profiles," in the editorial page of the Chicago Tribune, we borrow this one:

"Major General SAMUEL T. LAWTON told the story: An Army officer dining aboard a warship had been given a heartening song and dance about how, on the whole, the Navy classification system worked better than that of the Army.

"We," declared the naval officer, 'fit the square pegs into the square holes.' It was just about at this point in the conversation that a very fine pastry was served. 'Now I'll show you,' the admiral said, and with that he sent for the pastry cook. The cook performed a magnificent salute and awaited orders. 'What were you in civilian life?' the admiral asked, benevolently. 'Why, sir, I was a banker,' the pastry cook replied, 'but the Navy classification system dropped the "n".'"

JOHN L. COOLEY

"Maybe Truman does play the piano, Mom. But before I spend any more time on it let's wait and see how he comes out next election!"





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...CIRCA 1510

Carefully, painstakingly, skillfully some ancient craftsman fashioned it for a warrior of his time. This warrior trusted his life, not only to the skill and care of the maker, but also to his integrity—the basic protection afforded in any manufactured article.

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gible factors that mean the integrity of a manufacturer.

The Todd supplies you buy—whether they are checks, Protectograph checkwriters and signers, pass books, or a dozen other banking aids—give you more protection than merely good products made of metal, paper, or ink. They give you the extra protection of the integrity of the Todd Company, an integrity that has won and held the confidence of bankers for nearly half a century.



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this range from the digging of drainage ditches and the driving of piles into river banks to the construction of giant dams like Boulder, Grand Coulee and Fort Peck.

Development and control of our water resources is another field in which the construction industry, in cooperation with public officials and private groups helps this nation to progress. A.G.C. members can be depended upon in this work because of the sound business principles to which they are pledged under the A.G.C. emblem.



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Banking on the Whangpoo

RANDALL GOULD

MR. GOULD is the editor of the Shanghai Evening Post and Mercury.

Shanghai, China

AMERICAN banks in Shanghai are open for business, but just where is the business? That question finds no easy answer either in the immediate situation or future prospects. But like every other foreign interest here, the bankers are keeping stiff upper lips and hoping for the best.

Three American and three British banks unlocked their doors on December 10 following what was described as a "friendly informal understanding" between bank representatives and Chinese financial authorities. This anticipated the formal promulgation of Chinese regulations for the operation in China of foreign banks. But as with the company law and other legislation, things have moved slowly since that time and in some respects the developments have been discouraging.

Banks involved in the opening included the National City, Chase and Underwriters Banks (American) and the Hongkong and Shanghai Banking Corporation, the Chartered Bank, and the Mercantile Bank of India (British), together with the Banque Belge pour l'Etranger (Belgian). During the war

the Hongkong and Shanghai Bank and the Chartered Bank opened in Chungking, being held to nothing more than a current account basis, but the American banks decided against such costly display of enterprise. The National City was represented at Chungking by an observer.

At the time of the openings, optimism generally prevailed. The American banks in particular were gaily decorated with flowers, and in the words of a local newspaper: "Two of the American banks were sufficiently high-spirited to serve drinks and cakes to congratulators." The American banks took a liberal attitude in the matter of accounts, also, paying out cash upon prewar accounts untouched since December 8, 1941, whereas the British banks treated all prewar Chinese dollar accounts as frozen and were prepared to accept new Chinese national dollar deposits on newly opened accounts.

ALL the banks were willing to issue their own drafts against old current or savings deposits in foreign exchange, although they could not offer notes in out-payments, or accept note in-payments, upon such accounts which since the wartime surrender of extraterritoriality are forbidden. The banks' dol-

lar and sterling accounts in New York and London, respectively, remain frozen and customers must negotiate their drafts where and under such terms of discount as they can manage.

The foreign banks are unable to do anything about the financing of exports. This is held as a monopoly by the government-owned Bank of China which, for its part, has adopted a most curious interim procedure while awaiting the fixing of a new official rate of exchange to replace the completely outmoded rate of 20 Chinese dollars to one U. S. dollar (present open market quotations ruling around an actual 1,400 to one).

Virtually every important export commodity is subject to control and cannot be shipped until Bank of China documents are presented. The Bank of China demands that the foreign money obtained through such export be turned over to it and while it no longer insists on paying the exporter on a 20-1 basis, it instead simply holds the foreign currency or draft as a credit for the exporter, to be paid off in Chinese currency at such time as a new official rate is determined.

MEANWHILE, the exporter gets nothing. He can, it is true, borrow against his credit to a small amount, but he must pay a high rate of interest per month. In the meantime, he is gambling on what he will eventually realize, which makes it next to impossible for him to estimate what he should charge abroad for his goods.

Not only are the foreign banks unable to do anything to relieve the exporters' plight, at some profit to themselves, but they have been recently reminded that it is contrary to law for them to take in foreign currency and remit it abroad by telegraphic transfer or mail. Thus even the sending home of their own national currency is forbidden to them. At least one of the foreign banks is believed to possess a quite considerable quantity of American banknotes frozen solid in its vaults.

There are several other major problems, including wrangles with depositors over transactions conducted in the names of the banks by Japanese and others during the period of hostilities. The Japanese drove out other currencies in favor of their own Nanking Central Reserve Bank notes, similar to

This photo of Shanghai was taken from an Army plane soon after the war's end



INTERNATIONAL

March 1946

What's DIFFERENT about a Californian?

...the way he drives

Californians own a larger number of cars and depend upon them more than the people of any other state. Communities are sprawling, decentralized; distances are vast. Automobiles provide Californians with the freedom they like.



...and the way he banks

"The California Trend"

... a fact-based forecast... will help you plan your business if your plans include California. Write Dept. AD, 300 Montgomery St., San Francisco 20, or 660 So. Spring St., Los Angeles 54, for a free copy.

Californians liked the progressive goal of A. P. Giannini when he founded the Bank of America in 1904... to bring a fully-rounded banking service within reach of all the people. These men and women of California gave Bank of America the kind of support that built it to its present size — with 493 California branches — a statewide organization providing local service.

Bank of America, a member of the Federal Reserve System and the Federal Deposit Insurance Corporation, has main offices in the two reserve cities of California—San Francisco and Los Angeles.

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"puppet" currencies floated in the Philippines and elsewhere.

In the Philippines the American and Philippine authorities merely outlawed the puppet money. The Chinese Government has at least granted it a measure of value by authorizing its exchange for a few weeks at a rate officially set at 200 "puppet" dollars to one national currency dollar. Combine this official rate with the approximate open market rate of the Chinese currency and you get 200 times 1,400, or 280,000 "puppet" dollars to one U. S. dollar.

Happily for the sanity of the bankers and others, the CRB notes are rapidly vanishing from the Shanghai scene—and the bankers hope that with promulgation of the promised foreign bank law, and other steps forward, other troubles may similarly begin to disappear.

By the Way

The problem in this country has been whether to participate actively in the United Nations Organization or just butt into the world's arguments from time to time.

Whenever a man pities himself it indicates he hasn't much else to do.

You can read the record of man's progress in better burglar alarms, combination locks and bullet proof, armored money trucks.

American women are buying millions of packages of rouge each year, but judging from the thickness of it on some of them there must be millions of women who are not getting their share.

When we look at success in the world, we think there is a reasonable doubt whether men should be born acquisitive or inquisitive.

A luxury is anything the neighbors have which we can't afford.

Education should not only broaden the minds of our youth but do a little something about their depth.

We have often wondered what appeal crossword puzzles have to a man of few words.

If we followed a policy of fining non-voters \$5 each we could soon pay off the Federal debt.

Quality Cooperation
for
Correspondent Banks



To banks—in other sections of the country and especially in smaller communities—wishing to enlarge their field of activity, The Philadelphia National is glad to offer *quality* cooperation, of which these services are typical:

Cooperation in the extension of industrial loans.

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A complete Foreign Department, backed by years of experience in handling the transfer of funds into and out of the country . . . the issuing of Letters of Credit and collecting on exports. Our long-established contacts in foreign credit centers also permit us to provide immediate information on current prospects and trade trends.

If you require these or *other* services now or contemplate their need in the near future, we shall be pleased to discuss with you in detail the benefits of forming such a relationship.

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For Financing Hometown Purchases

REALIZING that when the local bank gets the financing the Hometown Agent gets the insurance, Fireman's Fund has created a practical advertising plan designed to promote Bank financing of cars and appliances. Providing a follow through for the "Bank & Agent plan," it consists of an original theme—HOMETOWN CREDIT-SAVINGS—backed by a series of advertisements for banks to use in their local newspapers. ☆ "Credit-Savings" immediately suggests bank financing. It is similar to an installment savings account except that the customer gets the money before he saves it, enabling him to buy for cash. He then accumulates the necessary funds through regular

"deposit-payments" plus interest on unpaid balances. ☆ "I save because it gets me things and use while I save" is a typical appeal. In this manner the plan avoids the negative terms borrow—debt—loan. Instead it associates the idea of Bank financing with saving for a goal with the added advantage of getting the money in advance. A brochure explaining the plan is being mailed to all banks. Watch for it.



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How to UNLOCK the dollars in Inventory

THERE is "hidden credit" in your customers' inventory—and the Lawrence Warehouse Company hands you the key to unlock it.

For Lawrence warehouse receipts make it possible and easy for you to advance loans against marketable inventory.

Tell your customer-prospects of this 31 year old service . . . and you'll earn their gratitude and increased loan business.

To help you, Lawrence is advertising to your best prospects. Lawrence advertisements point out the

benefits of our system of field warehousing on the premises, explain that Lawrence Warehouse receipts are accepted for inventory loans.

And the advertisements offer, either direct or through you, a free explanatory booklet, "Field Warehousing on your Premises." Ask us for as many as you need.

And Lawrence has for your own loan officers, a free 36-page book, "Inventory Financing." Write or phone our nearest branch office for these sales tools and for any other service we can give you in building up your inventory loan business.

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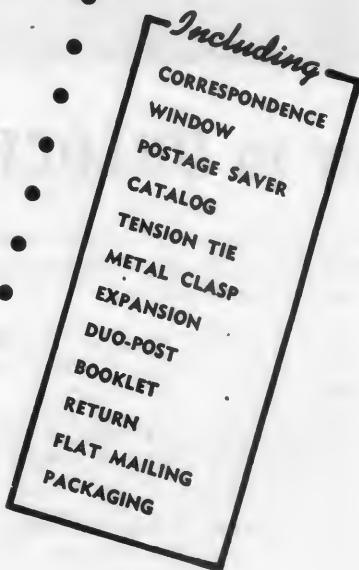
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WASHINGTON



U. V. WILCOX

WASHINGTON has been a show town, a giant circus. From the front seat of the newsman there have been high drama, brilliant and low comedy, with cloak and dagger drama on the side; pathos and tragedy for those who would shed a tear.

All this is the reconversion period of a working democracy. The events are painful, sometimes laughable, yet mostly deadly serious. The Senate put on a filibuster, and some of the participants clowned a bit. Yet a filibuster requires endurance, skill, and is a political hazard for those who insist that their minority views are likely to be adjudged right by the majority of their constituents. A high degree of acumen is required so that equally smart opponents will not outwit them under the complicated and strict parliamentary rules and procedure.

On the south end of the Capitol the House warmed up slowly. The issue was the swelling strike wave and the need for a greater degree of control over labor unions. Despite high pressure tactics, with threats designed to intimidate, House membership voted for new laws.

Wanted: Houses! Meanwhile, a House committee listened to a mass of statistics on the explosive subject of housing—the lack of ordinary, every-day places in which to live.

A few weeks ago, members of Congress were declaring that the boys in blue and khaki be brought home and discharged. So well did they succeed in demobilization that gloomy forebodings have come from the General Staff of the Army. The Navy's top officers have now told of the impotence of the once proud and victorious American fleet.

An early effect of quick demobilization has been the severe shortage of houses. Thus while Congress sought to satisfy demanding parents, wives and

brides-to-be, that their men folk be brought back—as well as the men themselves—they created an even worse situation for themselves. So it is that many a Congressman now ponders his unfortunate situation. He helped to bring the boys home from the wars. He worked zealously to get them out of uniform. Now, there is likely to be no gratitude. Instead, the men discarding their battle dress are unable to buy civilian clothes. They are unable to find suitable houses. Instead of being able to live with their families, while making the adjustment to civilian life, they are crowded and unhappy. The advertised joy of returning citizens is not theirs.

So instead of only one disgruntled individual who has escaped from military rules and regulations, there are two or more, since long-separated wives are anxious to settle down with their husbands. The disconsolate Congressman contemplating all this, finds it difficult to overlook the fact that both husband and wife have ballots and will vote. It has long been a political rule that following major wars political parties in power have election difficulties. Congressmen are asking if this November will prove difficult for them.

The Truman Budget These and nearly all other problems in which the national capital is now partially submerged are also well weighted with economic and financial difficulties.

The fact is, that there is hardly a question now being debated here that does not tie into the planning of bank directors and bank officers.

When the President presented his precedent-breaking budget message to Congress he supplied chapter and verse on the money involvements of this reconversion period. His budget program

was heavy, as are all such budget messages. But this one was even harder to comprehend and accept because much of it was tied to his legislative program, with its appeal to accept innovations in Federal planning.

President Truman doubtless deserves considerable credit for his courage in sending to Congress a budget that not only presented the Government's financial condition of today, but projected it a year ahead. He gave a hint on what a liberal program would cost the taxpayers. Explanations offered in connection with the unabridged dictionary-size volume made it clear that President Truman was coming as close as possible to the budget proposals in the so-called Full Employment Bill.

The national budget presented for the fiscal year of 1947 was a statement of finances today projected for a year ahead. It took into consideration the cost of an expanded Social Security; a try at socialized medicine; an excursion into public housing; subsidies for food, and funds for Britain.

Those "Low" Interest Rates For the first time since his inauguration President Truman tackled the issue of the public debt. He didn't promise any large scale reduction. Neither did he promise any new spending beyond the legislative program already presented. But he did more than his predecessor; he wrote a heavy page on the management of the public debt, which will probably bear re-reading several times during 1946. For this was not alone Harry S. Truman writing; the message was the product of the thinking and the planning of the Treasury Department, and other financial officers, including that of the Secretary of Commerce, Henry Wallace.

The budget message favored the continuance of "low interest rates," but without defining what was meant by

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"low." It inferred that past low rates should be the rule for the future, commenting that otherwise banks would be paid too well for their heavy holdings of government securities, and at the expense of taxpayers.

Since the presentation of the budget message there have been long discussions on Treasury financing problems. Not the least of these problems has been interest rates. Discussions have involved long term and short term financing, and the government bond market, its management, and the financial welfare of investing institutions.

**A Variety
of Problems**

Since the very size of the national debt is such that it cannot be ignored, and since it dominates the national picture, if not the whole world, obviously these discussions have a long term influence on banks, insurance companies, fiduciaries, and investments generally. A high official of the New York Stock Exchange observed that the present low interest rates helped to make for greater activity in the market for corporate securities. Such activity was beyond the reach of Reserve Board margin controls and the machinery of the Securities and Exchange Commission. In effect, he pointed out, there is so much money competing for investment that the stock markets become attractive to those hoping for a better return on their money than the Government's 2 to 3 per cent.

A retiring member of the Federal Reserve Board, John K. McKee, issued a warning that the good financial health and the future of the small banks of the nation were closely tied to the income from their investments. Mr. McKee pointed out that until private lending opportunities improved, bank holdings of government securities dominated their future.

**A Warning on
Inflation**

The more popular reference in the national budget was the warning against inflation. This was even more heavily underscored in a report issued the same day by Reconversion Director John W. Snyder. The best and easiest way to avoid inflation is through production, they both said. But even as they were saying it, the reconversion machinery was slowing down, with strikes in the basic industries. The only remaining control, while waiting for production to lift the scarcity cry, is price control, and consumer credit control. Price control, it was said, could hold back the inflation wave. It was the last dike.



President Truman named Emilio G. Collado, New York, as American executive director for the International Bank

Two schools of thought are asserting their positions in the battle against inflation. One would utilize the forces of law to prevent price rises. Politically, and because taxes must be heavy, wage levels would be allowed to rise 15 to 19 per cent. Industry, business and commerce would pay these increases out of hoped-for efficiency by labor, use of new machinery, and the know-how learned during the war production era. There might be injustices in some instances, this school admits, but the policy should prevail for the good of all. Relief to individual companies might be allowed if the increases in prices of goods sold were very minor and very small.

The other school would allow for a more generous increase in selling prices. This would be justified through quicker and greater production. Spiraling of prices would hardly have a chance, said those of this latter school, as incentive production would prevent much danger through large production of goods.

**What's Worrying
Officials**

Thus both schools are discounting the sales of tomorrow. They present their theories in hope and with prayers. However, higher prices for consumer goods make poor political propaganda in an election year—and no goods at all, even worse. Thus neither school of thought wins any party ribbons. The end product is likely to be unsatisfactory for both schools. Like the crossing of some breeds, the good of each will be over-weighted by the bad in each. That is what is worrying officials.

While the two banking committees in Congress try to write new housing legislation, the RFC announced that it had opened its participation loan program so as to include credit for such purposes. Nearly 2,000 banks are said to be on the

(CONTINUED ON PAGE 29)

United States Government Securities

A Service for Portfolio Managers

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A Partial List of Bankers Trust Company Services to Banks

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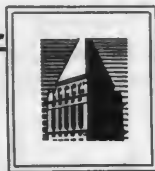
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BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

TOO LITTLE

"SHOCK-
LOSS"

PROTECTION?

Several unusually large bank embezzlements during recent months, plus a sharp increase in bank robberies, have caused considerable concern in banking circles. Many bankers are wondering about the adequacy of their present bonding and insurance protection.

In view of today's low rates for Bankers Blanket Bonds, and particularly the substantially reduced charge for the second \$100,000, \$500,000, or \$1,000,000 of coverage, every bank should now find it well within its means to carry needed "shock-loss" protection... a generous amount of coverage over and above the normal minimum.

Said the editor of *The American Banker* recently, "The question of adequate bonding and casualty coverage is a subject that ought to be reviewed periodically, and now, as we enter the postwar period of potential large scale bank robberies, employee misfeasance and 'mysterious disappearances', seems a particularly appropriate time for such a critical review."

There's an experienced F&D representative in your community—ready to help you analyze your bonding and insurance coverages in the light of today's requirements. Why not call him right now?




FIDELITY, SURETY AND BANKERS BLANKET BONDS
BURGLARY, ROBBERY, FORGERY AND GLASS INSURANCE

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Founded 1890 — Baltimore, Md.

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POWER BY *Red Seal* Engines CONTINENTAL

Continental Red Seal Engines are busier than ever today, powering the return of America and other lands to peacetime production, distribution and consumption. Trucks, buses, tractors, road-building machinery, pumps, cranes and mixers are delivering the efficient performance synonymous with Red Seal Power. Today's Red Seal Engines climax 44 years of engine building by Continental, embody know-how acquired both in wartime and in peace. Continental Red Seal Engines, gasoline or diesel, from $\frac{5}{8}$ to 251 horsepower, are providing dependable, economical power wherever there's work to be done.

Continental Motors Corporation
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ARCHITECT. OTTO OLSEN, DULUTH

Large windows of *Thermopane*
add beauty, value, sales appeal to today's homes

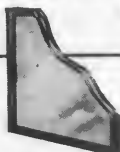
Large windows are more than a trend; they're the answer to a long-felt need for more daylight indoors, more beauty in daily living. They're the "hallmark" of modern homes designed for a lifetime of satisfaction.

That's why you find so many new houses featuring Picture Windows that fill rooms with daylight and provide sweeping views of the outdoors. For today *Thermopane* makes them economical. *Thermopane* actually insulates against cold or heat. It saves fuel, makes living conditions more comfortable year-round, adds to the value of the home.

Thermopane is composed of two or more panes of glass separated by dehydrated air, and hermetically-

sealed around the edges. This L·O·F metal-to-glass bond seals the panes of glass into a unit and guards against dirt or moisture entering the dry-air space. Only two outer surfaces need to be washed, since the inside is specially cleaned at the factory. And the sealed-in air reduces the possibility of condensation on the glass.

Thus *Thermopane* makes it practical to add the extra beauty of Picture Windows to homes planned for long-term value. For more facts about *Thermopane* send for our *Thermopane* Book. Your real estate department will find it a valuable source of information. Libbey·Owens·Ford Glass Company, 1836 Nicholas Building, Toledo 3, Ohio.



Cutaway view of *THERMOPANE*, the windowpane that insulates.



LIBBEY·OWENS·FORD
a Great Name in GLASS

WASHINGTON

(CONTINUED FROM PAGE 24)

RFC list able to count on "automatic" guarantees of credit, which they do not wish to guarantee alone.

Appointment Formula In Congress there has come to be a sharp awareness of appointments which reach the Senate seeking confirmation. Even more than in pending and proposed legislation there come clashes of personalities. After all, Congressmen come to have very positive feelings about those who operate the executive agencies. Every Congressman must sooner or later contact these selections which they are called upon to approve.

President Truman seems now to follow the formula of a former President from Ohio, who was also a Senator before going to the White House. This was Warren G. Harding. He was well-liked personally, considered honest and sincere. His chief fault, according to history, was that he trusted those that he liked personally. As a result he became the victim of his friends.

Harry S. Truman has been sending to the Senate for confirmation a number of names which have included party promoters who were opportunists as well as good business men. He also included the names of men known in his earlier days before he became President of the United States. But now the world's most destructive war has just been concluded and problems are far more complicated than followed World War I.

Some of the President's choices have been approved without difficulty. There is Wilson W. Wyatt, chosen to untangle the housing confusion and produce a building boom free of inflation. Mr. Wyatt, a former mayor of Louisville and an attorney, created a good impression when he made his initial appearance before the House Banking Com-

Ralph H. Richard, left, takes the oath as acting governor of the Federal Home Loan Bank System. Center, Commissioner J. Fahey; right, H. R. Lee, general counsel



HARRIS D. EWING

March 1946

YOUR GUIDE TO *The finest* IN LETTERHEAD PAPER



Many busy executives have selected this helpful guide when selecting letterhead paper. It contains an unbiased comparison between a 25% cotton fibre paper and Anniversary Bond, the 100% cotton fibre letterhead paper. You'll find actual convincing proof of the superiority of this outstanding letterhead paper in this informative kit. Samples are included for testing and comparison with your present letterhead paper. Write for your copy today. It's free.

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HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U.S.A. • SALES AND SERVICE THROUGHOUT THE WORLD



Ira Mosher, chairman of the board, **National Association of Manufacturers**, recommended to Congress an eight-point legislative program based on equality and responsibility for management and labor

mittee. He was quickly approved by the Senate committee.

Neither was there any question of Henry T. Bodman, Detroit banker, nominated a member of the board of directors of the RFC.

Ed Pauley and George Allen

The name of George E. Allen, a Washington insurance and real estate official, and that of Edwin W. Pauley, California oil man, and treasurer of the Democratic Party, brought sharp criticisms and questions. Mr. Pauley seemed vulnerable, because his nomination was for Under-Secretary of the Navy, and the Navy is powered with oil. Mr. Allen is personally well liked, but there is Congressional concern over those who handle RFC funds inasmuch as these affect business and, it might also be whispered, can have political aspects.

The nomination of Commodore James K. Vardaman, Jr., for a place on the Board of Governors of the Federal Reserve System, provided Republican Senators a target. Senator Forrest C. Donnell, Republican of Missouri—President Truman's home state—was quick to object and promised more objections if citizens of St. Louis would speak up.

Nominations for high offices in this city will be scrutinized with care from now on. It is an old rule that once the first nomination from the White House is considered in open hearings, with all the attendant publicity, there is a greater chance that all those following will be examined with more care.

A Few More Highlights

There are a score of other situations which should not be overlooked. Some of these may seem to be side shows in the main event, but any

(CONTINUED ON PAGE 127)



BESSIE Tilton posted commercial accounts in the A to D section.

Bessie was a good worker. Her output per day was always high. She was accurate. She had a remarkable memory for names and signatures.

Bessie was also a sentimentalist with a vivid imagination. She visualized. She was always picturing what the writers of some of the checks she handled were like—how they looked—what they did. She built up her own images from those pieces of paper.

Customer Lester Amesbury, for example, was to her a tall, dark and good-looking man with plenty of money. At least his checks were always large, there never were any overdrafts, the deposits were always in four figures. He had accounts at the leading stores, judging from the checks he wrote. Was he married? Bessie preferred to think he was not. Her lively imagination had prompted her to think of him as a matinee idol type over whom the girls sighed, not in the ear-piercing adulation of the bobby soxers, but rather in dreamy-eyed worship.

Then there was Mrs. Alastair whose checks came to hand next. Bessie pictured her as the amply-bosomed dowager type, lorgnette and all. Bessie, you see, went to the movies.

All through the day Bessie kept her work from becoming dull and monotonous by putting flesh and bones on the inanimate items she handled. Mr. Bevins, Alice Cartwright, Ben Dingle—all came to life in her mind's eye. . . .

Bessie also occasionally handled personal adjustments at the window near the entrance to the posting department when the assistant manager was at lunch, or otherwise occupied.

This day she sighed as she saw she would have to stop her romancing and wait on a somewhat bald, middle-aged man carrying an umbrella. He looked as though he had a gripe to unfold. He had.

"Young lady," he said testily. "There's something wrong with this statement I just got from this bank. I wish you would look up the records. The name is Lester Amesbury. . . ."

I. I. SPERLING

HAVE YOU A SENSE OF *Impending Events?*



Worried about what's in your crystal ball?

You don't need a modern Nostradamus or a Cassandra to tell you that accidents like those depicted above are occurring every minute of the day, and are likely to increase when post-war motor car production puts millions of additional cars on the highways.

We suggest that the present is a good time to arrange for protection against mounting loss-potentials.

Ask our agent or your broker about our "6-in-1" Automobile Policy* today and quit worrying about what may happen tomorrow!

*Includes automobile fire, theft, collision, bodily injury, property damage, and medical payments.

**AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY**

THIS message is directed to top executives of corporations now submerged in the millions of details of reconversion. If you operate two or more plants you should consider the advantages of corporation-owned aircraft in connection with the rapid solution of the problems of reconversion.

accelerate your reconversion

The war effort was enormously aided by the efficient air transportation systems operated to all parts of the world by our Armed Services. Combat theater commanders could consult with their Chief-of-Staff in Washington and be back at their jobs anywhere in the world three days (instead of thirty or forty days) later. This high mobility and opportunity for personal consultation unquestionably was a great factor in the close co-ordination of the war effort and

materially contributed to the freedom from serious errors which marked the performance of our Army and Navy everywhere. . . . Corporations which have widely scattered operations can benefit as greatly by applying the same principles to their operations. Trips which ordinarily require days of the time of key personnel can be cut down to hours. The tempo of reconversion and peacetime production can be correspondingly accelerated.



WE INVITE INQUIRIES ABOUT THE WORLD-FAMOUS D18S TWIN-ENGINE BEECHCRAFT AND ITS APPLICATION TO CORPORATION USE. FACTS, FIGURES, AND DEMONSTRATIONS ARE AVAILABLE WITHOUT OBLIGATION.

Beech Aircraft

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Do You Have a
SUGGESTION -
COMPLAINT -
OPINION -
QUESTION ?

Please Take a
Suggestion Blank
From the Suggestion
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1946

The Wachovia's Personnel Department secretary, Kathryn Spainhour, posts the day's bulletin on one of the staff council's bulletin boards

A Management-Staff Council

An Adventure in Participation

THOMAS L. CARROLL

MR. CARROLL is personnel director of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

THE Voice from New York said, "We'd like to have a story on that staff-management council of yours . . . the one Bill Powers* has been talking about."

I was a little flustered. After all, I don't hear Voices from New York every day. Then I said: "Oh, you mean the Wachovia council. Sure, I'll see what I can do."

When I turned away from the phone and calmed down, my feeling was one of some apprehension. I was afraid my own associates in the adventure here might think such a story a bit premature. You see, we have no delusions of grandeur.

The whole thing began a couple of years ago. It happened that we were in the midst of constructing a new personnel program and wanted to include a center for consultation about life in the bank, if you will permit a rather lofty statement at this point. We wanted to place around a table a group which would represent

the total staff, for consideration of common problems and development of progressive ideas.

It is only fair to point out that we were in an unusually favorable position to make this experiment. Our staffs are relatively small. (We have offices in six cities in North Carolina with the largest total staff in the Winston-Salem office—approximately 235 persons.) We have almost the ultimate in homogeneity in our personnel, and we have a long tradition of unity in staff relations.

So the decision was that we would create, in each of our six offices, councils to be composed of an equal number of officers and employees, the total membership of each council to be related to the size of the staff. For example, the Winston-Salem Council is composed of 14 members. The smallest has only six.

The first problem was how to select the employee members of the Council. (It had been agreed at the outset that officers would be appointed to the Council by the president.) Should we arbitrarily select employees or should we turn the selection job over to the employees? The president, Robert M. Hanes, decided that issue. He said, "If we're going to do this thing, let's have no strings attached to it. I think the employees themselves will do a better job of selection than we

* William Powers, director of Customer and Personnel Relations, American Bankers Association, who had a part in organizing the Wachovia Council.

could and I'm sure they will have more confidence in our purposes if we leave the selection entirely up to them."

So we did. And the president was right. The selections by the employees were uniformly good. Each office was divided into natural groups by department or floor and each such group elected its delegate by secret ballot. If no one had a majority on the first ballot we took the two highest for a run-off.

The delegates then met in each of the six offices to select a chairman and vice-chairman, with the personnel officer serving as ex-officio member and performing the secretarial duties in each instance. (It had previously been decided by mutual consent that one of the two elected officers of each council should be from the employee group.)

Responsibility for defining the purposes of the Council was placed upon the personnel committee. This committee, which consists of five senior officers, wisely did not attempt to regiment the experiment with a plethora of rules and regulations. It simply said, in effect, "The Council is a cooperative effort to increase efficiency of operation and to improve morale. It should be a center for free discussion of our common problems and a source of recommendation to management. It should be a medium for the exchange of ideas and points of view. It may also be the means for actual administration of certain projects of common interest approved by management."

(The story from here on will be largely that of the Winston-Salem Council, since that is the one with which I am most familiar.)

At the first session, President Hanes entered the meeting briefly to outline these purposes and to express his personal belief in the Council's possibilities. He appealed to all members to express themselves with complete freedom, and instructed them that when they crossed the threshold of the meeting room they were to forget all matters of rank, seniority and position and to think and speak as individuals.

Since it was obvious that the entire Council could not meet frequently enough to handle all of the activities

For Better Staff Relations

Practically everybody is talking about better staff relations these days and it appears that almost everybody is doing something about it. Job analysis and evaluation, employee evaluation methods, profit sharing and annuity programs, improved training techniques, and various other phases of personnel administration are in the banking spotlight.

One of the most difficult problems yet to be solved is that of creating a medium of self-expression for all elements that go together to make up the total staff. There is nothing wrong with the proud old "open door" policy except that it doesn't work. The average employee hesitates to take the time of even the most approachable bank president to discuss the human side of life in the bank. The traditional "pipeline" technique has rather obvious limitations, too. You may be getting only what the informant thinks, or, even worse, you may be getting only what your informant thinks you want to hear.

Random sample interviews conducted by a skilled interviewer are good and occasional opinion surveys, either on a sample or a 100 per cent participation basis, are especially helpful in ascertaining staff point of view on a particular problem or question.

But all these methods have their limitations. We need to discover and establish some reliable, continuing, productive method for staff self-expression.

We think we may have something at the Wachovia that will interest bankers. We call it the Wachovia Council. Frankly, it is an experiment; and our experience is too limited for us to take the position of an advocate. But here is the story to date:

which would need its attention, five standing committees were established. These were Recreation, Suggestions, Publications, Campaigns, and Education, each of which had as its chairman a Council member. These chairmen, in consultation with the secretary, then

The Council in session. C. A. Bethel, vice-president and trust officer, presides as chairman at the head of the table as Personnel Director Carroll, ex-officio secretary, reads the minutes of the previous meeting. The Council meets monthly



William H. Neal, left, senior vice-president, considers a public relations question presented by S. F. Forester, assistant trust officer and member of the Suggestions Committee. Each suggestion goes to the head of the department concerned



selected additional committee personnel from the Council and the staff at large to provide for committees of five members each.

Expansion of participation beyond the actual membership of the Council was a fortunate decision, as it gave additional persons an opportunity for expression.

The Recreation Committee has within its sphere of interest not only the planning and promotion of our staff parties and our sports program—bowling league, basketball and so on—but also is concerned with the friendly and helpful reception of new employees. The committee also stimulated the re-establishment of occasional tours of the bank for new employees.

The Education Committee has given most of its attention to the development of a Wachovia library. It was this committee also that first gave consideration to the need for a handbook of information for new employees. The committee is currently exploring the possibilities of a documentary film of the institution's scope of services, and is participating in the planning of a greatly improved general program of training and education.

THE Publications Committee has been responsible for the inauguration and maintenance of a bulletin board service which is growing in value every day. With attractive bulletin boards on every floor and a conscientious custodian for each board, we are able to keep these boards "alive." The committee also was responsible for a system-wide survey on reader interest in our staff publication, *The Staff Reporter*, which turned up some startling discoveries and is currently being made the basis for planned improvements in its value.

The recurring problem of planning and conducting management approved campaigns for contributions to various community-wide funds as well as the several War Loans has been solved with great success by the Campaign Committee.

The heaviest load of all has, however, been carried by the Suggestions Committee. A suggestions system was designed and approved by management, plans were worked out for receiving, recording, investigating,

action on, and reporting of suggestions and in all of this the committee has been constantly active. The details of the plan cannot be outlined here except to say that management's action on every suggestion received is reviewed finally by the Council as a whole. If a suggestion is adopted by management it is the Council which decides the initial amount of award. If a suggestion is not adopted, the Council has the right to request reconsideration if it believes such action justified by the circumstances.

There are, of course, some problems that cut across committee lines or do not fit into the committee structure. These are handled by the Council as a whole. (All standing committee action is reported to the Council as a whole and is subject to its approval.) Two or three examples may suffice to indicate the nature of these problems.

SOMEONE suggested that we should ask our staff what their friends and neighbors actually think of our relations with customers who wish occasional small personal loans. The Council did the job.

Then there was a certain problem—on which opinion was divided—regarding our Christmas party. There were arguments on both sides but the question was resolved and a great time was had by all.

Then there was that problem about personal or individual complaints. (The word "grievances" has an unpleasant connotation, but that's what was meant.) Should the Council concern itself with these, and if so, how? The Council decided that it would deal with complaints affecting groups but would not handle the problems of individuals. However, it advised management to clarify its plan for the hearing and settlement of personal complaints. The handbook for employees now contains a simple but positive statement of policy on this point and the president has asked the employee Council members to give friendly assistance to anyone who wishes to present his troubles to management.

Now let's lift our perspective to an over-all view. We are in our 17th month of activity—too soon for any

(CONTINUED ON PAGE 124)

Aaron Shepherd, purchasing agent, receives a check from Clarkson S. Starbuck, the Wachovia's treasurer, for an outstanding suggestion adopted by the bank's management under the Council's suggestion system



It's Council election day on the bank's fifth floor, and Elizabeth Diggs casts her ballot for employee representative. Jackie Spainhour and Bill Singleton await their turn. Jo Walker is custodian of the ballot box



Financial Counsel for Veterans

G. GRESHAM GRIGGS

The author, a veteran of World Wars I and II, is business and financial advisor at the Community Advisory Service Center of Bridgeport, Connecticut, which is actively serving the returned service people of that city. MAJOR GRIGGS, who returned a year ago from duty in the South Pacific, was an investment banker in Bridgeport for 20 years. At the Center he is the full-time representative of the city's 18 lending institutions.

FOR the veteran ambitious to be his own boss, easy credit is too often the first step on the road to bankruptcy. The framers of the so-called GI Bill of Rights certainly had this in mind both in the original act and in its later amendments.

This wise law obviously aims at two objectives: (1) To provide assistance which will enable the veteran, in the shortest possible time, to take his place as a self-respecting member of the community; and (2) to protect the vast majority of these young veterans from the hazards attending their inexperience. The second objective is perhaps even more important than the first. The high percentage of failures among small business ventures in normal times would be enormously increased by unwise "liberalization" of the lending provisions under this act.

Rather than "easy money," it seems to me that the answer for the veteran lies in having available wise and friendly counsel. A community looks to its bankers for leadership and the banks have an important part in this period of rehabilitation and reconversion. In order to partake wholeheartedly in the job, the policy-making executives of each bank must first make these definite decisions: (1) The bank has an unqualified responsibility to the community and to the veteran, if we are to forestall the apple sellers on the streets, the "March on Washington" and the ultimate claims for a bonus; (2)

four per cent government-guaranteed loans are good business in these days of choking bank deposits and low interest rates.

In Bridgeport the 18 lending institutions more than a year ago formed an organization to provide financial advice to veterans. The writer was selected by those institutions to act as their full time representative at the office of the Community Advisory Service Center, and each bank detailed one or more of its officers for such service to veterans within the bank itself. These officers are concerned primarily with the question of serving the veteran's real interests. They have thoroughly familiarized themselves with the entire GI Bill of Rights and amendments, in addition to the procedure outlined by the Veterans Administration. They have kept in close contact with the finance officer of the Veterans Administration in Hartford, with a view to cutting down the time-lag in processing loan applications.

By such close attention, real estate loans have been completed in as short a period as eight days. Only after the property appraisal and check by the bank of the applicant's credit and income have been made are any government forms completed. If, for any reason, this loan is considered undesirable, no further action is necessary, and the applicant is advised to seek another location. If the preliminary examinations are satisfactory, the applicant is referred to the banker's secretary, who types the forms and indicates where the applicant is to sign. This procedure completely eliminates complaints about governmental "red tape." Each veteran must be made to feel that his particular business transaction is of paramount importance; and whether he gets his loan or not, he goes away feeling that he has a friend in the bank upon whom he may call at any time.

(CONTINUED ON PAGE 126)

Bridgeport's Community Advisory Service Center Helps Veterans Reconvert

Veteran Nick Giaquinto runs a filling station



Dr. Donald Krushak hangs out his shingle



THE INVESTMENT MARKET

H. EUGENE DICKHUTH

MR. DICKHUTH is on the financial staff of the New York Herald Tribune.

RISING prices in the government securities market with resultant declining yields and their general effect on interest rates throughout the country, together with the national strike wave, have emerged as the most important economic factors of the day. Widespread apprehension of still higher price levels and the somewhat nebulous popular fear of inflation which manifests itself in the stock market and retail buying sprees can be stemmed only by concerted government action and a clear-cut Treasury announcement of policy.

There is reason to believe that events may alter the recently circulated stories that the fiscal authorities had decided to do nothing in the way of a change in financial policy, since the market may reach levels where it could no longer be ignored by those charged with the responsibility for maintaining orderly money markets.

It is true that the Treasury has more than \$20 billion of liquid funds at its disposal which might be sufficient to run the government machinery during 1946 without additional borrowing. Hence the Treasury seems to feel there is no need to reveal now what it will do early in 1947.

MEANWHILE, discussions of Federal debt management continue at a hot pace with a good deal of criticism that previous Treasury policies of low money rates, in effect, were inflationary. While saving interest cost to the Federal Government, declining rates constitute a direct penalty to every savings bank depositor and life insurance policyholder, it is argued.

Spokesmen for insurance and banking groups have laid their cases before Treasury authorities. Federal Reserve officials have likewise been asked about their opinions in lengthy conferences.

In view of what has transpired, and depending on further activity of a rising government securities market, it can be said safely there are but two alternatives. One is that the Treasury and the Federal Reserve System agree within a reasonable time on a coordinated policy of debt management. This would have to include, inevitably, a program for short and long term interest rates, for refundings and redemptions on open market operations, and on ways and means of channeling future government financing to other than bank investors.

Barring such an understanding in the near future, the other alternative is that the Federal Reserve System take steps it deems appropriate under the circumstances.

Conceivably, the Federal Reserve System could drag

its heels in open market operations whenever it decided to do so. It could make it difficult or easy to buy or sell certain types of government securities, thus influencing the market materially.

If coordinated with Treasury policy such measures could, obviously, be most effective. If not, the end result must remain in doubt. Generally speaking, however, it should not be forgotten that the management of a debt of nearly \$300 billion is wholly unprecedented in the history of this or any other country, and uncertainty of what to do at what stage seems understandable.

A practical question is how far can the 2s and 2½s go up, how far can their yields decline? Recently, the December 1954-52 2s were selling at the asked price to yield 1.26 per cent before taxes. If the Treasury should decide to reduce the rate on the ⅞ per cent certificates, the 2s obviously could go much higher and yield still less.

A REFLECTION of low yields in governments on the private issue market became very evident in the low cost financing by Union Pacific Railroad which sold \$44,493,000 of 30-year 2⅞ per cent debentures at an actual cost of about 2.51 per cent. Bankers reoffered the bonds to yield 2.47 per cent and savings and commercial banks whisked the flotation off the market.

The Union Pacific offering followed closely a similar transaction in the utility field when Madison Gas & Electric Company sold \$4,500,000 30-year 2½ per cent first mortgage bonds at 101.56. This was at the time Treasury 2½s marketed in December at par sold at 104.

Another noteworthy flotation in the private capital market are City of Montreal, \$85,980,000 debentures, due 1947 to 1975. It is the largest sale of Canadian securities in the United States since the Dominion sold \$90 million refunding bonds on January 14, 1943.

The outlook for new issues is still excellent. The registrations calendar promises a heavy volume for many weeks to come comprising all classes of securities. Based on present indications, venture capital is as readily available as for more conservative investments.

For many weeks the stock market has been dominated by a hysterical fear of inflation despite warnings by stock exchange officials and in the face of elimination of all margin trading in registered securities. Optimism for still higher prices may change overnight into just as extreme pessimism, however, as a recent break has shown because of the bearish remark by a radio commentator. Lower earnings by many companies because of long idleness may also provide a damper.



Left, the Trust Division's Executive Committee in session in New York in advance of the convening of the Trust Conference; right, the registration desk prior to the opening session, where more than 1,500 trust conference delegates checked in

Trust Men Meet in New York

*Highest Delegate Attendance
in Trust Division's History*

A NEW high point in attendance and interest was set by the 27th Mid-Winter Trust Conference of the Trust Division of the American Bankers Association, which was held at The Waldorf-Astoria, New York City, February 4-6.

James W. Allison, president of the division, who is also vice-president of the Equitable Trust Company, Wilmington, Delaware, reported that registration at the conference exceeded 1,500 representatives of banks and trust companies from 37 states and the District of Columbia. The previous high in attendance was the Mid-Winter Trust Conference in 1944, at which 1,277 were registered.

There were also 34 representatives of foreign banks and governments from 12 countries. These included Australia and India (a representative from The Char-

Left, Division Secretary Merle E. Selecman discussing trust problems with Division past presidents Richard G. Stockton, Henry A. Theis and Carl W. Fenninger; right, Trustmen John H. Evans, N. Baxter Maddox, B. Magruder Wingfield, Howard C. Lawrence, and Chester R. Davis in a get-together gabfest



PIX. INC. PHOTOS



Addressing the opening session: *L. to r.*, Gilbert T. Stephenson, who participated in tribute to the late Frederick A. Carroll, immediate past Division president; A.B.A. President Frank C. Rathje; and Division President James W. Allison

tered Bank of India, Australia, and China), one; Belgium, two; Bermuda, three; Canada, 18; China, one; Czechoslovakia, one; Denmark, one; England, three; Italy, one; Norway, one; and Sweden, two.

Current developments which may have an impact on the economy of the United States for years to come were discussed by outstanding speakers during the five sessions of the three-day conference. Special features included:

First day—"A Tribute to Frederick A. Carroll," immediate past president of the Trust Division, who was killed in an automobile accident on October 16, 1945 near Paris, France. Mr. Carroll was on leave from the National Shawmut Bank of Boston, Boston, Massachusetts, to serve as American Red Cross Commissioner for Great Britain and Western Europe; Basil O'Connor, chairman, American Red Cross, participated in this

tribute. "What Atomic Energy May Mean to You," by Dr. Reuben G. Gustavson, vice-president and dean of faculties of the University of Chicago, Chicago, Illinois; "Banking's Objectives in 1946," by Frank C. Rathje, president, American Bankers Association, and president, Chicago City Bank and Trust Company, Chicago; "The Veteran and the Trust Department," by Robert M. Alton, chairman, Executive Committee, Trust Division, A.B.A., and vice-president, United States National Bank, Portland, Oregon.

Second day—"Forecasting Economic Weather," Dr. Marcus Nadler, professor of finance, New York University, New York City; "Are Public Relations Worth the Effort?" Dale Brown, president, Financial Advertisers Association, and assistant vice-president, National City Bank, Cleveland, Ohio.

Third day—Address of Willis Smith, president, Amer-

The rapt attention of trust leaders evidenced in the audience pictures shown below is characteristic of the attentive interest of the trust delegates from 37 states throughout the diversified three-day conference program

PIX. INC. PHOTOS





Left, A.B.A. Executive Manager Harold Stonier, Vice-president C. W. Bailey and Trustman Paul C. Shatto listening to a speaker; right, Frank R. Warden and Wilmer J. Waller greet Carl W. Fenninger, center, who's been attending trust conferences since the first in 1920

ican Bar Association, member, Smith, Leach & Anderson, Raleigh, North Carolina; "The Conditions of Labor Peace," Dr. Leo Wolman, professor of economics, Columbia University, New York City.

At a luncheon on the closing day, tendered the delegates by the New York Clearing House Association, Leonard W. Brockington, K.C., LL.D., Ottawa, Ontario, Canada, former counsel on Empire affairs to the British Ministry of Information, London, England, was the speaker.

A new feature of the Mid-Winter Trust Conference this year was the consultation period on Tuesday afternoon when the visiting trust men had 10 "experts" on various trust subjects available for consultation, as follows: *General consultants*—Mayo Shattuck, Boston, and

Gilbert T. Stephenson, Wilmington; *Common Trust Funds*—George C. Barclay, New York; B. Magruder Wingfield, Houston; and A. W. Whittlesey, Philadelphia; *Investments*—Richard P. Chapman, Boston; Wayne R. Bennett, Chicago; and R. C. Behrens, St. Louis; *Costs and Charges*—W. Eldridge Brown, Clearfield, Pennsylvania; William J. Weig, New York; and Harold E. Randall, Boston; *Employees' Trusts*—Carllyle A. Bethel, Winston-Salem; Fred P. McKenzie, New York; and Esmond B. Gardner, New York; *Taxation*—Lee P. Miller, Louisville; A. G. Quaremba, New York; H. M. Brandt, Los Angeles; Carter Louthan, New York; and Alan Gornick, New York; *Operations*—A. Stanley North, Boston; Edwin W. Marvin, Hartford; Sterling L. Wandell, Wilkes-Barre; *Corporate Trusts*—Harold J.

Left, L. A. Steinhardt, T. S. Holland, J. M. Hutchinson, W. H. Goodman, H. M. Bardt, G. C. Barclay, L. P. Miller, and C. E. Orcutt, seated; right, ARC Chairman Basil O'Connor and ARC ETO Entertainment Director Miriam Jordan in tribute to the late Frederick A. Carroll

PIX. INC. PHOTOS





Left, N. Y. Clearinghouse Committee Chairman Frank K. Huston and Leonard W. Brockington, K.C., LL.D., of Ottawa, Canada, at clearinghouse luncheon, at which Mr. Brockington was guest speaker; right, A.B.A. Vice-president C. W. Bailey and Comptroller of the Currency Preston Delano

Miller, St. Louis; R. Gregory Page, New York; and Arthur E. Burke, New York; *New Business*—Craig R. Smith, New York; Towner Phelan, St. Louis; and Harve H. Page, Chicago.

In addition, a corps of "roving professors," composed of speakers and A.B.A. officers, were available for consultation including: A.B.A. President Frank C. Rathje, Dr. Reuben G. Gustavson, Esmond B. Gardner, George H. Stebbins, George Craven, Dale Brown, and Dr. Marcus Nadler.

The consultation period lasted for an hour and a half and was highly successful, with a throng surrounding each consultant throughout the period.

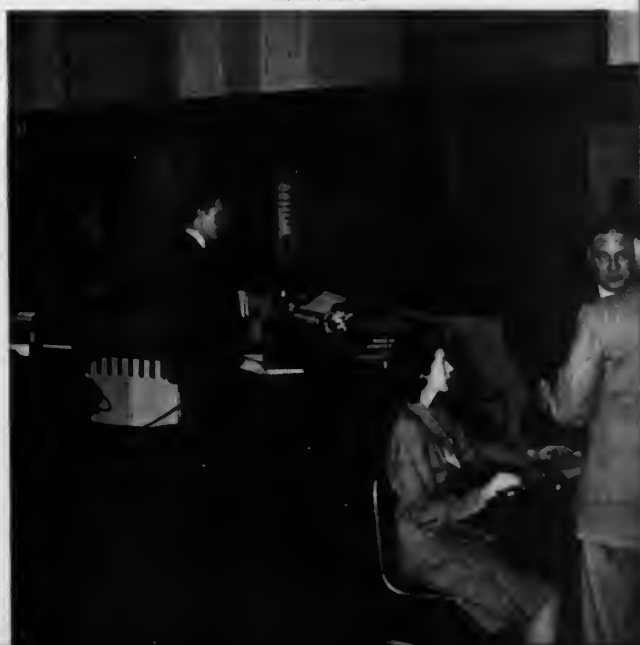
Conference speeches are being reprinted in the February and March *Trust Bulletins*.

Attorney Advocates Estate Planning

" . . . death tax is only one reason for the urgency of estate planning. Life has become so complex that it is no longer possible to disassociate estate planning from life planning, unless one is willing just to let dependents and family go hang. In addressing various bar associations, I have pointed up to lawyers that estate planning should be considered as a fluid, continuous process of life-as-well-as-death planning. . . . " — RENE WORMSER, of New York Bar.

Trust men showed a lively interest in the well attended educational displays of postwar bank and trust company service and equipment which was arranged for the benefit of visiting trust men. Two of the exhibits are shown below

PIX. INC. PHOTOS



Getting the Trust Message Across

MARJORIE S. DAVIS

MRS. DAVIS, advertising director of *The Plainfield National Bank and The First National Bank of Bound Brook, New Jersey*, takes as her text this passage from *I Corinthians*: "Except ye utter by the tongue words easy to be understood, how shall it be known what is spoken? For ye shall speak into the air."

BANK advertising, with some exceptions, has changed surprisingly little over the years. A survey of how much of it is "spoken into the air" may be helpful, as well as revealing. A few years ago we were told that the banker had discarded his cutaway and striped pants and come out of his private office into the open; but every so often he sneaks back in and puts them on. The cutaways will have to be discarded if bankers are to meet their customers on their own ground, because the banker across the street may be meeting *his* customers on a common level, talking their language and getting the business.

Trust advertising, for instance, bears scrutiny, for in no field of banking service is there a greater opportunity for real human service than that offered by the trust department of a bank. Unfortunately, the many services this department can render are not always presented simply to the uninformed.

It has been a long time, to be sure, since banks with trust powers have advertised, "We act in every fiduciary capacity," but they still publish long, impressive (to bankers) brochures describing their varied services. Some banks have done a top-drawer job selling their trust service but not all banks talk the language of the *prospect* yet.

Taxes and Trust Service

The man or woman who owns property today needs to know the best way to protect it in these times. He needs to know, in his own language, *what to do*. There is a real selling job to be done and smart bankers are doing it. The fact that so large a number of men and women die intestate or still appoint individual executors is a direct challenge to every trust man in the country today!

A person usually wants to know before buying any product or merchandise: (1) That the price is right; (2) how the product will benefit him; (3) that he is getting what he pays for.

Price and value are what the majority of people want, but a large number of them have no idea of approximate costs of settling an estate or the amount of fees allowed an executor or trustee. They know actual costs, of course, if they once get into the sanctum of a private office and disclose their holdings but more of them would go into that private office voluntarily if they *understood* how much their bank could do for them and their families.

In many states the fees allowed a bank or trust company and an individual, acting in a fiduciary capacity, are the same. Have all banks succeeded in getting it

Abraham Lincoln once said of a fellow lawyer, "He can compress the most words into the smallest ideas of any man I ever met." From now on, let trust advertising compress more easily understood ideas into few words, with greater results, and fewer trust messages will be "spoken into the air."

over to the public, how many advantages they can have, for the same money, by appointing a corporate executor?

They Didn't Quite Understand

Recognizing the fact that women control 70 per cent of the nation's wealth today, the writer undertook to ascertain just what a few women of higher than average intelligence understood by certain commonly used trust terms.

One woman of middle age, who has brought up four creditable children, all college graduates, actually remarked indignantly that "an officer of our bank called on my husband and wanted him to make his will and leave our property 'in favor of' the bank." "In favor of" meant that the banker had suggested the wisdom of appointing his trust company as executor of the husband's will. This was one wife's understanding of a banker's approach.

Another woman, also of considerable means, when asked what she understood by a custody account, replied, "Gracious, I don't suppose I know. Has it anything to do with the police?" That was a reaction, hard to believe. Would not the term, "financial manager" be more readily understood and more descriptive of the service rendered? The term living trust meant little to several women also. The general impression was that this was a service meant only for people of large means. The term "lifetime trust" would seem to carry more meaning for the layman. Most people have an aversion to "tying up" funds in trusts; their objections must be broken down in terms of benefits such as large tax savings, etc.

What Do They Think It Means?

If trust men would carefully scrutinize the terms used to describe their services to the public and revise some of them, results would be rewarding. Harford Powell, in an advertising talk, once said: "Never look up the meaning of a word that you intend to use in an advertisement in a dictionary. Look it up in the *minds* of the people you want to reach!"

Let us look more often into the minds of our prospects, find out what they want and need to know to protect their property in these times, and then let us tell them these facts, in language they can understand!

The Deposit Slip Trick

MYRON STEARNS

WARNING! Paul Dennison, about 40 years old, 5 ft. 7 in., 175 lbs., blue eyes, light brown hair, neat dresser, ruddy complexion, stocky build.

"This individual presents a check for \$40 to \$80 with a deposit ticket on a non-existent account. He has swindled several of our branches and other banks in this city. A peculiarity that may identify him is his habit of using an unusually high numeral, such as 71,068, on the worthless checks that he presents.

"If he approaches your branch, detain him and notify the Comptroller's Office immediately. If necessary, use a local policeman."

Dade Bumiller, young teller at the Merchant's National, read the short notice and looked carefully at the rogue's gallery picture printed under it. Every little while, he reflected, one of these warnings came along, each different—and he had never yet seen a single sure-enough crook. Where did they all come from? Where do they go? How many of them are caught? How many are still circulating, ready to trip up unwary young tellers? Well, he wouldn't be likely to run against one of 'em anyway—and if he did, little Dadie Bumiller wouldn't fall for any useless check! No sirree!

At another branch of the Merchant's National, however, hardly a mile away, a well-dressed, rather heavily-built man approaching middle age stepped up to one of the windows and presented a check, with deposit slips he had just made out.

He was not Paul Dennison; this time he was Paul Saunderson, and the check for \$125 that he had written for himself only an hour or so before was signed with still another nice name: F. A. Todd, Jr.

"I can make a deposit here, can't I?" he asked

pleasantly, "without having to go down to my regular branch?"

The teller glanced at the check and nodded.

"Certainly, Mr. Saunderson," he agreed. "It will be credited promptly to your account."

After all, what need was there for caution? It wasn't as if he were asked to pay out money on some account he wasn't acquainted with; this was merely a deposit. Even if the check should prove to be no good, the bank would lose nothing. Courtesy to an unfamiliar depositor could do no harm! He compared the amount of the check with that on the deposit slips, turned the check over to see that the signature corresponded with the "Paul Saunderson" to whom it was made out, separated and stamped the duplicate deposit slip, and pushed it back to the prosperous-looking customer.

"THANK you very much," said Mr. Saunderson-Todd-Dennison. He tucked the duplicate deposit slip into his wallet and walked jauntily out of the bank.

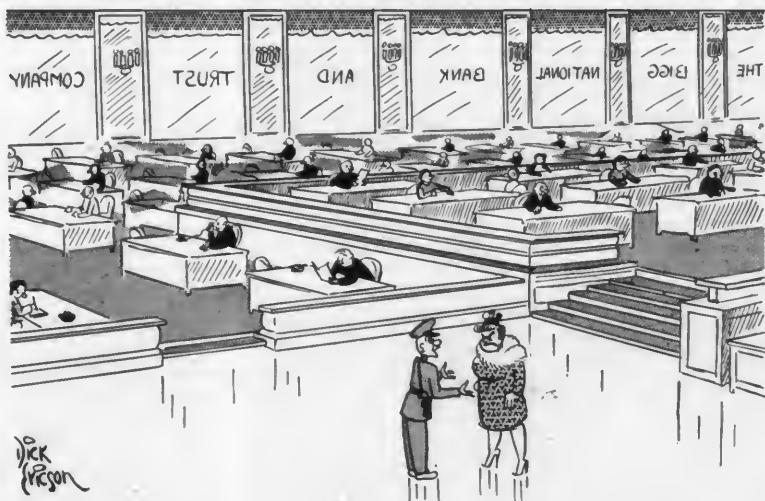
It was not until just before closing time that he came into the branch where Dade Bumiller was hurrying, as much as he could without neglecting either caution or accuracy, to keep up with the line at his window. Patiently he waited his turn. A queue of half a dozen or more customers was behind him when he presented his check.

It was for \$65, made out to cash, and signed Paul Saunderson.

"I'm not at my own branch," he explained, apologetically, "but it's my own check. I thought you might oblige me. It's too late to get over there now be-

(CONTINUED ON PAGE 130)

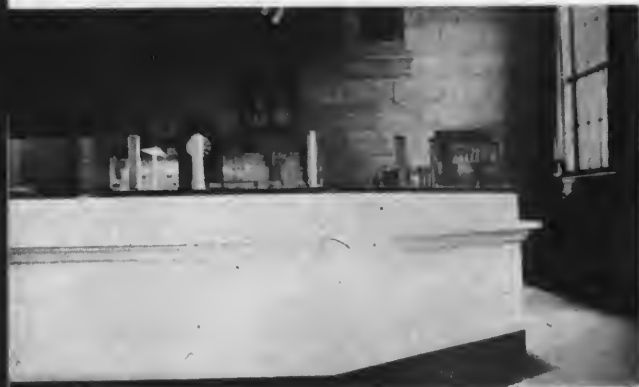
"The person in charge?
Madam, everybody here is
in charge of something!"





Before: View of the old-fashioned high plate glass counter screen with its ornate metal grills, dividing main tellers section

After: The clean-cut effect of new low partition, without grill



Before: This section of the lobby, cut off by the railing, was reserved for an officer's desk. It could not be seen from the main entrance, and was inaccessible during rush periods



Before: Here's the inside view of the above scenes showing tellers' work space, and the general effect of high enclosures. Note the location of files and the assortment of machines



We Remodeled for

(Ed's. Note: This is the third instalment on bank modernization based on BANKING's national study, which indicated that more than 30 per cent of the country's banks will remodel or build new quarters in the immediate future.)

HERE, in pictures, is the story of the remodeling job nearing completion at the New Brunswick Savings Institution, New Brunswick, New Jersey. It tells—better than words can describe—the before and after effects of extensive alterations. For a medium-sized bank in a relatively high building cost area, this case shows what can be done at an approximate cost of \$9,000.

In addition to the changes noted in the pictures, the job included increasing lobby space, and the removal of the treasurer's office from the rear of the lobby to the front. Also, the installation of modern lighting and the replacement of wood counters and cash drawers with metal sheets and cabinets.

W. N. Wyckoff, secretary-treasurer, writes that customer reaction has been most complementary on the new conveniences, the larger space, and the improved lighting. Furthermore, he adds, better working conditions have given a lift to employee morale as well as speeded up efficiency of service.

After: The rail is gone, and the officers' quarters have been moved forward in the main lobby for accessibility. Space adds three more tellers' windows and direct entrance to office



After: File banks are installed directly behind tellers, better lighting, clearer view of lobby—a place for everything and everything in its place—as they say



ed for \$9,000 . . .

While this job may not be typical of the more extensive work contemplated by many institutions — such as shifting departments into new positions, relocating vaults, changing tellers' section, and other improvements which may come under the heading of functionalizing layout; it does show both sides of the effects of eliminating the high counters and grills over the tellers' section—a job which most banks consider the primary step to modernization.

For the customer, it gives him a better view of the internal work of the bank, and creates a much more personal, face-to-face impression of service and cordiality—and at the most frequent point of contact: the teller.

For the teller, the effect is much the same. There are those who say the elimination of high enclosures puts spirit in the worker, makes him feel more on his own. But perhaps more than that is the improvement of efficiency when the catch-alls are replaced with modern metal cabinets and files.

Mr. Wyckoff concludes it is a smart practice to follow the old rule of thumb that every organization needs a general check-up and overhaul at least every 20 years.

The New Brunswick Savings Institution had its last job done in 1925.

Before: This curtained partition was reserved for private consultation with officers. Little used after all the years, it became waste space at an important location—near the entrance



Before: Another view of the labyrinth of partitions dividing the back section of the tellers' island. Here again old equipment gives a poor but undeserved impression



Before: Here's a close-up view of the former tellers' work bench, showing the catch-all shelves and antiquated cabinets—good in their day, BUT. *After:* Some improvement



After: Down came the high glass and metal partition, and the counter was extended to provide adequate space for the treasurer's office—taking advantage of the new location



After: The partitions are junked, new furniture moved in, new modern equipment installed—and the effect is 100 per cent improved in appearance . . . and efficiency



The Consumer Credit Digest

Market Indications

COMMERCE Department economists predict \$6 billion above 1945 expenditures for consumer durables in 1946, a further increase of \$4.5 billion in 1947, continued high prosperity for 1948 and 1949.

AN estimated 13,114,820 passenger automobiles, including 9,329,720 for families with incomes of \$3,000 or less a year, are a possible market figure, according to a consumer survey by Sylvania Electric Products to measure the market for car radios.

Nearly 42 per cent of those interviewed plan to buy a car. By income groups: 67 per cent of families with \$5,000 or more a year; 58.5 per cent in \$3,000 to \$5,000 bracket; 43.3 per cent, \$1,000 to \$3,000; and 29.1 per cent with \$1,000 or less. Eighty per cent of those wanting cars also want radios in them.

PRODUCTION of electrical appliances may rise 50 per cent in 1946, while output of entire electrical manufacturing industry should exceed \$4 billion and could reach \$4½ billion (about \$2 billion over 1940), in the opinion of W. J. Donald, managing director, National Electrical Manufacturers' Association. Production depends, however, on wage and labor problems, retooling, availability of raw materials, new manufacturing methods, price policies, government controls, and development of markets, particularly farm market.

AN average of 500,000 new oil burner sales in each of first five postwar years is anticipated by the industry, says A. E. Hess, managing director of the Oil-Heat Institute of America, Inc. Also predicted are average yearly sales of 750,000 vaporizing-type burners, as water heaters, floor furnaces and space heaters, and an estimated \$900 million volume in equipment and burning oils, during the first five postwar years.

MANUFACTURERS have a backlog of 50,000 personal plane orders. Production in 1946 is forecast at \$100 million, or one-seventh of total plane production, but still short of unfilled orders by 10,000 to 15,000 planes. In time, personal planes are expected to dominate dollar volume of the industry, but probably not until prices come down and simpler, safer private planes are on the market. In 1941, after six years of production, only 25,000 private planes were in existence.

Pioneer

Before 1900, the sewing machine was almost the only expensive durable that had wide distribution to the people; and only in the brand which made easy credit available.

"I submit that cash buyers are more an inflationary threat than credit buyers, for the latter are limited by the amount of credit they can obtain from sound lenders, while the former are limited only by the amount of hot cash they may have and will bid limited supplies to fantastic heights."—Richard H. Stout, vice-president of Industrial Bank & Trust Company, St. Louis, and former president of the Morris Plan Bankers Association, speaking to Interstate Finance Corporations.

Automobile Financing

AFTER a few years of a seller's market, the future of automobile financing in America may well depend on a sound relationship between dealer, banker, and finance company, according to Thomas C. Boushall, president of the Bank of Virginia (formerly the Morris Plan Bank of Virginia). He warned a Virginia Automotive Trade Association meeting of the danger of killing the golden goose by exploiting the car-buying public.

In 1931, banks handled one-sixteenth of cash consumer loans; in 1941, banks handled over one-third of such loans. Increase of cash loans, 1933-1941, was 258 per cent; increase in cash bank loans was 2,603 per cent! A survey by the Consumer Credit Committee of the American Bankers Association showed 10,600 of the country's approximately 15,000 banks preparing to enter this field.

Mr. Boushall maintains there is nothing inimical to the automobile dealer in this picture. Although the dealer may find the bank financing a lot of direct sales which he (the dealer) might prefer to handle as time sales, it is far better to "go on selling three cars where before you only sold two, and selling them year in and year out over the coming decade, rather than that you make a large profit on more time sales but fewer total sales in the next two or three years," he said.

Consumer Credit Bank Ads

BANKS are taking aggressive measures in the consumer credit field. Staid institutional advertising gives way to direct selling. Some bank ads are beginning to resemble department store layouts, advertising the bank service through the lure of the product. Some banks display in their lobbies the products they will finance.

Utilities and Appliances

IN a radical departure, electric utilities are shifting to independent dealers the job of marketing appliances such as radios, irons, toasters, etc. Instead of trying to sell current *and* appliances, they will concentrate on breaking wartime conservation habits and rebuild cur-

(CONTINUED ON PAGE 125)



The Country Banker

First National's turkey specialist Lewis Morse, *left*, looks over a specimen tom turkey with two Oregon turkey farmers

A Bank Talks Turkey

EVERYBODY'S happy in Oregon's turkey belt. Turkey production is big business in Oregon. It's a \$25 million business that up until now was outside the ken of the banker, but since the First National Bank of Portland extended its lending program to the turkey raiser and breeder last Fall, happiness has broadened along the fertile Willamette Valley and all are benefiting.

Last year there were an estimated 2,605,000 turkeys in Oregon. In 1944 the actual count was 2,084,000. It costs about \$3.50 to feed a bird until it is ready for market. Thus financing the feeding is the generally accepted way to raise gobblers.

With the entrance of the First National Bank of Portland into turkey financing, it has quickly become evident that the entire turkey production array of lending agencies will change over to banks or to government-sponsored agencies in due time. This seems to be a fairly accurate prediction if the favorable reaction of turkey growers and those connected with the feed milling industry is accepted as a fact.

In the past, major terminal mills, government-sponsored agencies, independent feed mills and retail feed dealers have financed feed loans in that order.

Had the banks made feeder loans a few years ago, the turkey growers would largely be financed by banks at present. The farmer prefers to do business with his banker when possible. Banks have not understood turkey production and its hazards. Small banks cannot carry specialists because of small volume in a restricted area. But the First National Bank of Portland has pioneered the way by securing the services of specialists who have been working to take the "bugs" out of the program.

Many turkey growers who cannot qualify for bank loans easily do so for milling company loans because the milling company and the feed dealer will accept risks greater than banks can take in order to meet competition and sell feed.

It makes no difference to the bank whether the grower buys his feed from Fred, John or Joe. This is a definite advantage to the grower.

Bank financing will tend to hold turkey production within reasonable bounds by acceptance of loans from established growers. The industry shows danger of over-production unless the larger growers, nationally, reduce their flocks by about 15 per cent in 1946, according to government statistics and production data available at this writing.

No matter how large a mill may be or how great the resources of the feed dealer, he must budget his lending program for the coming turkey crop in order to sustain his turkey growers feed accounts and meet competition. His backing goes to a limited few and these few are required to feed his product to their turkeys.

Feed dealers are in a position to recommend sources of financing to growers and they have welcomed the bank's entry in this field of lending. In fact, they have good-naturedly denounced the bank for not getting its "feet wet" sooner.

First National's solicitation of loans first is a direct appeal to the feed dealers and milling companies who have always insisted grower financing is the bank's business and not theirs. Feed dealers have enthusiastically endorsed the bank's plan and are turning over most of their new applicants to the bank.

Sure, it takes some selling, but usually the suggestion is enough. The growers have been satisfied with their present financing because there was no better plan. When the dealer or the bank suggests the many advantages offered growers qualifying for a bank turkey production loan, there is a favorable grower reaction toward the bank.

The advantages of the bank loan are numerous: (1) The grower is not bound to use a specific brand of feed or purchase from any particular feed company and is free to purchase any reliable brand of concentrate feeds or whole grains where he can do so to advantage; (2) he

can buy grain in quantity at harvest time and at its lowest yearly cost; (3) he builds his credit rating with the local bank for future needs; (4) growers are recognized by friends and community as better business men when they have an established bank connection; (5) the bank offers complete service to customers.

The mortgage the grower signs is a simple one. One signature is all that is required. A feed budget allowance sufficient to feed the flock to maturity is allowed. The grower purchases feed against his allowance. Payments by the bank are made to the feed seller on presentation of signed feed invoices as authorized by the grower. This system guarantees cash payments to feed dealers.

WHEN the birds are sold on the market, the buyer makes his check out to the bank. The bank then retires the grower's notes and credits the grower's account with the excess.

Naturally the bank has a field supervisor, in the case of the First National Bank of Portland, a man who has had 20 years' experience dealing with turkey raisers of the West Coast. His name is Lewis C. Morse.

Mr. Morse only advises a grower when he is asked, or when absolutely necessary to protect the loan.

"I can't raise these birds for you," Morse tells a grower. "You become helpless when you depend on the bank to this extent."

If there is disease in the flock or if unusual losses occur, the bank specialists render an unbiased opinion and cooperate with the Oregon State College for laboratory diagnosis.

One of the bank's first turkey loans (it was for \$11,000) came about this way. The grower had a flock of 3,000 birds, had already lost 600 and 100 were dying each day. Morse insisted the birds were diseased, but the grower blamed it on his poults and feed.

Morse took a few of the sick turkeys to the Oregon State College and confirmed his opinion that the turks had hexamatitis caused by a parasite. They were then six weeks old. Put on a recommended treatment, the flock loss was an additional 153 birds in 48 hours from the start of treatment and then it stopped.

The turkey specialist judges the age of the birds with-

out asking the farmer. He thus gains his confidence and has an opening wedge for conversation.

Recently Morse noted a flock was a few weeks behind normal growth. The grower admitted he had been worried, had checked everything, and having been in the business for 15 years, his knowledge was comprehensive.

But the bank field man had sensed the trouble immediately. A long galvanized pipe was carrying water to the birds and the Summer had been hotter than usual. No doubt insufficient water was being consumed. If the birds drink too little water, they don't consume sufficient feed and the result is a loss of body gain. A suggestion to bury the pipe under six inches of earth met with immediate approval from the farmer.

"I've been in this business 15 years and I'll be dog-goned if a banker didn't have to tell me," said the grower, but he buried the pipe and his turkeys immediately improved their feed consumption.

ANOTHER service of the "turkey banker" is to advise when the birds are ready for market. An average broad-breasted Oregon tom will weigh 22 to 23 pounds and he should reach this weight in not over seven months. Market weight of a hen will run 12 to 13 pounds and the hens mature a month ahead of toms. The turkeys gain their most weight in the last month and must be watched carefully to hit the market at their prime. Two weeks one way or the other can mean a loss of income.

The grower starts with day-old poults that cost him 75 cents each. In Oregon some of the larger growers brood twice, putting their first brood out in March or April and the second in June or July. In other parts of the country it is too hot for young turks in June and July and too cold at their market age.

First National also extends loans on turkey breeder hens to bring them into production as egg producers.

The nation looks to the western states for turkey eggs because the West maintains flocks for commercial production. Demand is strong due to the centralization of turkey egg suppliers in the Willamette Valley. They are under rigid flock supervision directed by the Oregon Turkey Breeders Improvement Association and the State Department of Agriculture.

Oregon's Farmer-Bankers

The Oregon Bankers Association, at its mid-winter meeting in Portland, adopted a program designed to maintain that state's position in agricultural development. For 16 successive years Oregon has won top rating in the A.B.A. Agricultural Commission's award for accomplishment.

R. B. Warren, a Gales Creek farmer, who was the principal speaker at the luncheon program, stressed the need for bankers to understand agriculture and its problems. Bob Taylor of Grants Pass, state president of the Future Farmers of America, thanked the bankers for their support of that organization.

Recommendations of the agricultural committee headed by A. H. Abts of Hillsboro for an expansion of the association's farmer-banker program, particularly in work with young people, were approved.

Oregon Banker Association members' mid-winter meeting, at which a local farmer stressed the need for closer cooperation between bankers and farmers in solving agricultural problems





Find Out What Farmers Are Doing

VAN B. HART

The author is extension professor in farm management at New York State College of Agriculture, Cornell University, Ithaca, New York.

NOT so long ago I attended a banker-farmer meeting arranged by a group of bankers to discuss problems of mutual interest to bankers and farmers. A successful farmer had been asked to lead off on a discussion of what kind of service farmers want from banks. In introducing this farmer, the banker chairman said he had asked Tom Brown to speak straight from the shoulder; and that "after we have heard from Mr. Brown, we want to hear from some more of our farmer guests."

Now Mr. Brown was present as an invited guest of the president of his bank. He had just had a good dinner, paid for by the bankers, and had listened to a glowing tribute to "the tillers of the soil" from the banker chairman. So, being both a gentleman and a diplomat, he complimented the bankers on the good service they were rendering farmers, commented on the importance of bankers and farmers working together, told a good story, and in behalf of the farmers present thanked the bankers for their hospitality.

The exchange of compliments between the chairman and Mr. Brown apparently settled all problems of banker-farmer relationships. At least there was no further discussion of them in the meeting. After that banker-farmer love feast broke up, I walked out to the parking lot with Tom Brown. There our conversation, while we leaned up against Tom's car and finished off the good cigars the bankers had provided for their guests, ran about like this:

Tom: Well Van, that was a nice meeting.

Van: Yes, but I was a little disappointed there wasn't some more discussion.

Tom: Didn't anyone but the regular speakers have anything to say, did they?

Van: I thought maybe you would stir them up a little.

Tom: Well, there were a couple of questions I thought of raising, but I didn't hardly think it was the place to ask them.

Van: What were they?

Tom: Well, one was the matter of interest rates.

Van: You mean the old question of the bank charging 6 per cent and then paying one and a quarter on savings accounts?

Tom: No. I haven't any kick on that score. But listen. If I buy 500 pounds of dairy feed out of the feed store, have it charged and delivered, I expect to pay for those extra services, and have to. But when I buy five tons, pay cash, take it off the car, and haul it myself, I expect a better price and I get it. Now why shouldn't it be the same about credit?

Van: What do you mean?

Tom: Well, when I go into the bank where I have a satisfactory credit statement on file and borrow \$3,000 and pay it back exactly according to agreement, I pay just the same rate as the fellow who borrows \$300 and that the bank has to chase up to collect.

And another thing that sticks in my crop is that if I want to borrow that \$3,000 in the Spring and pay it off nine months later when I sell my cash crops, the bank wants a three months' note, when we both know blamed well it is a nine months' loan. Maybe they have to do business that way, but it don't make sense to me.

NOR being a banker, I am not passing judgment on this farmer's two criticisms of banking practice. But I am saying to bankers what I said to Tom Brown which is that it was just too bad those questions—plus a lot more—were not raised in that banker-farmer meeting.

Possibly you will say, "Was that farmer really afraid to ask those questions in the meeting?" No, Mr. Banker, Tom Brown isn't afraid of one banker or a group of them. But remember he was an invited dinner guest at that banker-farmer meeting. He did the same thing you probably would have done yourself, had you been invited to discuss farmer-banker relationships at a dinner meeting sponsored and paid for by a group of farmers. He made a nice speech and didn't stir up any arguments.

Personally, I think it would have been a great help to future banker-farmer relationships in that county if Tom Brown had stirred up a little argument over interest rates and some other things farmers have said to me but not to bankers. At least the bankers present would have had a much better chance to present their side of the story than in the two-man conference Tom Brown and I had after the meeting was over.

Well, what is the answer to the question of how to get Tom Brown to tell the banker what he told me out in the parking lot?

I think it is a case of convincing Tom Brown that *you really want the facts on what farmers think about bankers*. I have had no experience in running a bank but am pretty well acquainted with a lot of country bankers and a lot of Tom Browns.

I believe if the average country banker invited the average Tom Brown into his office and just laid the cards on the table and said, "Tom, I want to know just what you and the other farmers around here like and don't like about the way we bankers are operating," it would get results. Then after the banker had talked with several other Tom Browns, the situation might be right to stage that banker-farmer meeting. The Tom Browns might then be asked to help break the ice on a discussion of banker-farmer relationships, and even if the water under the ice should be a little muddy it might reflect some of the things bankers need to know.



Airplane view of typical West Texas ranch home in Ochiltree County. Note level stretch of plains country

The author is associate editor of the Southern Agriculturalist and is a frequent contributor to BANKING.

OUT in the wide open spaces of Texas and Oklahoma, air-minded ranchers and farmers are almost as numerous as tractor-minded farmers in the Corn Belt states. Overalled pilots, equally expert at the controls of a combine or a light plane, are becoming commonplace. There's scarcely a community in the Texas Panhandle that doesn't boast from one to a dozen flying farmers and ranchmen.

What does this mean to bankers? It means that all over the country farmers will be buying small planes for a variety of uses. Does that sound fantastic? Then remember that 40 years ago few people believed the American farmer would relegate Old Dobbin to the pasture in order to use an automobile or tractor. For that matter, few bankers back in 1906 realized that the automobile financing business would mushroom into a multi-million dollar department.

All signs point to a tremendous boom in the sale of light planes to the American people. By 1950 manufacturers will be offering two-passenger jobs that will be almost fool-proof. They'll be easy to land, easy to handle, and economical to operate. Prospective buyers will be needing help in the financing of airplanes—and that's where the wide awake banker enters the picture. In addition, he'll be able to finance flight courses and repair bills. The only real difference between the financing of aircraft and other merchandise is that an airplane is exposed to higher physical risks and the cost of upkeep is much higher.

Bankers located in sections where interest in personal flying is growing by leaps and bounds will be interested in a manual, "Aircraft Financing," issued by the Consumer Credit Committee of the American Bankers Association. The manual was carefully prepared and contains illustrations of basic forms to be used in connection with airplane financing and the necessary procedures to follow.

WHY are farmers becoming so enthusiastic about flying? Here are some reasons:

Floyd Howe was still yawning when he pulled on his boots and stamped over to the breakfast table. It

Pilots in

HAROLD

promised to be a full day for this young farmer-stockman who raises about 1,300 acres of wheat and 300 head of Hereford steers on the Panhandle plains of Texas each year. First there would be a 235-mile jaunt from his home near Amarillo, Texas, to Springfield, Colorado. He would be at Clayton, New Mexico, in time for his noon meal. Afterward, there would be a stop at Springer, in Colfax County, New Mexico, where he had business with a feed dealer. In addition, there was that run over to Mosquero in the northeastern part of the state.

All in all, Howe had mapped out a 750-mile trip for himself that day. What's more, he planned to have dinner at home that night. He did!

"Nothing to it," he laughed as we discussed the trip in the lobby of an Amarillo hotel. "All I did was say 'gid-dap' to Minnie and away we went."

And if you're thinking that Minnie is a cow pony, guess again. Minnie is a sleek, streamlined little plane that has carried Howe all over the Southwest. They're as inseparable as the old-time cowpoke and his horse—and infinitely more speedy and efficient.

Howe is only one of the swarms of southwestern ranchers and farmers who take off in a plane as casually as grandpappy stepped into a buggy. They're using planes for a variety of purposes—all of them practical. Take Howe, for example.

When two of his brothers went into the armed forces, Howe offered to supervise their large ranches in New Mexico and Colorado. Ordinarily, that would be a tremendous undertaking for roads are none too good. Windmills must be examined and repaired, fences kept in good condition, and the cattle checked regularly.

Howe's little plane enabled him to handle the job.

"It takes me exactly where I want to go," he pointed out. "Landing that ship is no problem at all. The land isn't too rough or brushy so I never have to worry about cracking up."

Easy-to-fly economical planes are becoming as commonplace in the Southwest as B-29s were over Tokyo a few months ago. Flying farmers are little more of a curiosity than flying cadets at Randolph Field at San Antonio.

J. Floyd Howe of Panhandle, Texas, preparing to enter cabin of Minnie III



Blue Denim

SEVERSON

Take the case of Henry Bomhoff, an Oklahoma farmer. Bomhoff is probably the only farmer in the entire world who learned to fly all by himself after he had taken off and was already in the air. What's more, he built that plane himself. Bomhoff went through some anxious moments up there in the "wild blue yonder" before he finally bounced the plane to a rough landing. Here's what happened to Bomhoff. He decided to warm up the plane and get better acquainted with the controls. Before long he was taxiing around the barnyard. First thing he knew, he was airborne—and decidedly unhappy about the situation as he looked down below. Eventually he learned how to bank the ship and made a rough but safe landing.

Not at all dismayed by this adventure, the overalled Oklahoman kept on flying and before long had earned a pilot's license. His plane has given him a great deal of pleasure. At the same time, it's earned its keep.

Other flying farmers say the same thing. For example, winter weather is no deterrent to a farmer owning a plane. He can fly to town when his dirt roads are bottomless bogs or closed tight with snowdrifts. His plane is handy in case of sickness or machinery breakdown. A doctor who might take hours to drive in a car from town to an isolated farm or ranchhouse in the wide open spaces of the Texas Panhandle country gets there in a few minutes in a plane. When a grain combine breaks down and the only machinery dealer with the necessary parts is 60 miles away, valuable time is saved if the farmer can fly for them.

OUT in the Panhandle, the land is as level as a kitchen table and the wheat fields are as big as all outdoors. They're a mighty comforting sight to a flyer when his motor begins sputtering or his wings become heavy with ice. Landing the plane is as easy on those emergency landing fields as on a municipal airport's paved runways.

It's little wonder that so many Texans are flying. Like their fathers and grandfathers before them, they learned to ride horses before they could walk and to pilot planes just as soon as the law permitted them. Sometimes earlier!

That's why many experts believe that the largest purchases of planes per capita will take place out in the Southwest.

"Nearly every farm and ranch out here is a landing field," points out Colonel Joy Taylor, prominent Amarillo rancher, oilman and director of the Federal Reserve Bank at Dallas. Colonel Taylor returned to civilian life last fall after serving on the Army's General Staff as deputy director of the Fuels and Lubricants Division. He flew to all theaters of the war on his tours of inspection. Definitely air-minded, he also worked with Chester Davis when the latter was with the War Food Administration. It was his idea that Bahamian laborers be transported in Pan American planes to this country instead of in ships because of the submarine menace.



Commodity credit grain bins, Perryton, Texas, viewed from a plane

Three factors were noted by Colonel Taylor in connection with planes for farmers and stockmen. These are safety, comfort and speed.

"Flying is easy," he said, "but we need spinproof planes that also can handle as easy as a Model T car. They should be low priced, too."

Foolproof planes are not just around the corner. Neither are foolproof cars, for that matter. But it's possible to buy a plane that assures simple, easy landings and the same type of takeoffs. The cost? About the same that you'll pay for a new car if you're buying a two-passenger plane. Four-passenger jobs will come a lot higher, of course. Colonel Taylor has several ranches in New Mexico and near Amarillo and his plans called for a five-passenger plane priced around \$5,000 with a cruising speed of about 200 miles an hour. His oil well cementing business before the war carried him on frequent trips to distant places—California and New York—and his private plane carried him back and forth with a minimum of lost time.

Farmers and ranchers will be his customers for small planes, according to Cecil Hunter who operates the Amarillo Flying Center.

"They use them to check their cattle and crops," he pointed out. "It saves a lot of time and expense in getting from their homes out on the range."

Economy is a point frequently brought up when these winged farmers and ranchers get together for a talk. Howe estimates he cruises at a speed that consumes four and one-half gallons to the hour. In that time he flies about 95 to 100 miles on a direct route to his destinations. Therefore it's really cheaper than driving a car because of the lack of stops.

"A trip to my brother's ranch in Colorado would take about six hours in a car," he emphasized. "In my plane, it takes only two hours. That cuts my cost in half. And don't forget the saving in time."

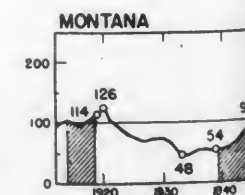
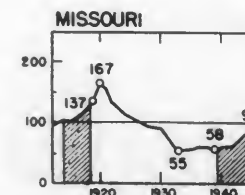
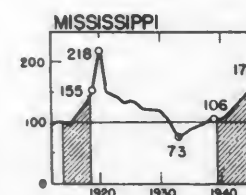
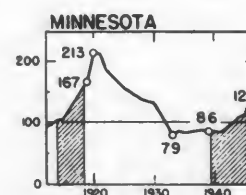
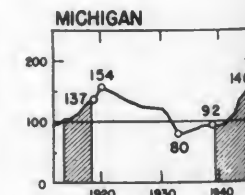
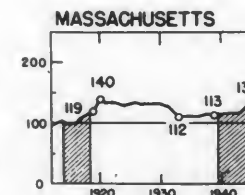
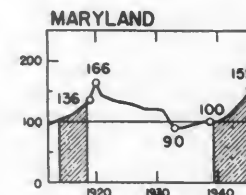
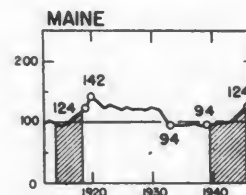
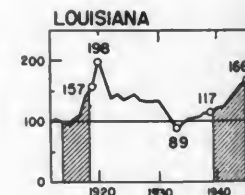
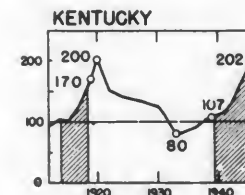
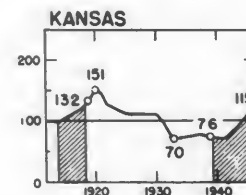
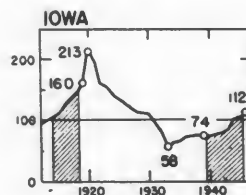
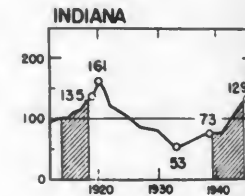
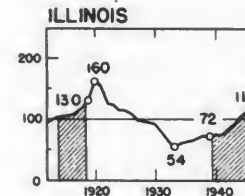
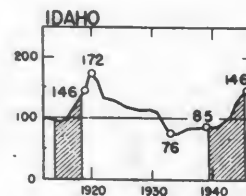
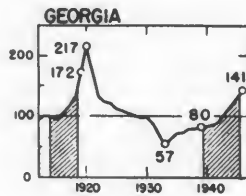
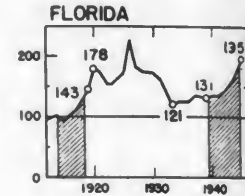
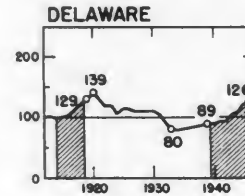
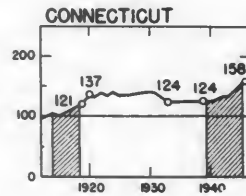
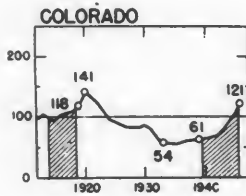
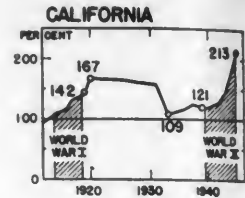
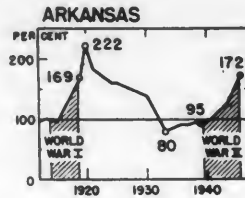
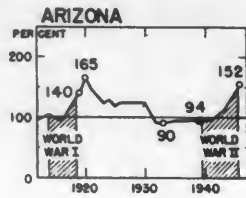
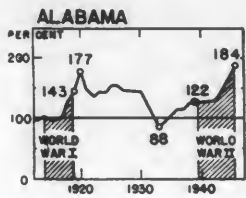
What does a rancher do when he flies out to a herd? "Usually I carry a few supplies in my plane," Howe says. "These are windmill parts or staples."

(CONTINUED ON PAGE 123)

HISTORY REPEATS WARN

FREDERICK LEWIS

The charts on these pages depict farm land price trends. The index numbers represent average prices for

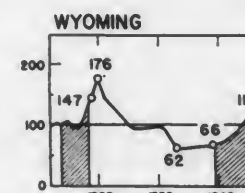
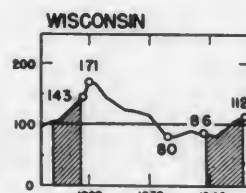
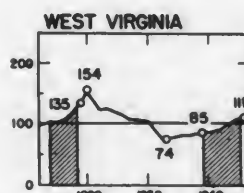
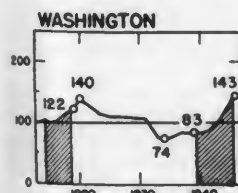
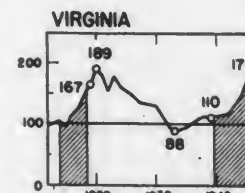
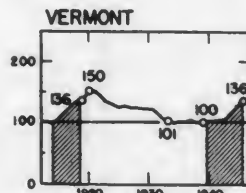
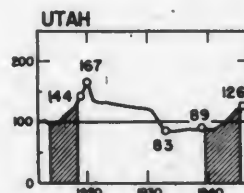
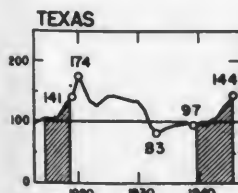
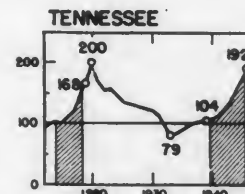
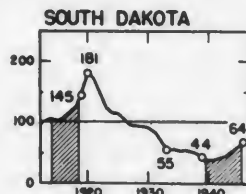
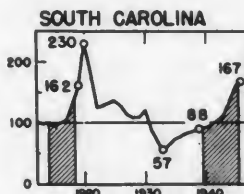
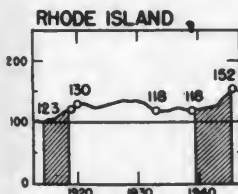
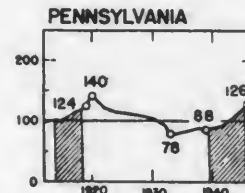
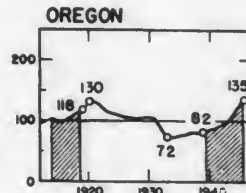
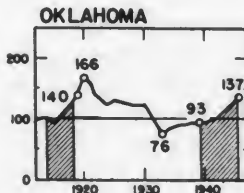
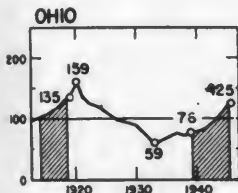
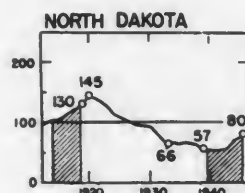
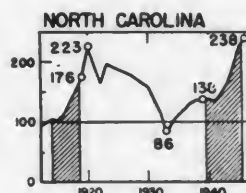
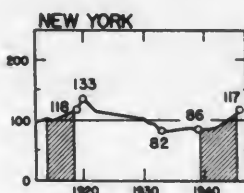
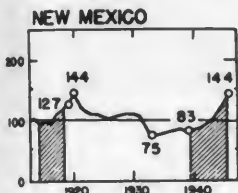
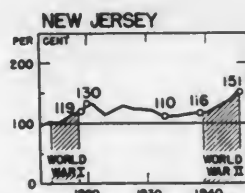
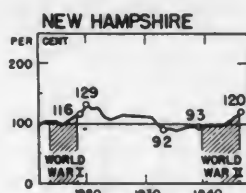
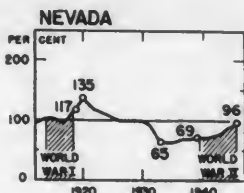
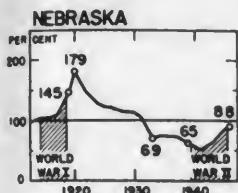


RN FARM LAND BOOM



each state. 1912-1914=100. These charts were prepared by the A.B.A.'s Agricultural Commission

SENDEAU



Data from Bureau of Agricultural Economics

News Around and About

Merchandising . . . Bank Operations . . . Legislation . . . Better Farming

The material in this department is prepared by the staffs of BANKING, the Agricultural Commission and the Commission on Country Bank Operations.

Uniform Trust Receipts Act Recommended

ENACTMENT of the Uniform Trust Receipts Act in those states in which state legislatures are meeting this Winter and which have not previously adopted this measure is strongly recommended by A.B.A. Deputy Manager A. G. Brown and A.B.A. Assistant General Counsel Thomas B. Paton. Mr. Brown is director of the Agricultural Commission of the A.B.A. and Mr. Paton is secretary of the Association's Committee on State Legislation.

"So far as agriculture is concerned, the principal need for this act in the states which do not already have it on their statute books," Mr. Brown said, "is in connection with the financing of inventories of farm implements where the trust receipt seems to be the most desirable instrument to evidence the obligation. In the farm implement financing manual, to be released soon by the A.B.A., considerable detail is given over to this matter. In the general field of consumer credit, the trust receipt is also widely used."

Twenty-one states already have adopted the Uniform Trust Receipts Act, as follows: California, Connecticut, Illinois, Idaho, Indiana, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Hampshire, New Jersey, New York, North Dakota, Oregon, Pennsylvania, South Dakota, Tennessee, Utah, Virginia, and Washington.

"In states not having this legislation," Mr. Brown added, "it would be helpful if all bankers would get in touch with their state bankers association secretaries, members of the state legislature, and other interested people in an effort to start action on this desirable piece of legislation."

Survey of U. S. Bond Portfolios

A nationwide survey of government bonds held by banks with assets of \$7,500,000, or less, is being planned by a special Committee on Government Bond Portfolios of the Commission on Country Bank Operations of the A.B.A. Claude F. Pack, president, Home State Bank, Kansas City, Kansas, is chairman of this special committee.

The purpose of the survey is to enable participating banks to compare their government bond investment policy with that of other banks in the same size groups and in the same locality.

Similar surveys, conducted by the Missouri Bankers



HARRIS & EWING

President Truman receives officers of the Future Farmers of America, which group has a membership of over 200,000. L. to r., Virgil Getto, Fallon, Nebr.; Eugene Starkey, Orlan, Calif.; President Truman; J. Glyndon, Polo, Ill.; Joseph E. Espey, Maryville, Mo.

Association and the South Dakota Bankers Association, were outstandingly successful. The interest aroused by these studies led the Commission to undertake this project.

CCC Calls Wheat Loans

The call date has been advanced by two months on all 1945 wheat under loan and stored on farms and in warehouses in 22 states, under an order issued by the U. S. Department of Agriculture to increase the supply of wheat available to mills in the eastern and southern states. These loans now expire March 1, instead of May 1, and the Government's offer to pay full parity price for 1945 wheat still under government loan also will expire on the same date. The March 1 purchase price will be 15 cents a bushel above loan value, less interest and unpaid warehouse charges.

States where wheat loans are being called under the new order are Colorado, Kansas, Missouri, Nebraska, New Mexico, Oklahoma, Texas, Wyoming, Delaware, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, and Virginia.

As of December 31, 1945, the Commodity Credit Corporation was holding 43 million bushels of 1945 wheat as collateral for loans, of which about 13 million bushels were in the states where loans are being held.

Record of Farm Credit Agencies

Farmers and farmers' cooperative associations borrowed more than a billion dollars from agencies super-

(CONTINUED ON PAGE 56)

Bonds of the City of New York



*Underwriters, Distributors and Dealers—
New York City Obligations—State and other high grade
Municipal Bonds*



Bond Department

**THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK**

Pine Street Corner of Nassau

Tel. HAnover 2-6000

Bell System Teletype N. Y. 1-1010

News Around and About

(CONTINUED FROM PAGE 54)

vised by the Farm Credit Administration in 1945, according to a preliminary report of the U. S. Department of Agriculture. The volume of production credit association loans made during the year was \$516,115,000, compared with \$490,476,000 loaned in the preceding year. Farmers' cooperatives obtained a total of \$361,915,000, mainly from the banks for cooperatives.

The Federal Land Bank System handled more loans than in any year since 1936. A total of \$122,448,000 of long-term farm mortgage loans was made from the Federal land banks and the Federal Farm Mortgage Corporation.

Emergency crop and feed loans amounted to \$16,952,000, and Regional Agricultural Credit Corporation loans totaled \$9,646,000.

Missouri Balanced Farming Meetings

A special series of "balanced farming" district meetings for bankers, county agents and others have been held in Missouri the last few weeks sponsored by the Agricultural Credits Committee of the Missouri Bankers Association in cooperation with the Agricultural Extension Service of the College of Agriculture.

The primary purpose of each conference was to give bankers a picture of the meaning of balanced farming and its effect on farms and on farm family living. In addition, an attempt was made to familiarize local banks with the balanced farming achievement program which the Agricultural Credits Committee of the Missouri Bankers Association has developed in cooperation with the Extension Service.

Each conference started with the showing of a complete set of colored slides. These illustrated how one farm family planned and developed a system of balanced farming. The slides showed the results realized in terms of soil improvement, increases in the quality and numbers of livestock, improvement in livestock management, more efficient production of pasture and other feeds, and increase in net cash returns which made possible further improvement in the farmstead and home to permit more comfortable and satisfactory family living.

Following the showing of the slides, a discussion of subject matter which has particular application to balanced farming systems was made by a specialist from the College of Agriculture.

Immediately after noon of each day, a representative of the Agricultural Credits Committee of the Missouri Bankers Association discussed the balanced farming achievement program and the distribution of balanced farming leaflets prepared by the association for presenting by banks to farm families in the trade territories.

Following this discussion, a field tour was made after each conference to one or more farms where systems of balanced farming have been planned and are in the process of development. This gave the bankers, and others, an opportunity to see the application of balanced farming work at first hand.



Section of format of balanced farming folder

Attendance at the conferences totaled 156, including 53 bankers, 41 county agents and assistant county agents, two representatives each of the Federal Land Bank and Federal Reserve Bank and 58 other interested persons.

Following the afternoon discussion of the achievement program, aerial photos—in color—were shown to the group. They pictured the development of balanced farming plans on a group of farms in the Deer Creek Valley, near Westphalia. These pictures were taken by *Missouri Ruralist* Field Editor Cordell Tindall, who attended the conference.

Bankers who attended the conferences expressed a keen interest in the balanced farming program and the effect it has on the living of farm families. They also seemed anxious to lend their support to activities such as previously outlined.

1944 Loan Cotton Is "Pooled"

All cotton of the 1944 crop still under loan is to be pooled by July 1, 1946, and sold by the Commodity Credit Corporation. Loans are still outstanding on about 806,000 bales out of a total of 2,114,000 bales of 1944 upland cotton originally placed under loan.

Cotton growers will still have a chance to collect something from their equity in cotton under loan even after it is "pooled" but will not be able to order the sale of the particular cotton which they had pledged for loans. The loan agreements provide that on final liquidation of all cotton in the pools, any net proceeds remaining after deduction of all charges will be distributed equitably among the producers.

The 1944 loan rate for $1\frac{5}{16}$ inch middling cotton averaged 21.93 cents per pound. As the present market

prices of part of the pledged cotton are above the loan value, farmers may still sell such cotton, or their "equities," before the loan cotton is placed in pools.

Farm Machinery Financing: A Symposium

EDITOR'S NOTE: The widespread interest in release of the forthcoming A.B.A. manual on farm implement financing prompts BANKING to review here reports on how this business is being developed and processed in various sections of the country.

Small Farm Area

The First National Bank of Niles, Michigan, serves an area of small farms, many of whose owners are part-time factory workers—a condition not uncommon since industry invaded the rural areas during the war. "Because of this situation, we make it our business to know what machinery is being handled by local dealers and what types are best suitable for small farm operations," writes Thomas E. Cain, vice-president. One obvious problem involved here is the tendency of the part-time farmer, flushed with a supplementary income, to set his mind on acquiring larger units of equipment than are necessary to do the job.

Says Mr. Cain, "Our territory does not need larger units; small tractors and attachments are most desirable and highly salable. Knowing this we are able to determine whether a purchase is advisable, and in the event the terms are a little extraordinary we can usually work out a deal with the buyer to adjust payments to his income.

"In a long period of years we have never had to resell one piece of farm equipment, for we make it a point to contact the borrower who cannot manage his payments and either suggest that he resell or exchange the equipment for a less costly unit.

"In our territory the farms usually carry a small dairy herd or have income from the early Summer until late fall crops come in. The carrying rates are unusually attractive at this time, and we feel that any bank can handle this paper profitably and at the same time create a great deal of goodwill."

As for developing business, Mr. Cain adds, "We much prefer either to call on the prospective purchaser or use a direct letter suggesting a call at the bank whenever he intends to finance a new piece of equipment."

No Competition

"As ours is the only bank in town, we do not have the problem of developing proper relations with implement dealers such as might exist where several banks are bidding for this business," writes Adon Jeffrey, cashier, Plainview (Nebraska) State Bank. "We did find it necessary to convince local dealers that bank credit was preferable to other sources, however. I believe they are now sold on the fact that we are better acquainted with the circumstances of the borrower in most cases, and are able to service loans without the friction which sometimes arises out of dealing through other sources, and which is often a detriment to a dealer's customer goodwill."

March 1946

This bank's program of setting up a tractor loan, for example, follows a more or less standard pattern: cash payment of 40 per cent, with balance payable in two, three or four instalments running a maximum of 18 months, and falling due at times coinciding with the farmer's normal income periods. Dealers make out the financing contract, advising the customer that his local bank will carry it. They then bring the contract to the bank and receive a deposit credit, less a 5 per cent reserve fund deduction.

Mr. Jeffrey says, "Before the war, implement finance contracts ran as high as 10 per cent of our total bills receivable, so we felt it well worthwhile developing this business. We've had 100 per cent collection on all contracts with very little trouble. Contracts on new machines are accepted by us without dealer recourse endorsement, and used implement paper is bought on their guarantee—condition of the equipment being such an important factor. To date we have never found it necessary to use the endorsement for collection; in most cases the dealer adjusts the situation by requiring a slightly higher initial down payment."

To banks planning to enter this field for the first time, Mr. Jeffrey suggests these cautions:

(1) Make certain the equipment has been sold at the right price, and that the buyer has actually established the required equity in cash or trade called for in the contract. If you do business with reputable, established dealers, this won't require much watching.

(2) See that payments are met promptly when due, especially Payment No. 1. Machinery depreciates with time, and payments should remain a safe margin ahead of depreciation; in some cases it may require a shifting of the debt liability from the piece in question to other chattel security.

(3) When any delinquencies occur in the contract, keep the dealer informed as he may help correct it.

One-Crop Area

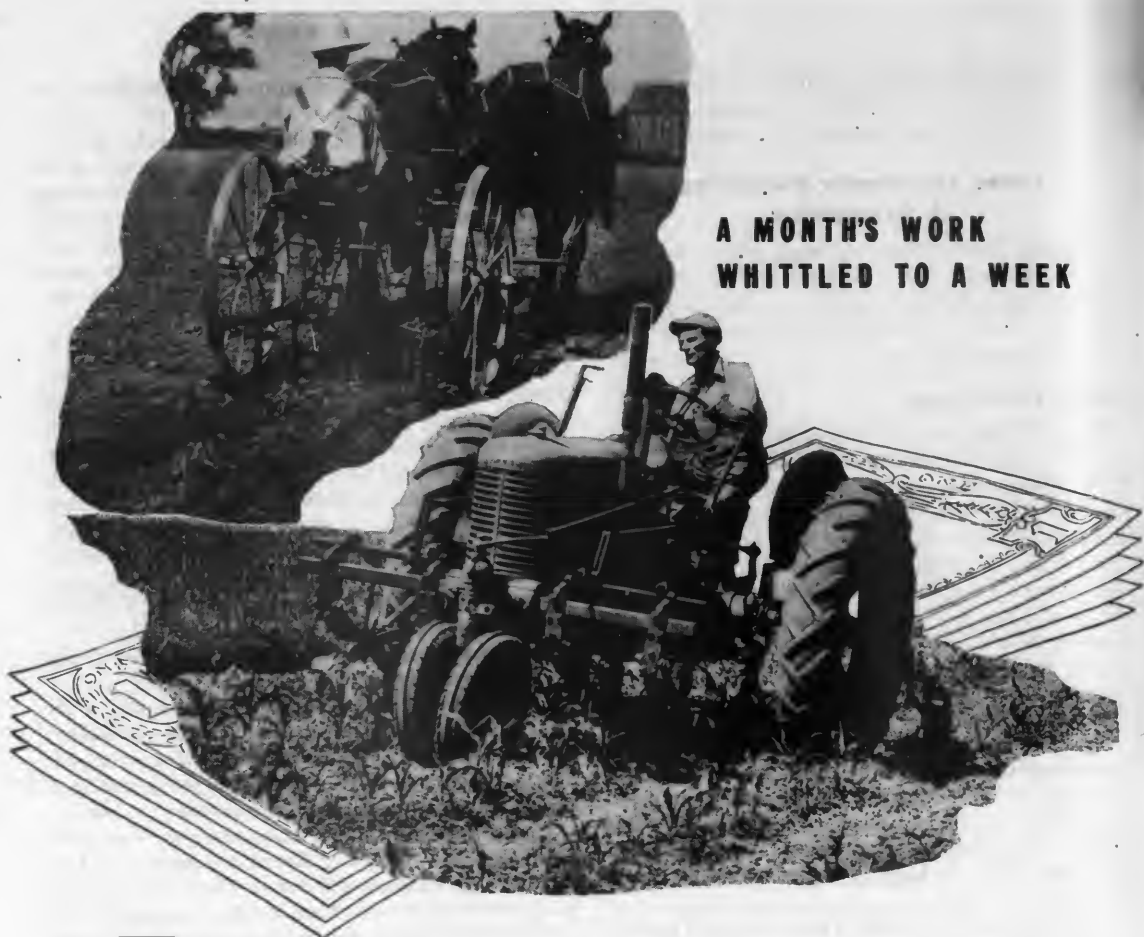
"The Houlton (Maine) Trust Company is one of three banks serving an area of about 20 square miles, having a total population of some 20,000," writes Edward C. Joy, treasurer.

"This is a one-crop farming center—potatoes, for which this country is famous. Our problem is to produce good quality at the lowest possible cost, and several factors determine success: Our farmers must have the best certified seed potatoes, dependable fertilizer, and suitable equipment for the job.

"Our place in this picture is to see that all equipment necessary to produce this crop is in the hands of the farmer. Two methods are used here: The producer may buy machinery on time from local dealers, who in turn borrow from the local banks, or discount the paper. Or the farmer may borrow direct from the banks. Financial statements are required only on applications for \$500 or more.

"We favor direct borrowing since it establishes a credit line which can be used for future loans. If the loan is \$500 or more, we usually take a chattel mortgage covering the equipment purchased, insisting upon a coverage by fire insurance until the loan has been paid.

(CONTINUED ON PAGE 118)



**A MONTH'S WORK
WHITTLED TO A WEEK**

That's What Your Money Does

Plodding along a single row at two miles an hour, the man with the team takes a month to cultivate 60 acres of corn the customary three times. Taking two rows at twice the speed, and saving time at every turn, the man with power-lift cultivator, front-mounted on his all-purpose tractor, can do as much work in a week.

Not all the operations in corn production have been speeded up so sharply. Nevertheless, between the two world wars, on the same farms for which the University of Illinois has kept records through the years, two acres of corn now are grown and harvested in the same number of man-hours it took for one acre a quarter-century ago.

In the liberation of farmers from the limitations of muscle-power and hand methods, bank-

ers have taken an ever-greater part. With his sharp pencil, kindly counsel and timely credit many a banker has pointed the way from high labor-requirement and low return to machinery investments that have multiplied man-capacity and added to net income.

With every prospect that farm wages and bank deposits will continue high, the financing of further farm mechanization promises to be increasingly a sound service and a profitable business. This company and its dealers believe that such business properly belongs to the local bank which maintains all the bank services for the community. The quality which gives Case machines their **ENDURANCE** and economy makes them especially desirable for bank financing. J. I. Case Co., Racine, Wis.



CASE ☆ ★



PARTNERS IN PROMOTING ADVANCED FARM PRACTICES



BUILDING for the Future



Prefabrication Is Still Young

RUSSELL PORTER

Mr. PORTER is a prominent writer on general business and economic subjects.

PREFABRICATION is attracting increased attention in view of the growing realization of the gravity of the country's housing problem. However, public opinion seems to be confused and uncertain about its potentialities because so many conflicting statements have been made and such an aura of mystery has surrounded it.

Some enthusiasts have advanced extravagant claims to the effect that it will revolutionize building methods with phenomenally easy, quick and cheap mass production of hundreds of thousands of houses on assembly lines, just like automobiles, radios, refrigerators, and the like. Immediate achievement of all sorts of postwar magic through the utilization of lightweight steels, aluminum, magnesium, plastics, rubber, glass and other new materials in construction, and wartime developments in air-conditioning, heating, lighting and up-to-the-minute gadgets of all kinds, all at little or no extra cost, has been envisioned. Mass distribution through department stores and something like automobile agencies, dealing directly with the consumer, has been proposed.

On the other hand, critics have argued that practical obstacles, including opposition from conventional builders, contractors and labor, will make all this an idle dream, at least for a long time to come. In addition,

there has been a bewildering degree of controversy over centralized or decentralized production and similar technical problems.

It is perhaps natural in a new industry like this, that thinking should not yet have crystallized, that considerable wishful-thinking and star-gazing should appear, and that contradictory viewpoints should exist.

There are some, however, who have been in the business a comparatively long time, who have more or less sobered down as prophets, and with whom prefabrication has become a reality in one way or another. One of the established experts in the field, who takes a more moderate view than some, appearing to regard prefabrication as an evolutionary rather than a revolutionary process, is John C. Taylor, Jr., president of American Houses, Inc.

Mr. TAYLOR is a Princeton man who took the helm at this company in 1939 after 17 years' sales and management experience, including the vice-presidency of the Taylor, Wharton Iron & Steel Co. at Highbridge, New Jersey and Easton, Pennsylvania.

In a recent interview in his New York office, which was piled high with photograph albums displaying houses constructed by his company's method, Mr. Taylor said that the company, by a process of trial and error, making mistakes and correcting them, and going slowly to prevent further errors, had made steady progress toward what might be called a sort of middle-of-the-

The pictures of experimental prefabricated houses illustrating this article are from *Architectural Record*



road concept of prefabrication which it regards as sound, practical and economical.

From the ferrous metal industry Mr. Taylor brought with him the idea of prefabricating plants as "refining" operations, standing between the producer of raw materials and the building contractor somewhat as the steel mill stands between the iron producer and the fabricator, and performing all those operations which can be done more economically in a factory than at the site, while leaving to the contractor those operations which can be carried on more quickly and less expensively at the site.

He estimated "conservatively" that the company, with total assets of more than \$1,000,000 and eight plants across the country employing some 1,000 workers, has a production capacity of 2 per cent of the housing done in the United States.

"This year's building will depend upon various factors, chiefly manpower and materials," he added, "but if 500,000 residential units are built, this company will build 10,000 of them."

DURING the war the company worked on prefabrication jobs for this Government and England, maintaining the 2 per cent ratio, he explained, with the construction of some 30,000 units since Pearl Harbor. In the postwar period, he predicted, the company should increase that percentage gradually from year to year.

Mr. Taylor pointed out that his company is unique in its field. It builds prefabricated sections at its regional plants for assembly at the site somewhat on the model of children's Mechano construction sets; and it functions entirely within the existing building industry.

"We buy our materials from recognized sources," he went on. "We build everything from workmen's simple cottages to large country and suburban homes and

apartment houses, but we sell only to contractors. We deal with local architects and builders, and local real estate men sell our product or manage it in rented developments. All our plants are AFL closed shops, and practically all the contractors we deal with use union labor. Our product is financed in the regular way, with or without FHA mortgages. It has been accepted by the FHA, banks, building and loan associations, mortgage companies, building code authorities, fire underwriters, etc., practically everywhere in the country. In general, we do not find that labor unions, building code authorities or anyone else tries to sabotage it. We have had nothing but cooperation on the whole."

He thought one reason for this receptive attitude was the fact that company officials take pains to explain their plans and methods to local labor and business groups before entering any territory, assuring them their interests will not be adversely affected through dislocation of manpower or loss of trade to local business men.

"It has to be kept in mind," Mr. Taylor pointed out, "that local sentiment plays a large part in building. People in a community like to deal with local business men and local labor. Furthermore, they need local contacts for maintenance and repair. If something goes wrong with the plumbing, for example, they do not want to be told they have to send to some far-distant city for repairs."

THE local contractor can purchase from American Houses a single package containing everything except the foundation, plumbing, heating and electrical equipment, and the paint. The rest is supplied in prefabricated parts except materials for the floor, roof and exterior, which are shipped in the conventional manner and put together at the site. Brick and stone exteriors are not furnished.

Mr. Taylor said his company uses a wide variety of materials and builds anything from a frame house to a modern-designed fireproof building of steel and aluminum sandwich board with no lumber, according to the architect's specifications in a particular case. Frame is still the cheapest type of construction, he went on, and although more and more use is being made of plywood, plastics and other new materials, they will have to compete in price with wood before they can be used on the large scale some have predicted.

The company's price range is adapted to all income groups, he said, adding that right now the big demand seems to be for units renting from \$30 to \$85 a month, and selling from \$3,000 to \$8,500. He said it is taking orders at these prices and also on homes up to \$20,000, but that there probably will be little high-priced building this year because of priorities on materials for low-cost housing.


Pointing out that 60 per cent of the housing in the United States is built for rent and that most of his company's business is institutional—that is, built for investors to rent—he went on:

"We contend we are able to provide housing cheaper than the conventional methods by as much as 25 per cent in many cases where large projects are involved, although there might be little or no saving in one

(CONTINUED ON PAGE 131)



WHEREVER YOU GO— YOU SEE BURROUGHS MACHINES



This installation of Burroughs machines in the Indiana National Bank, Indianapolis, is just one of thousands found in offices throughout the world.

Whether the need is for one all-purpose machine for many jobs, or many machines for one job—the broad range of adding, calculating, accounting, statistical and cash handling machines developed by Burroughs gives business concerns a flexibility of choice that assures maximum efficiency and productivity from a minimum investment in equipment. That business concerns, large and small, have found it pays to do business with Burroughs is amply reflected in the fact that you see Burroughs machines wherever you go.

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FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

GANGWAY!!! I'm headed for the bank

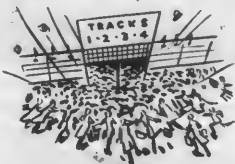


(1) When Joe went to war he left a young and helpless bride at home. Jane was lovely, but a little slow on the business side

BANKING's famous team, Irwin and Kirkpatrick, is back! Before the war, this pair—Irwin, the writer, Kirkpatrick, the artist—did numerous cartoon stories for the



(2) After one year of combat and six months of slap-happy Occupation duty Joe returned to the land of promise



(3) His apprehension increased when he saw the state of the Union. Transportation was a mad scramble. . . . Jane had been traveling



(4) Eating in restaurants was worse than sweating out a G.I. chow line. . . . Jane had been eating in restaurants



(5) The rumors he had heard were indeed true—clothes were hard to get



(6) There were no new cars and, though he had a nest-egg, he had no intention of spending it on a used car



(7) And housing and furniture! Impossible



(8) Yet Jane had required shelter, food, clothes. How had she ever managed? How would he get the essentials of living now?



(9) Well, after a week full of troop trains, processing and demilitarization, Joe reached his home town . . .



(10) . . . and fell into the arms of a radiant wife



(11) When the blur cleared and his eyes regained normal focus he saw that it wasn't a new car that Jane was driving

magazine. Now both are out of the armed service. Irwin has returned to Purse Company, Chattanooga, and Kirkpatrick is a commercial artist.

J. WILL IRWIN and BOB KIRKPATRICK



(12) But it was a '41 model in excellent condition that she had bought a year ago



(13) A cute cottage . . . and she informed him that they owned it . . .



(14) He thought for a minute that occupational fatigue had taken its toll at last



(15) "How did you do it, my endearing young charmer?"



(16) "I grew up while you were gone and developed some business sense. I decided to keep it a secret."



(17) "But look around," he said, "everywhere I see folks scrambling for things."



(18) "Yet you have all we need. Other people have business sense, too. Come, come, what's your secret?"



(19) "There is no other secret, my hero." And Jane told him how she had made plans for gracious living



(20) Shortly after Joe went overseas Jane discussed her problems with her friend at the bank



(21) His helpful advice . . .



(22) . . . his local contacts . . .



(23) . . . and his willingness to aid, enabled her to acquire the things which had dazzled Joe



(24) Joe was a wee hit skeptical. "Combien? sweetheart. How much?"



(25) "His help didn't cost a cent, Joe. Mr. Jones has helped many customers."



(26) "I came home," mused Joe, "with an idea for starting a business. But I didn't know how."



(27) "Now I know. If the bank can help a glamorous blonde you it can help a practical guy."

(28) "Gangway, honey, I'm headed for the bank! . . . er . . . that is . . . let's say . . . tomorrow."





BANKER—BUILDER—MERCHANT

"The 'Dime' is extremely happy and proud to be one of the participants at John W. Wanamaker's Village of Vision.

"We believe this to be the first time that a builder, a department store and a savings bank have cooperated in presenting to the public an attractive plan for acquiring a home.

"These ready-to-live-in homes are keyed to the home needs of today and should help re-

lieve the acute housing shortage. We look forward to the erection of many of these homes in the territories in which we serve. We also look forward to soundly financing the purchasers of these homes under one of our several convenient mortgage plans."

— PHILIP A. BENSON, President, The Dime Savings Bank of Brooklyn, New York

A NEW YORK savings bank, a department store, and a contractor are cooperating in a home-building project which they hope will perform a real service for home builders.

The "Village of Vision" occupies the entire eighth floor of Wanamaker's New York store (a similar display opened simultaneously in the Philadelphia store). Seven full-scale houses and several one-room vacation houses, furnished and decorated by the store, are laid out in village style in complete detail, even to real trees, shrubbery, imitation lawn, and garden furniture.

The "pre-assembled" model houses were purchased by Wanamaker's from the John A. Johnson Contracting Corporation, Brooklyn, New York, which handles their sale directly. Various manufacturers' displays are distributed about the floor.

The Dime Savings Bank of Brooklyn has a special booth where prospective home buyers are given complete information on home loans and mortgage financing. The

bank also distributes a booklet, "Six Ways to Borrow Mortgage Money," including FHA and veteran loans.

The "village" is composed of houses of individual design; ranging in price from less than \$1,000 to over \$6,000. The purchase price includes only the building, exclusive of foundations, erection cost, installation of lighting, heating plant, etc. Although not pre-fabricated, all parts of the house are cut to size and must be assembled by a builder of the buyer's own choice. Blueprints are furnished.

The floor space for the entire display was donated by Wanamaker's. In each house a man or woman is on hand to answer questions, and consultants are also stationed about the floor. Traffic is directed by guides, so that visitors can see everything, pass one of the service centers where literature, including blueprints, specifications, and folders describing the store's furnishings' departments, is dispensed, and finally encounter the Dime Savings Bank's mortgage booth.



This is a section of the booth maintained by The Dime Savings Bank of Brooklyn at the "Village of Vision" display in a New York department store. The staff at the booth is busy answering the financial questions of prospective home-builders

TIE-UP

Here are two examples of how new homes can be merchandised through the cooperation of mortgage lenders, department stores and builders

Consultants at the display are called upon to answer many questions. For instance: "Why are all the bedrooms roped off?" "Why is this particular brand of electrical equipment installed?" "Why can't I buy all the furniture in this house, exactly as it is, and not substitutions, even though they are exact duplicates?"

Personnel of the bank consists of six to eight interviewers who sit at desks behind a railing. Spectators requesting mortgage information are admitted through the inclosure and interviewed individually. If interested, they fill out a preliminary statement in connection with receiving a mortgage. This is merely a formality, as all papers in connection with the actual mortgage are executed at the bank itself. The whole procedure is designed to look impressive and official, but does not actually take any part in the mortgage transaction. Its purpose is to get prospects to the bank, and its motive is merchandising the bank's mortgage service.

A preview of the showing was held several days before the opening date for contractors, builders, tradespeople, and the press. One seasoned reporter became so interested he bought one of the houses before he left with his story.

The showing will continue for an indefinite period. On opening day more than 10,000 persons inspected the "Village of Vision"; by the third day, 17,000 was the daily number of visitors. An estimated total of 100,000 visitors were received during the first week.

Other leading department stores are also offering housing services. Macy's in New York is sales agent for Precision-Built Homes, which is showing also in stores in numerous cities. These houses can be financed by a conventional loan through a bank, or financing company, FHA insured loans, GI loan, and, of course, can be paid for outright. Veterans have priority.

The New York store is showing currently eight houses in the traditional style of architecture, ranging in price from \$5,000 to \$10,000. The price includes excavation, foundation and basement, construction and erection, papering and painting the interior, complete exterior finish, plumbing and plumbing fixtures, sewer, forced warm air furnace, kitchen range, full screens and electric wiring and fixtures, and insulation. It is expected that building will begin in the early Spring.

The merchandising of homes and of home-financing services is regarded by many banks and other interested businesses as an unusual opportunity for service. The promotional activities take many forms, including home builders' and planners' institute, savers' clubs and similar organizations, which are now flourishing throughout the United States as the resumption of building gets under way, even though on a limited scale due to shortages of materials, equipment and labor.



Above, a view of the exterior of "The Stratford," one of the seven full-scale homes shown in the display

Below, a corner of the living room. The furniture and decorations are provided by the store in which the display is set up





Houses for Veterans?

AFTER intensive study of the emergency housing needs of the nation, Wilson W. Wyatt, Housing Expediter, recommended in a report to the President on February 7, 1946, a two-year housing program of unprecedented proportions.

Convinced by his investigation that, even without any reduction in the doubling-up by an estimated 1,200,000 families, over 3,000,000 new low- and moderate-cost homes will be needed by the end of 1947, he set a goal of 1,200,000 new units to be started by the end of 1946 and an additional 1,500,000 units to be started during 1947. The 1947 goal anticipates a production of nearly 600,000 units in excess of the previous record of 937,000 in 1925. He proposed that sale or rental be limited to veterans, except as hardship can be shown by non-veteran families.

President Truman in giving the program his complete and unqualified support called upon all government agencies to cooperate, and urged Congress to enact promptly the necessary legislation.

Some highlights of the program are touched on here.

Prefabricated Housing. A striking feature is the extent to which the prefabricated housing industry is expected to participate. Over 20 per cent of the homes to be provided this year, and 40 per cent of those for next year, are scheduled to be permanent prefabricated units meeting government construction standards and price requirements. This proposed construction of 850,000 prefabricated homes dwarfs any previous production performance by this industry.

The prominence of the prefabricated housing industry in the program is attributed to several reasons. One is the speed and efficiency that characterize its operations. Another is the fact that it can produce homes with fewer highly skilled and trained workmen than conventional construction requires. Also, it is maintained the industry can make use of surplus war plants and substitute materials.

As a means of overcoming a lack of established distribution facilities the program calls for a guaranteed

The Security-Peoples Trust Company, Erie, Pennsylvania, has an active "Own Your Own Home Club." House models and blueprints feature promotion in the bank lobby and window



Housing Expediter Wyatt



INTERNATIONAL

market for prefabricated houses, under which the government will take over homes that remain unsold after a "reasonable period" and dispose of them to veterans as surplus government property.

Conventional Construction. In order to meet the goals, conventional production must be speeded up by making use of improved techniques of on-site fabrication that wartime experience proved to be feasible in increasing output and lowering costs.

The home-building industry will also be called upon to play a big part in the erection of factory-fabricated houses.

Eliminating Materials' Bottleneck. Increased production of building materials is the key to any expansion of the home-building industry and the carrying out of the program will necessitate an eight-fold increase in the amount of conventional materials produced last year. To accomplish this, all existing plants must be brought to capacity operation without delay, unused war plants must be converted, where possible, and new plants must be built if necessary.

To aid in facilitating the acceleration, it is proposed that the Government make premium payments for increased production of materials over and above that of a selected base period, and for increased costs resulting from payment of overtime or the employment of additional shifts. The Housing Expediter has pointed out that the premium payment plan would not be used to subsidize present production, but would apply only to materials produced over and above the present output. As production is increased and the costs of production reduced, the premium payments will be reduced or eliminated. It is estimated that the amount needed for premium payments in connection with conventional materials production may total \$400 million.

In addition to conventional materials, one billion dollars' worth of new or substitute materials will be required under the program, and the Government is

(CONTINUED ON PAGE 129)

BANKING NEWS

Delaware Now 100% in A.B.A. Membership; 29 Banks Join in Month

Non-Member List Is Cut 20% Since September

Delaware is now in the list of states in which all banks are members of the A.B.A. Eighteen states and the District of Columbia are on the 100 per cent roll.

From Sept. 1, 1945, to early February of this year the non-member list was cut nearly 20 per cent by the addition of 110 new members, reports R. L. Dominick, chairman of the Association's Organization Committee.

Twenty-nine banks from 18 states and Mexico became new members during January. They are:

Alabama, Asheville Savings Bank.

California, First National Bank of Fair Oaks.

Delaware, Greenwood Trust Company.

Georgia, Citizens & Southern National Bank (Athens Office).

Illinois, The State Bank of Pearl City; Central National Bank of Rockford; First National Bank of Stockton; Villa Grove State Bank.

Iowa, Lyon County State Bank, Rock Rapids.

Indiana, The Citizens State Bank, Bicknell.

Louisiana, Calcasieu-Marine National Bank; Lake Arthur Branch; Moreauville State Bank.

Michigan, First National Bank, Sturgis.

Minnesota, First State Bank of Murdock; Westbrook State Bank.

Missouri, The Butler State Bank.

North Carolina, City Industrial & Savings Bank, Greensboro.

Oklahoma, First State Bank, Grandfield.

Pennsylvania, First National Bank, Stoystown.

Texas, The Carrollton State Bank; First State Bank, Deanville; McAllen State Bank.

Virginia, Virginia Bank & (Continued on page 69)

C. W. Green, Formerly with CED, Named Head of Association's Public Relations Council

Charles W. Green, formerly public relations director of the Franklin Square National Bank of Franklin Square, N. Y., more recently on leave from the bank as a member of the staff of the Committee for Economic Development, has been appointed director of the Public Relations Council of the American Bankers Association, according to an announcement by Executive Manager Harold Stonier.

Mr. Green succeeds Merle E. Seletzman as Council director. In relinquishing this post, Mr. Seletzman, who is a deputy manager and the secretary of the American Bankers Association and secretary of the Association's Trust Division, will continue to serve as deputy manager in charge of the Council.

"Mr. Green," Dr. Stonier said, "was selected for this post because of his fine record as regional manager for New York State of the Committee for Economic Development, where he has devoted his full time since July 1944 in promoting rehabilitation work in cities and towns throughout the state financed in great measure by local bank credit.

To Coordinate Activities

"His duties with the A.B.A. will be to coordinate all of the public relations activities of the various departments through the Council. The Association will emphasize the importance of banks in various communities relating themselves to community needs in developing the business and social institutions of local areas."

He joined the staff of the Franklin Square National Bank in January 1943, after 23 years of sales, sales management and promotion experience. In addition to acting as public relations director of the Franklin Square bank, he served as new business development contact, small business counselor and assisted in management aids.

He was educated in the public schools of Dayton, Ohio, of which he is a native, and attended the University of Day-



C. W. Green

ton. After serving for two years in the artillery during World War I, Mr. Green joined the International Business Machine Corporation in 1920 and served with that and affiliated companies until 1938, principally in New York City. During the 18 years he was associated with IBM, Mr. Green served as sales representative, branch instructor, manager of national chain store division and divisional sales manager.

He was employed by the Allied Stores Utilities Corporation from 1938 to 1943, serving as sales manager of Metropolitan New York, in which capacity he was active in developing management aids for retail stores and in improving merchandising methods.

Mr. Green is married and lives in Franklin Square, L. I., N. Y., and is a past president of the Franklin Square Chamber of Commerce.

He officially joined the A.B.A. staff on Feb. 18.

Bank Management Commission

The Bank Management Commission of the American Bankers Association met in executive session at the Edgewater Beach Hotel, Chicago, on March 1 and 2. William A. McDonnell, vice-president of the Mercantile-Commerce Bank & Trust Company, St. Louis, is chairman.

Members discussed among other things a simplified formula for calculating FDIC insurance and made plans for future activities.

Registration Is Brisk For Graduate School's 12th Resident Session

Enrolment Limited to 650 Banker Students

Registration for the 12th resident session of The Graduate School of Banking, conducted jointly by the American Bankers Association and Rutgers University at New Brunswick, N. J., officially opened on February 15, and, according to Registrar William Powers, the demand for admission is greater than at any time in the school's history.

The senior class will report at the Rutgers campus on June 15 for the theses examinations. Regular sessions will get under way on June 17, extending through the 29th.

Factors in Admission Demand

Three main factors enter into the unusually large demand for admission to the school, says Mr. Powers. They are: (1) The reputation of the school for graduate work in banking subjects has become so widely and favorably known that it is attracting to it more and more high ranking banking officials; (2) with the passing of the wartime personnel emergency in banks, eligible bank men can now see their way clear to be absent from their bank posts to attend the resident sessions; and (3) a sizable number of men who either entered military service before completing their courses or were unable to continue their attendance during the war emergency period because of manpower shortages are returning this year to complete their courses.

250 Freshmen

Registration will be limited to 650 students, which will permit the admission of 250 freshmen.

The school's faculty numbers about 50 members, composed of college professors, leading economists, government officials and experienced bank executives selected because of their standing in a particular phase of banking.

Cincinnati Convention Is Planned by A.I.B.

Postwar Study Program Will Be Emphasized

The American Institute of Banking is planning to hold its first postwar convention at Cincinnati, June 10-13, it is announced by David T. Scott, national president, and assistant cashier of the First National Bank, Boston.

Representatives of A.I.B. chapters and study groups throughout the country will discuss the Institute's postwar educational program. Emphasis is being placed on plans to aid veterans, postwar education for bankers, and reestablishment of departmental and Institute conferences. William C. Way, trust officer of the Central National Bank, Cleveland, who is immediate past president of the Institute, has been appointed chairman of the Department Conference Committee which is now active in getting conference leaders.

The last regular convention of the Institute was held in New Orleans in 1942. In 1943, the A.I.B. held a wartime conference in Chicago, and a similar meeting in St. Louis in 1944. In 1945 the convention was omitted because of travel restrictions, and a meeting of the Executive Council was substituted. All restrictions for attendance will be removed for the 1946 meeting.

William A. Reckman, president, Western Bank & Trust Company, Cincinnati, is general chairman of the local convention committee, representing Cincinnati Chapter. He is assisted by General Vice-chairman Louis R. Sabo, who is president of Cincinnati Chapter, and Arthur D. Snyder, vice-president of the chapter. Plans are being made for special train movements to accommodate convention delegates. Gibson Hotel will be convention headquarters.

Instalment Lending Costs

A new study analyzing the cost factors of instalment lending is being prepared by the A.B.A.'s Committee on Consumer Credit. It will give bankers interested in entering this field an idea of the relative costs involved.

Country Bank Ad Series Prepared by A.B.A.

The A.B.A. Advertising Department has prepared a special series of newspaper advertisements for country bank use, featuring specific types of agriculture, with supporting direct mail pieces; a 52-newspaper ad informative series, featuring all types of bank services; and a new edition of the booklet entitled "Bank Services for You."

The country bank series is sufficiently varied to enable banks in different sections of the country catering to particular types of agriculture, such as tobacco, fruit, cattle, etc., to select the advertisements suited to their needs.

The informative series on bank services is written in an informal, conversational style and is attractively illustrated.

The department is also revising its booklet, "Home Loans for Veterans."

Secretaries of State Associations to Meet

The state association secretaries in the central states area will hold a conference at the Palmer House in Chicago March 25-26 for a discussion of problems of mutual interest to bankers in this postwar reconversion period.

The central states' secretaries will also elect officers for the ensuing year. Frank Warner, secretary, Iowa Bankers Association, has served as president of the group for the past year.

At a recent meeting of the eastern secretaries in Philadelphia the following officers were elected: *President*, Kenneth McDougall, executive manager, Savings Banks Association of Massachusetts; *vice-president*, J. Walter Taylor, secretary-treasurer, Delaware Bankers Association; *secretary-treasurer*, Albert L. Muench, secretary, New York State Bankers Association.

Small Business Credit

A comprehensive review of the activities of the Postwar Small Business Credit Commission since its organization in September 1944 will soon appear in a pictorial brochure, a copy of which will be sent to all member banks.



More than 200 of the 400-odd Greater New York Graduate School of Banking alumni and students, meeting in New York last month, elected Louis C. Owens, of the Bank of New York and secretary of the G. S. B. Class of 1943, the group's first president and Norman P. Gaffrey, of the New York Clearing House Association, secretary-treasurer. *L. to r.*, C. A. Hemminger, New York State Bankers Association; G. S. B. Director Harold Stonier; President Owens; and Paul W. Albright, of Savings Banks Association of the State of New York

A.B.A. Eastern Conference Offers Bankers Two-Day Program on Savings and Mortgages

Problems confronting savings banks and savings departments of commercial banks were on the program for the A.B.A. eastern regional savings and mortgage conference in Boston, March 7 and 8.

The agenda was planned so as to devote one day to savings affairs and the other to mortgages, with "merchandising" stressed in each case.

Scheduled speakers at the savings sessions included: Dr. Marcus Nadler, professor of finance, New York University; Philip A. Benson, president, Dime Savings Bank, Brooklyn; Harold E. Randall, vice-president, The First National Bank, Boston; John B. Mack, Jr., manager, A.B.A. Advertising Department; J. R. Dunkerley, secretary, Savings Division; and William Powers, secretary, A.B.A. Committee on Service for War Veterans.

On the program for the mortgage meetings were Raymond M. Foley, FHA administrator; Dr. Ernest M. Fisher, professor of land economics, Columbia University; Dr. Harold Stonier, executive manager, A.B.A.; Howard B. Smith, director, A.B.A. Department of Real Estate Finance; John C. Taylor, president, American Houses, Inc.; Gordon F. Christie, mortgage officer, Bridgeport-People's Savings Bank, Bridgeport, Conn.; Edward G. Rounds, Holyoke (Mass.) Savings Bank; and Neil McInnis,

treasurer, Malden (Mass.) Savings Bank.

Myron F. Converse, Division president and president of the Worcester (Mass.) Five Cents Savings Bank, and Fred F. Spellissy, Division vice-president and executive vice-president of the Market Street National Bank, Philadelphia, were the presiding officers.

Subjects on the agenda included advertising, management, GI loans, housing legislation, interest rates, education, mortgage sales methods, and construction loans.

Consumer Credit Committee

Future developments in consumer credit were discussed at a meeting of the Consumer Credit Committee of the American Bankers Association in Chicago on Feb. 19-21.

Carl M. Flora, vice-president, First Wisconsin National Bank and chairman of the Consumer Credit Committee, reports that among the topics considered were: farm equipment financing, modernization loans, automobile financing, state legislation, the Better Business Bureaus' campaign on excessive charges in automobile financing, discussion of desirable legislation to facilitate airplane and automobile financing, nationwide collection system, Regulation W, and instalment loans to small business.

Thomson Letter Reviews State Bank Problems

A review of the problems confronting state banks has been sent to members of the State Bank Division by President H. N. Thomson, who is vice-president, Farmers and Merchants Bank, Presho, S. D. "As a division we shall continue to devote ourselves to the preservation of the dual banking system," Mr. Thomson told the members. "No force in the country has contributed more to its development than this system, for community development in the American way could not have occurred without locally owned financial institutions. Without the dual system, the locally owned bank might have disappeared long ago.

"We of the State Bank Division must ever be jealous of the rights of state banks and must maintain a constant guard against inroads upon their powers," he said.

"Never before in the history of the American Bankers Association has the number of services offered to its members been so great," Mr. Thomson pointed out. "If you are not taking advantage of these services, we urge you to become more fully acquainted with them."

Monrovia Bank Staff Takes A.I.B. Course

Sixteen members of the staff of the Bank of Monrovia, Inc., Monrovia, Liberia (West Africa), have been registered by their bank in the "Banking Fundamentals" correspondence course of the American Institute of Banking. The bank hopes to register 20 additional staff members for this course at a later date.

Six weeks to two months will be required for the lessons to reach the students. To expedite getting the textbooks to them, they were dispatched by air express at a cost of \$65.

A.B.A. Membership

(Continued from page 67)

Trust Company, Danville Southern Bank of Norfolk, Colley Avenue Branch, Norfolk.

Washington, National Bank of Commerce of Seattle, Brewster Branch; National Bank of Commerce of Seattle, Ballard Branch; Peoples National Bank of Washington, Dexter & Broad Street Branch, Seattle.

Wisconsin, Kenosha National Bank.

Mexico, Banco Mercantil, S. A., Tijuana, B. C.

A.B.A. Committee Sees Need for Checking Trend Toward Higher Trust, Estate Taxes

In the interest of the general welfare, the trend toward imposing greater tax burdens on trusts and estates should be stopped and, in some cases, reversed, says the Committee on Taxation of the Trust Division of the American Bankers Association.

In its "Report Proposing Amendments to Federal Income, Estate, and Gift Tax Laws," the committee says:

"With the emphasis which is being placed today on social security and the encouragement which our laws are giving to pension funds, sickness benefits, and other provisions for the security and welfare of employees, it is important that there be no discrimination against the personal trust, which is one of the very oldest means of providing for the security of persons otherwise likely to become dependent on public or private charity.

"Much of the damage done to personal trusts through the tax laws and their administration has been accomplished under the guise of preventing tax avoidance. Undoubtedly some trusts have been used by individuals to avoid taxes.

In their zeal to prevent this, revenue agents in many cases have asserted claims and established principles which have adversely affected many bona fide existing trusts created without thought or purpose of tax avoidance and have effectively prevented the creation of legitimate new trusts. The tendency of many revenue officials has been to ignore the historical background of trusts and to think of them merely as 'devices' to avoid taxes."

The report is a result of two years of intensive study of Federal estate and gift tax laws and income tax laws pertaining to estates and trusts.

"This report constitutes one of the most complete studies to date in this field of taxation," said James W. Allison, president of the Trust Division, and vice-president of the Equitable Trust Company, Wilmington, Del.

The report is submitted in two parts. Part I contains suggested changes in existing laws which are of a fundamental nature and of broad general application, and Part II proposes changes which are of a more technical application.

CONVENTIONS

American Bankers Association

- Mar. 7-8 Eastern Savings and Mortgage Conference, Hotel Statler, Boston, Mass.
- Apr. 14-16 Spring Meeting, Executive Council, French Lick Springs Hotel, French Lick, Indiana
- June 11-14 American Institute of Banking Convention, Cincinnati
- June 17-29 Graduate School of Banking, Rutgers University, New Brunswick, New Jersey

State Associations

- Apr. 4-6 Florida, Whitehall Hotel, Palm Beach
- Apr. 8-9 Louisiana, Buena Vista Hotel, Biloxi
- Apr. 11-12 Indiana, Agricultural Clinic, Purdue University, Lafayette
- Apr. 18 Illinois, Trust Division, Decatur
- Apr. 25-26 Georgia, Sheraton-Bon Air Hotel, Atlanta
- May 1-3 Illinois, Jefferson Hotel, St. Louis, Missouri
- May 8-10 North Carolina, The Carolina, Pinehurst
- *May 8-9 Tennessee, Memphis
- May 9 Delaware, Wilmington Country Club, Wilmington
- May 9-10 Massachusetts, New Ocean House, Swampscott
- May 9-10 Oklahoma, Skirvin Hotel, Oklahoma City
- May 9-11 New Jersey, Marlborough-Blenheim Hotel, Atlantic City
- May 14-15 Mississippi, Buena Vista Hotel, Biloxi
- May 15-16 Ohio, Nell House, Columbus
- May 16-17 Alabama, Jefferson Davis Hotel, Montgomery
- May 16-17 Indiana, Claypool Hotel, Indianapolis
- May 17-18 New Mexico, La Fonda Hotel, Santa Fe
- May 20-22 Missouri, Jefferson Hotel, St. Louis
- May 21-23 Texas, Galvez Hotel, Galveston
- May 22-24 California, Hotel del Coronado, Coronado
- May 22-24 Kansas, Kansas City
- May 24-25 South Carolina, Ocean Forest Hotel, Myrtle Beach

- *May 26-28 New York, Atlantic City, New Jersey Maryland, Marlborough-Blenheim Hotel, Atlantic City, N. J.
- May 28-29 Arkansas, Arlington Hotel, Hot Springs
- June 3-5 Colorado, Stanley Hotel, Estes Park
- June 12-16 District of Columbia, The Homestead, Hot Springs, Virginia
- June 12-13 Minnesota, Nicollet Hotel, Minneapolis
- June 12-14 Pennsylvania, Bellevue-Stratford Hotel, Philadelphia
- June 13-14 Washington, Davenport Hotel, Spokane
- June 14-15 South Dakota
- *June 14-15 Wyoming, Gladstone Hotel, Casper
- June 17-18 North Dakota, Gardner Hotel, Fargo
- June 17-18 Oregon, Benson Hotel, Portland
- June 19-20 Wisconsin, Schroder Hotel, Milwaukee
- June 20-22 Virginia, Cavalier Hotel, Virginia Beach
- *June 21-23 Maine, Poland Spring House, Poland Spring
- June 21-22 Utah, Grand Canyon National Park, Arizona
- June 25-26 Montana, Yellowstone National Park
- June 27-29 Michigan, Grand Hotel, Mackinac Island
- Sept. 9-11 Iowa, Hotel Ft. Des Moines, Des Moines

Other Associations

- Apr. 4-5 Pacific Northwest Conference on Banking, Washington State College, Pullman
- May 15-17 National Association of Bank Auditors and Comptrollers, West Coast Region, Seattle, Washington
- July 28- Aug. 10 Central States School of Banking, University of Wisconsin
- Sept. 19-21 Savings Banks Association of Massachusetts, New Ocean House, Swampscott
- Oct. 14-16 Savings Banks Association State of New York, Chateau Frontenac, Quebec
- Oct. 21-23 National Association of Bank Auditors and Comptrollers, Oklahoma City

* Tentative

Methods and Ideas

A Payroll Savings Allotment Plan

ALVA M. MAISCHOSS AND J. GILBERT NASSOY

MR. MAISCHOSS is in charge of the Buffalo Savings Bank's Payroll Savings Club and MR. NASSOY is the bank's new business manager. In this article they describe the operation of the club.

THE Payroll Savings Club allotment plan is offered by the Buffalo Savings Bank to all manufacturing and merchandising companies of its area. The plan, started in 1928, makes possible systematic saving for the individual with no inconvenience of time or effort to him.

This allotment plan brings the banking facilities direct to its members. Excluding bond accounts, the bank has 23,000 savings club accounts totaling \$4 million in deposits.

The installation of the payroll savings club is a simple, methodical plan without complications. The Buffalo Savings Bank has literature of various kinds describing by word and picture its allotment plan.

The plan is first presented and explained to the head of a company, and a brochure with complete description of the plan is left with him. Then, at a time which he designates, a representative of the bank calls and explains the plan to the personnel manager, heads of departments, and the foremen.

The date is then set for our representative to survey the plant and make arrangements for posting savings club signs throughout the plant. We also request that a notice on the company's letterhead be placed on its bulletin board. Three days preceding the survey our literature is distributed to all of the employees to allow them to acquaint themselves with the plan and decide the amounts they want deducted from their paychecks.

On the appointed date the bank representative, accompanied by a depart-

ment head or foreman, is personally introduced to each employee. In this way, each person who wants to join the club is given an opportunity to talk directly with the bank's representative, who can point out the many advantages of systematic savings.

If the employee decides to join the allotment plan, he is given two cards to sign. One authorizes the company to deduct from each paycheck the amount to be saved and is given to the company payroll department for its records. The second card, which bears the signature, address, age and the amount to be deducted, is returned to the bank, to be used as a signature card.

THE signature cards are delivered to the punched card department where a deposit card is prepared. A code number is assigned to the new company and, if the company is large enough, a control or section number is assigned. The company and control numbers are punched into each deposit card, together with the depositor's name, clock number, new bank account number, and the amount he wishes to save each pay period. Likewise, a transaction card and statement card are made out bearing the company number and control number, the bank account number and the depositor's name. The transaction card carries the present balance and is used to record deposits and withdrawals. The statement card contains a transcription of all transactions and balances. After these are punched and verified, a list in duplicate is prepared from the deposit card in clock number order, by departments or in any manner that the company desires. The list contains the depositor's name, his clock number, his bank account number and the amount to be deposited. At the end of the list an automatic total is printed. The de-

posit card is also used to make an identification card for the depositor showing his name, clock number and new bank account number. These cards and duplicate list are then sent to the company for the first payroll deduction.

The company's payroll department indicates on our prepared list the deductions made by the employees. Increases or decreases in amounts are noted on the list and temporary outs or cancellations are so marked. New accounts are added at the end of the list and the total is changed according to the additions or deletions. One copy of this list, accompanied by a check to cover the total deposit, is sent to the bank.

The deposit cards that originally comprised the list are adjusted to agree with the permanent changes, i.e. cancellations, permanent increases or decreases in the amount of the deposit, change of clock number and new accounts. The deposit cards are then put through a tabulator and a new list is run and immediately sent to the company for the next pay period. In the meantime, the temporary changes are made and the cards tabulated to prove the total deposit on the cards and the amount of the check received. These cards are then sorted on the sorter in account number order.

ON the banking floor, the transaction and statement cards are kept in our account number order for over-the-window withdrawal and additional deposit transactions. These two cards have the bank account number, the depositor's name, the coded company's number and control number punched and interpreted on them. The transaction card also has the current balance and interest statistics punched and interpreted on it. The statement card has a dual transcription of the activity

DEPOSIT TICKET

2095

THIS TICKET IS TORN OUT AND SENT WITH DEPOSIT.

DATE 19	WITHDRAWAL OR TRANSFER	TODAY'S DEPOSIT	TOTAL ON DEPOSIT
	AMOUNT FORWARDED		

This is a page from the Worcester school savings bank book. A carbon of the ticket is torn out and placed with the deposit in a school envelope

School Savings Withdrawal
THE MUTUAL SAVINGS BANKS OF WORCESTER

Please pay to me

DOLLARS	CENTS

 from my Account No. _____ Date _____

PUPIL'S SIGNATURE _____

School _____ Room _____

Approved FATHER _____
MOTHER _____

The above form is made out and given to the school teller with the bank book

SCHOOL SAVINGS
THE MUTUAL SAVINGS BANKS OF WORCESTER

DOLLARS	CENTS

 Date _____
Acc't No. _____

Received the above amount from my School Savings Account.

Name _____

School _____ Room _____

Above, withdrawal slip. Below, form used to transfer funds to a savings bank

SCHOOL SAVINGS
THE MUTUAL SAVINGS BANKS OF WORCESTER

DOLLARS	CENTS

 Date _____
Acc't No. _____

Please Transfer the above amount to a Savings Account in:

THE MUTUAL SAVINGS BANK OF YOUR CHOICE

NEW OR OLD ACCOUNT

PUPIL'S SIGNATURE _____

School _____ Room _____

THE five mutual savings banks in Worcester, Massachusetts, in cooperation with the city's school department, are starting a school savings program that lets the youngsters do their own banking. Pupils will be the bankers, collecting and accounting for all funds.

During the war these five institutions—Bay State Savings Bank, People's Savings Bank, Worcester County Institution for Savings, Worcester Five Cents Savings Bank, and Worcester Mechanics Savings Bank—conducted a "School-at-War" program in the public and parochial schools. From March 1942 through 1945, a total of \$1,632,416 was collected for the purchase of War Bonds and Stamps.

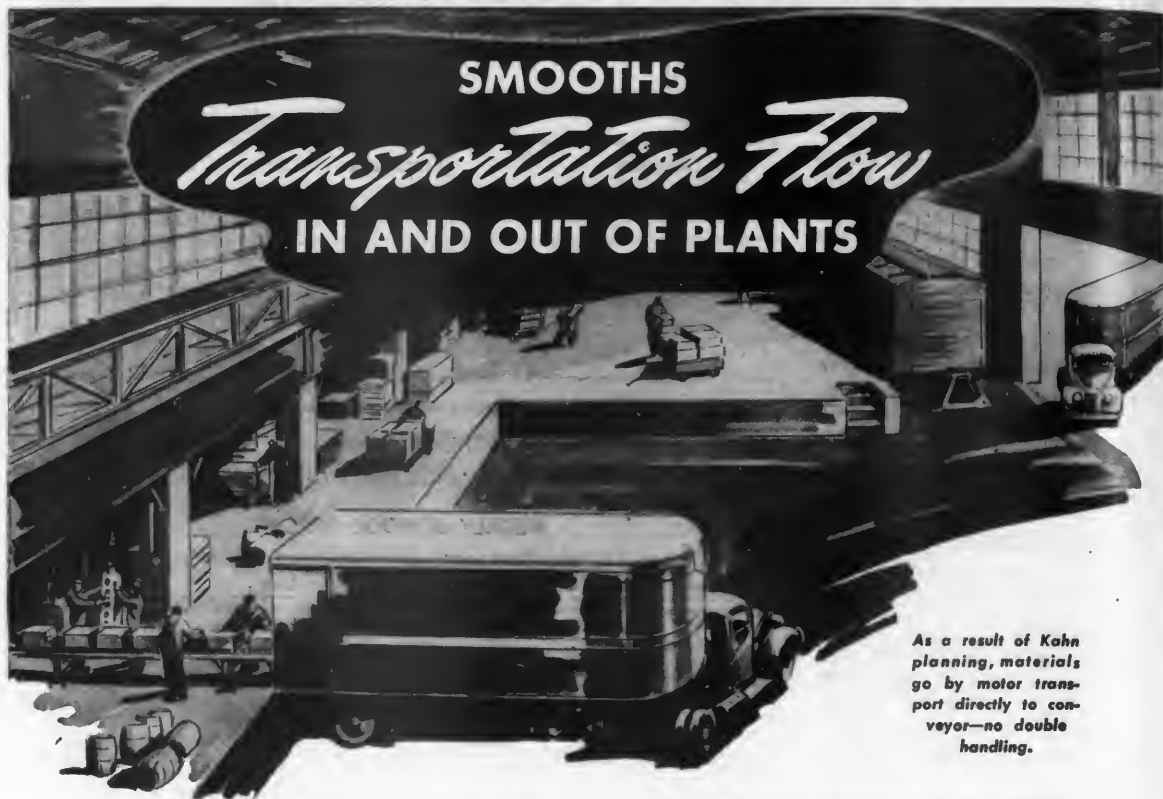
The new program is a natural follow-up. Under the guidance of Miss Charlotte M. Vaughan, as Director of School Savings, the 34,000 children in Worcester's schools will have available a practical course in thrift education.

Each pupil gets a savings deposit book that records his transactions and balance. In each school pupils in the higher grades will act as bankers in accepting deposits, making entries in the school bank book, proving the day's deposits, and making out the proof or report envelopes for each room.

As the first step, the child brings in a signature card signed by himself and both parents, giving the usual account information. On the reverse side the pupil is told to give the card to the teller in his room on "bank day" together with his first deposit of at least five cents. His passbook is delivered to his school room the following week. This card is presented by the pupil with the money for the first deposit and then a book is issued. Entries are made on the first page, and by use of a spot carbon a duplicate entry appears on the next sheet which is torn from the book and used as the deposit slip.

THE duplicates and money are placed in a room envelope which in turn is placed in a school or summary envelope by the assistant to the principal. This envelope is taken by a school collector to the central office where the cash is proved against the duplicate slips. These are then sorted numerically and posted on a ledger account so that at all times there is a permanent record for each depositor.

(This advertisement is appearing in a number of National Publications in the public interest!)



SMOOTHS
Transportation Flow
IN AND OUT OF PLANTS

As a result of Kahn planning, materials go by motor transport directly to conveyor—no double handling.

Industrial plants designed by Albert Kahn Associated Architects and Engineers, Inc., link motor transport directly to production lines!

The firm of Albert Kahn, like other modern architects, designs motor transport right into a building in exact accordance with production requirements.

The result—as the Kahn organization states in articles in ARCHITECTURAL RECORD and MILL AND FACTORY . . . "Materials are brought indoors as soon as possible—manual handling is replaced by mechanical means . . . mechanical equipment is used for unloading."

Shipping and receiving facilities in the Kahn-designed buildings, according to these authorities, "are best determined on each individual project by joint consultation between plant officials and the industrial architects."

Your Traffic Manager and other factory

executives who are interested in saving time, money and human energy know the value of planning the flow of transportation internally as well as externally. Put them and an experienced motor transport operator on your new-building committee.

World's Largest Builders of Truck-Trailers
FRUEHAUF TRAILER CO. • DETROIT 32
 8 Factories—60 Factory Service Branches

YOUR ARCHITECT KNOWS!

A recent survey among leading Architects revealed a wealth of advance thinking on the subject of motor transport terminal facilities. If you are planning a new plant or the expansion of your present one, ask your Architect for his ideas on how you can take full advantage of this modern production tool.

FRUEHAUF TRAILERS



"Engineered Transportation"
REG. U. S. PAT. OFF.

Financing Appliances for Dealers

A STREAMLINED financing service for radio and appliance dealers and merchant plumbers in central and southern California has been inaugurated by Security-First National Bank of Los Angeles.

Pending the return of consumer goods in large volume, the bank is laying the groundwork for the operation of its plan, known as "Security-Way Credit." It is advertising in two dealer publications, the *Furniture Field* and the *Western Plumbing and Heating Journal*, in order to reach dealers in the area where it operates its 120 banking locations, said Don Z. Albright, vice-president and manager of the bank's instalment loan division, through which funnels all of its consumer credit financing. Mr. Albright added that consumer advertising would be placed in 75 daily and weekly newspapers, and would appear on radio, billboards and car-cards just as soon as the new merchandise begins flowing.

The bank has furnished principal speakers on several occasions for various dealer organizations in Southern California. All phases of "Security-Way Credit" were explained at these meetings. Fred M. Clark, assistant vice-president, talked to 150 leading radio dealers at a session of the Southern California Radio and Electronics Association, and William D. Conel, assistant

vice-president, addressed 150 master plumbers at a meeting of the Merchant Plumbers Association.

Representatives of the bank have held several group meetings with the dealer representatives of utilities operating in Southern California. These utilities work very closely with appliance dealers.

Representatives of the bank have also been in close direct contact with the dealers, acquainting them with the use of the bank's financing services. As a first step in this direction the advertising department prepared a "Security-Way Credit" manual which explains the plan and shows how dealers may utilize it. Art work in color helps make the manual more readable.

Security-First National emphasizes that its enlarged, streamlined program is a complete financing service, giving dealers both flooring and discounting accommodations.

Dealers offer their customers the plan at a uniform, low-cost rate of \$6 per \$100 per year on a monthly pay plan. "Add-on" business is handled at the same rate. Simple, easy-to-use forms, enabling dealers to complete instalment sales without red tape and annoyance, are furnished by the bank. Samples of these forms are placed at the end of the bank's dealer manual.

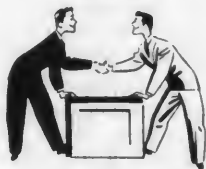
In laying its plan before dealers, the bank stresses that they may expect prompt and efficient service by trained, experienced personnel at all of its 120 locations. All types of major and minor appliances and equipment are eligible for the credit. These include electric and gas refrigerators and stoves, washers, vacuum cleaners, home freeze units, frozen food storage cabinets, radio and phonographs, portable air conditioning units, all kitchen and table appliances, as well as commercial, industrial and professional equipment. Any of these may be combined on any one contract.

THE credit plan provides flooring accommodations, available to dealers at a 50 cents per item flat charge plus 4 per cent simple interest. The plan enables dealers to carry an adequate stock with a minimum investment and helps them maintain strong liquid positions and build up cash on hand. Dealers are allowed an initial period of 90 days to sell floored merchandise, and get extensions of time when necessary with minimum reductions required.

Under its flooring accommodations the bank provides insurance of floored merchandise against ordinary hazards, including fire, theft and transportation, at no cost to the dealer.

Dealers have the option of using credit for discounting of contracts on either a recourse or non-recourse basis. Under the recourse plan dealers participate in the finance charge on every contract. The difference between the rate at which the contract is written and the bank's buying rate is held in a special reserve account set up for each dealer. Over a period of time and with

From the dealer manual explaining the bank's credit plan and its use



**FRIENDLY BANK
FURNISHES ALL
YOUR FINANCING NEEDS**

SECURITY-WAY CREDIT is a modern, streamlined method of financing your flooring and instalment sales operations. Through SECURITY-WAY CREDIT you offer your customers dignified financing at a cost of only \$6 per \$100 per year and make it easy for them to buy your merchandise. You also affiliate your business with a friendly bank which, by courteous, low-cost service, has built up good will and public confidence for more than 70 years.

satisfactory experience the funds in his account become additional profits to him.

The bank pays promptly on every contract it discounts. In fact, payment is made by check or credit the same day the contract is accepted.

Under the recourse plan the bank accepts all accounts, but makes a credit investigation and advises the dealers where, in the judgment of experienced credit analysts, difficulty may be anticipated or the risk is not entirely favorable. The bank assumes the responsibility of making all collections. The assistance of the dealers is optional in effecting collection of slow accounts.

Under the non-recourse plan the bank purchases contracts from dealers at the rate they are written plus 1 per cent, and pays promptly on every contract discounted. However, the bank reserves the right to accept or reject any contract. It tells dealers that merchandise should not be delivered until it has made an investigation and has approved the contract. Incidentally, the bank makes its credit investigations promptly, and at no cost to dealers.

The bank requires that all payments be made direct to it if the contract has been accepted on the non-recourse basis.

Although dealers are relieved of any credit liability under the non-recourse plan, the bank will enter into an agreement with them whereby they are to repossess merchandise, when requested to do so, and to repair such merchandise at actual cost of labor and material.

Under both plans the bank provides insurance against numerous hazards, including fire, theft and transportation, at no cost to the dealer or his customers. As additional protection to dealers operating under the recourse plan, the bank pays for and provides insurance against fraudulent concealment and disposal by the purchaser.

As an adjunct to its flooring and discounting services, the bank also assists dealers through extensions of credit under FHA Title I or bank real estate loans for the construction of buildings and the improvement or enlargement of their present quarters.

Free advertising material will be supplied to dealers by the bank to promote the sale of home appliances on credit. This material includes:

Part of the bank's enlarged instalment loan division. In the foreground are, *left to right*, Robert Collins, assistant manager; W. D. Conel, assistant vice-president; L. W. Craig, vice-president; Fred M. Clark, assistant vice-president; and Don Z. Albright, vice-president and division manager



FURNISH YOUR HOUSE WITH NEW APPLIANCES THIS EASY WAY—

1. Select all the items you want
2. Make minimum down payment
3. Pay one small amount monthly

EXAMPLE

Appliances you select cost	\$150.00
Down payment you make	50.00
Balance to be financed	100.00
Total amount to repay (cost included)	106.08
Your monthly payments for 12 months — only	\$8.84



A folder for distribution to dealers' customers

- (1) Folders imprinted with the dealer's name announcing the new credit plan—ready for him to mail to prospective customers.
- (2) Display cards featuring the credit plan for the dealer to set up at the point of sale.
- (3) Small tags showing price and monthly payment to be attached to merchandise.
- (4) Window streamers announcing the credit plan.
- (5) Floor stands holding 24" x 36" display cards featuring "Security-Way Credit" advantages.
- (6) Attractive, colorful decals, for dealers' display windows, announcing the credit terms.

The ink was hardly dry on the bank's various types of printed material before many dealers began asking that the word "bank" appear in the name of the plan. Mr. Albright explained that the bank was pleased to get this reaction, and that it had decided to refer to the plan henceforth as "Security-Way Bank Credit." In asking for the change, dealers pointed out that "bank" lends prestige and makes the name more acceptable to prospective instalment buyers.

To prepare for the large volume of loan business expected through the plan, the bank's instalment loan division has moved to new and larger offices on the mezzanine floor of the building housing the bank's Fifth and Spring office in downtown Los Angeles. Here the department now has a staff of 14 experts in the administrative work on consumer-financing.

The department also maintains a school for trainees who, after completing an intensive course in all phases of consumer financing, are assigned to permanent positions in the branches.



How to make customers happy

Later on—we mean, after the uproar has calmed and the depositor who was relieved of his wallet at gun-point has calmed down, too, you can let out some good news.

Although usually a bank isn't legally liable for customers who are held up on the premises, losses can be reimbursed under BBB No. 24 just the same!

Good public relations? You bet! Just one of the added features in Indemnity Insurance Company of North America's BBB No. 24.

Mind you, all Bankers Blanket Bonds are *not alike*. Some are of limited form. Is yours? If it isn't the BBB No. 24 model, you owe it to yourself to ask your insurance man to show you just *how* and *why*.

Why not play safe and find out?

* * * *

Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which meet the public demand for practically all types of Fire, Marine, Automobile, Casualty and Accident insurance. Sold only through your own Agent or Broker, North America Agents are listed in local Classified Telephone Directories.



INSURANCE COMPANY OF
NORTH AMERICA
 COMPANIES, Philadelphia

INSURANCE COMPANY OF NORTH AMERICA • INDEMNITY INSURANCE COMPANY OF NORTH AMERICA • PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY • THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA

Methods and Ideas

Signature Verification Time-Savers

J. E. MOORE

MR. MOORE, assistant cashier of *The Fidelity National Bank, Elmhurst, New York*, says he wrote this article on signature verification "with the object of correcting a situation which is daily causing us a considerable loss of time." He hopes that other banks, which "must be experiencing similar difficulties, will appreciate the need for improvement and take it seriously enough to do something about it."

WHILE the type of letter in use between banks seeking credit information is fairly uniform in size and composition, it is equally uniform in its lack of any specific data that would assist the institution addressed in locating the name quickly and insure a prompt, accurate reply. This is especially true when the inquiry also involves verifying a signature. The fact that the relationship between the bank and the customer may have embraced one of the minor services of banking complicates the ready location of the record required. It is this form of inquiry that is discussed in this article.

Before the war most letters of this type concerned depositors who had checking accounts. The routine involved in replying consisted of looking up the name on an average balance card which told most of the story, i.e., average balance over a period of years, and past and present borrowings. If the account warranted more detailed information, further particulars could be found in the credit file.

Now, however, with the additional facilities offered by banking, often including but a single transaction, this is not so, and the need for effectual identification of the signature is emphasized. The Treasury Department has brought this matter to the attention of the individual by having printed at the bottom of its checks, "Know your endorser—Require identification"; and, as a further reminder, a poster urging care is prominently displayed on our main banking floor.

VERIFYING signature on many types of documents is daily procedure, and it has become almost second nature when opening any type of account for the banker to request a specimen signature for written confirmation of the new client's identity.

To guarantee a signature merely because an account is maintained in the name concerned without having made some effort to verify it when originally opened is very risky. If possible, of course, we all want an identification to be made by another banking institution. Whether that connection is still in existence or was terminated years before, however, is the important point, but too often does not appear to enter into the conversation of some bankers and their new customers.

Usually the inquiry indicates only the name being in-

vestigated and is addressed to the main office of the institution, leaving to the receiving bank the task of examining its records thoroughly to eliminate error before replying. Where numerous inquiries of this nature are received daily, the loss of time cannot be ignored, especially if a branch office is maintained. Even though there may be a central file of active accounts, such records rarely take into consideration other than regular checking accounts and if the name is not in that file, it means that all other departments of the bank which could have had dealings with the individual must be checked at the main office before forwarding the inquiry to the branch office, to which it should have been directed in the first place.

USING our own institution as an example, our main office has no central card index system of accounts at the branch, so we first check our open and closed account cards covering our regular checking accounts. If the name sought is not there, we try our thrift department's open and closed records; if still unsuccessful we advance on the files of our special checking departments, safe deposit box holders and loan accounts, in that order. If we are then unable to obtain the information, we send the inquiry to our branch office where the same procedure must again be followed.

To the large city banks having numerous branches the problem becomes even more involved. It would not be practical, of course, to send the original inquiry to each branch in turn, so a "round robin" is prepared giving all the information available on the name and sent through branch clearance. When the proper office has been located the inquiry is sent there for reply.

All this lost motion might have been eliminated if the person handling the new depositor at the originating bank had assisted with the following specific information:

Name and address as carried on the books of the bank receiving the inquiry; branch of the bank in which the account is domiciled; type of account; whether presently active or closed.

Two types of inquiry currently in use could be improved. The first is the regular credit inquiry to which is attached a form about two inches by four inches giving the name of the bank addressed, the specimen of the signature to be verified and a line for the signature of the officer attesting its authenticity, similar to one at the top of the next page:

Bank . . . after bank . . . after to the

NOW that machines are again available, more and more banks are joining the thousands that already use the Recordak Single Posting System. Read this, and you'll see why . . .



1. IT IS SPEEDIER, more accurate. Not only has Recordak single-run with sight pay proved to be faster than machine pay with its dual-run inefficiencies. It has also proved to be more accurate. This is the first reason why so many leading banks have "gone photographic"—with the Recordak Single Posting System.

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its uses in banking systems

bank is changing

Recordak Single Posting System



2. IT SUBSTANTIALLY INCREASES the number of accounts bookkeepers can handle. It substantially decreases the number of machines needed, the stationery used. To banks that pride themselves on efficiency, savings like these constitute a second most important advantage of doing bookkeeping the Recordak way.



3. IT GIVES NEW PROTECTION both to the bank and its depositors . . . providing records that are tamper-proof, alteration-proof, substitution-proof. This is the third consideration that has caused so many banks to adopt the Recordak Single Posting System. Only Recordak microfilming assures such complete protection.



4. IT SAVES SPACE . . . by eliminating big, bulky ledgers . . . by making it possible to file old ledgers on micro-size Recordak film. This is the fourth reason why so many banks have changed to the Recordak Single Posting System. They understand the importance of utilizing space for profit making rather than storage.



5. A NATION-WIDE STAFF of bank-trained men install and supervise Recordak Systems. This is a fifth reason for their widespread acceptance by banks. In our new book, you'll find many other reasons. For your free copy, write—Recordak Corporation, Subsidiary of Eastman Kodak Co., 350 Madison Ave., New York 17, N.Y.

Mail this coupon for **FREE** book

RECORDAK CORPORATION
350 Madison Avenue, New York 17, N. Y.
Please send me the new book about Recordak,
"In Bank . . . After Bank . . . After Bank."

Name _____

Bank _____

Street _____

City _____ State _____

JOHN J. McCANN

Checking Account Features

THE CORN EXCHANGE NATIONAL BANK AND TRUST COMPANY, Philadelphia, as an aid to budgeting household expenses, has introduced a new feature for special checking accounts. Each book of 20 checks contains two monthly budget summaries covering expenses and income, with spaces provided for cash on hand, cash in the bank, salary and other income, with the surplus remaining after the monthly expenses are deducted. The convenient forms provide a means of ascertaining the monthly financial position of a family or an individual.

Veterans' Round Table

The COLORADO BANKERS ASSOCIATION is one of the organizations and agencies that have contributed to a GI radio round table program sponsored by the Colorado Veterans' Council.

Extending over a period of several months, the program, broadcast by NBC Station KOA, Denver, has covered topics of vital importance to returning service people: loans, insurance,

jobs, etc. Broadcast each Friday night, the programs brought to the microphone experts in the various fields who discussed with a serviceman from the nearest separation center the subject of the evening.

On the GI loan program, James C. Scarboro, secretary-treasurer of the Colorado Bankers Association, was one of those having a part in the script.

Reading Club

COLONIAL TRUST COMPANY, New York, sent to personal checking account customers an invitation to become members of "The Colonial Winter Reading Club."

The club offers subscriptions to one of several popular monthly magazines for each new personal checking account introduced to the bank by a depositor. Cards of introduction have been furnished to all the institution's clients to be given to their friends; the cards can be presented at any one of the bank's four offices, and when an account is opened through such an introduction, the magazine subscription selected by the customer is placed immediately.

There is no limit to the number of subscriptions. The client may also request that the magazines be sent to friends as gifts.

Bank-Agent Auto Plan

The INDUSTRIAL NATIONAL BANK of Chicago has released to the insurance men of Chicago a kit containing personalized sales aids, in a bid for the bank's share of the anticipated 1946 automobile financing. These aids, consisting of blotters, agent's cards, stickers, return postcards, folders, etc., are prepared at the expense of the bank for distribution to the insurance man's clients and prospects.

The campaign is identified with the national cooperative plan of the National Association of Insurance Agents in cooperation with financial institutions, known as the Bank-Agent Auto Plan. Its primary appeal to the car buyer is the lower rates and absence of hidden costs. Under this method the dealer does not share in the financing charges, thus reducing the amount paid by the purchaser.

The plan gives complete freedom to the purchaser to select his own insurance. The bank does not participate directly or indirectly in any insurance commission, nor does the insurance man participate in the financing charge.

Local Industry

SECURITY PEOPLES TRUST COMPANY of Erie, Pennsylvania, has been using a series of newspaper advertisements illustrating the uses to which the bank's money is put. Entitled "Industrial Diversity, the Key to Erie's Progress," the ads depict in line drawings various industries and businesses of the area. Copy explains how the bank's funds contributed to the concerns' successes, with mutual and community benefits.

The industries thus featured have circulated clippings of the ads and received favorable comment from many business men in other cities. The bank has also had considerable correspondence on the series and several new accounts have resulted.

Small Business Credit

Walter B. French, deputy manager of the American Bankers Association, in an address to the Louisiana Bankers

(CONTINUED ON PAGE 84)

A GI radio round table in Denver — left to right, seated, Maple T. Harl, FDIC chairman (formerly Colorado bank commissioner); E. L. Spangler, loan guarantee officer, Veterans Administration; Sergeant Robert Freeland, Buckley Field; James C. Scarboro, secretary-treasurer, Colorado Bankers Association; Benjamin Jacobs, veteran; Walter Nelson, RFC; standing, Cecil Seavey, KOA announcer; William Mann, information representative, VA; Ralph L. Williams, Smaller War Plants Corp.





Explore Your Customers' Export Collection Business Now!

THE EXPECTED expansion of foreign trade should create many opportunities for correspondent banks to improve customer relationships. The handling of export collection items offers a particularly fertile field. Though few of our correspondent banks maintain complete Foreign Departments of their own, they are not handicapped. They initiate these transactions; we furnish the facilities.

We send foreign collection items direct to our several thousand bank correspondents throughout

the world. These transactions thereby receive the careful attention of banking personnel thoroughly familiar with *local* conditions and customs.

Our "Exporters Handbook" contains the essence of pertinent exchange regulations of countries throughout the world and contains other valuable information highly regarded by those actively engaged in international trade. We shall be glad to forward a copy to banks to whom it will be helpful in answering customers' inquiries.

MANUFACTURERS TRUST COMPANY

55 Broad Street, New York 15, N. Y.

Member Federal Deposit Insurance Corporation

★
★ **THE**
★ **HAMMERMILL**
★ **COLUMN**
★

Now that the waste paper drives are over, a group of slick forgers are conducting a drive of their own on the wastebaskets of banks. They have discovered that there is gold in those unobtrusive, utilitarian objects.

★ ★ ★

The scheme is simple. No elaborate preparation is necessary. And the forged checks are cashed right there in the bank that services the accounts!



Here's how it operates: The forger enters a busy bank and moves from one writing table to another before he fills out a deposit slip. Occasionally his pen, or a newspaper, or some other object he's holding, drops to the floor, and he stoops to retrieve it.

★ ★ ★

If he notices a guard watching him, he'll step into a line with a deposit slip in his hand. But when he reaches the teller's window he'll politely ask for change of a perfectly good \$10 bill.

★ ★ ★

When the forger leaves the bank he has a few gold nuggets in his pocket—the discarded, partially finished, or erroneous slips thrown away by bona fide customers. Each time our forger has dropped something, he's picked up such crumpled slips from the wastebaskets.



Some of these slips contain the signatures of depositors. The forger has a working model through the courtesy of the bank's wastebaskets. The next day he presents a small forged check (usually under \$40, made out to cash). Boldly scrawled across the back is the notation, "OK for payment," followed by the second forged signature of the depositor.

★ ★ ★

The small amount involved keeps the teller from inspecting the signatures too closely. Recently, when one member of the gang was picked up in New York City, he had 15 checks all drawn against the same bank, which he had planned to use the next day. Watch those wastebaskets!

★ ★ ★

Be sure, too, that your customers' checks are on safety paper that is unfaillingly reliable—the kind that any forger knows cannot be tampered with. Hammermill Safety is such a paper . . . from a modern mill where every step in the paper's manufacture is subject to almost infallible laboratory tests.

★ ★ ★

Since the easing of wartime restrictions, this fine check paper is even better than ever. We'd like you to compare it with the paper you are now using. A note on your bank letterhead will bring samples. Just address Hammermill Paper Company, 1501 East Lake Road, Erie, Pennsylvania.

BRIEFLY TOLD—Continued

Association, suggested creation of a special instalment loan department for the handling of small business credit, as distinguished from a consumer credit department which usually handles both consumer and producer loans of small denominations.

"The small business man whose bank credit needs do not at any one time exceed, let's say, \$2,500 has just as much need for the 'term' loan principle of borrowing as does a larger business enterprise," said Mr. French. "The principle of 30-, 60-, or 90-day paper with renewals in many if not most cases, is as unsatisfactory to the bank as it is to the borrower. . . . One fairly large bank that examined its 90-day paper over a period of five years before the war found that it took 27 months on an average to pay the final note."

Cashing War Bonds

T. Allen Glenn, Jr., president of THE PEOPLES NATIONAL BANK of Norristown, Pennsylvania, commenting on Myron Stearns' story, "So the Housemaid Cashed the Bonds" (January BANKING), makes a point that we'll pass on to other readers.

Observing that the cashing of War Bonds is a sizable job, even in a small bank, Mr. Glenn goes on to say:

"There are many times when we have people lined up three and four deep waiting for their bonds to be authenticated for cashing. If, in each case, we entered in a book the number of each bond cashed, together with a description of the bond and a description of the person cashing it, we would probably have to employ two extra people to take care of the volume of work involved.

"Mr. Stearns' suggestion that a description in detail of the casher of the bond be maintained in a book is highly impractical. The banks are asked merely

to take the same precautions as to identifications as they take in the cashing of a check. In cashing a check there are two things with which the bank is concerned: Is the obligation good for its face amount at its place of payment, and is the person presenting the check the one who is entitled to the proceeds?

"In cashing War Bonds or government checks we're not concerned with the first because we know the item is worth the amount for which it is being presented and that it will be paid. There are no stop payments in connection with government bonds or checks. In the second regard, I can only be guided by the type of identification material that is being submitted. About the only precaution missed by the bank which cashed the bonds in Mr. Stearns' story is that it did not compare the signature on the driver's license with the signatures on the bonds. When we accept a driver's license as identification, we ask the person to sign his name in our presence as we hold the identification card. The signatures are then compared.

"I have enjoyed reading other stories by Mr. Stearns, but in this particular case I think he has lost sight of an operational problem when he suggests the maintenance of a book with as complete information as he outlines."

Preview of Service

To introduce and publicize its new consumer credit department, the OLD NATIONAL BANK in Evansville, Indiana, recently staged a home appliance exhibit in its new downstairs lobby. It was the first exhibit of postwar products in the Evansville area. Much of the merchandise displayed had not been previously shown to the public; some appliances were borrowed direct from the manufacturers for the show.

Opening day was reserved for local merchants, many of whom had not seen the new 1946 models they were to sell.

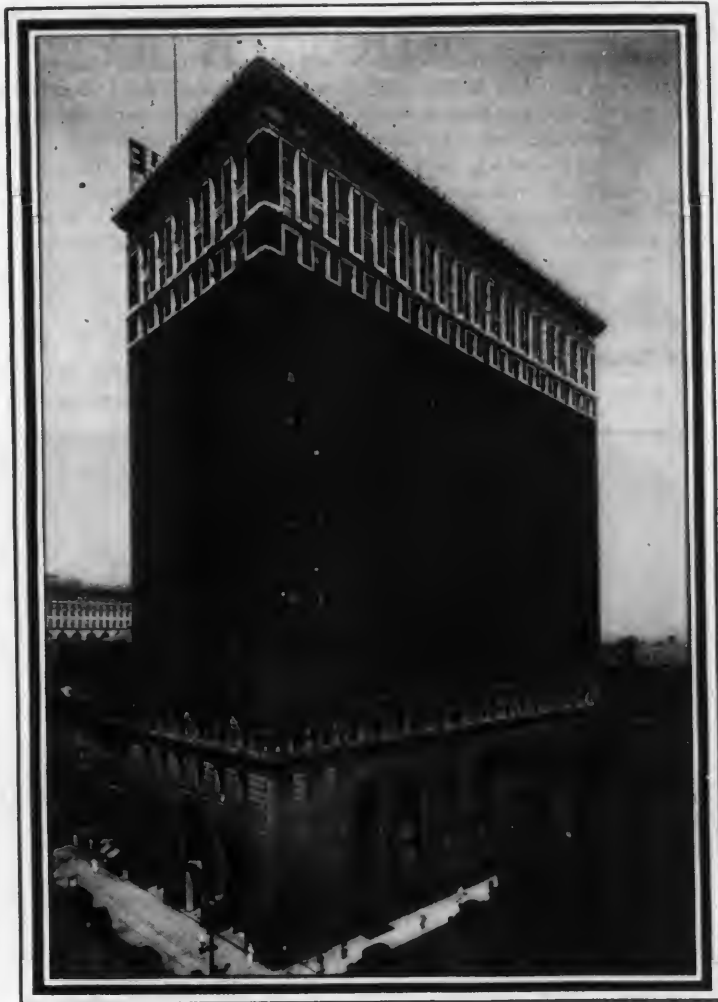
(CONTINUED ON PAGE 86)

◆
Evansville
Home Appliance
Exhibit
◆





Emblem of the
Marine Trust Company
of Buffalo



Another leading bank using Hammermill Safety

Since 1850 the Marine Trust Company has been linked with the diversified industrial life of Buffalo. It is the city's oldest and largest commercial bank, one of the most influential in the East, and has 37 offices located through-

out the city and surrounding communities.

We are happy that Hammermill Safety is the paper on which checks of the Marine Trust Company are lithographed. The sample check shown below is on straightline background design.



It's easy to write on
**HAMMERMILL
SAFETY**

MANUFACTURED BY HAMMERMILL PAPER COMPANY, ERIE, PA., FOUNDED 1898

BRIEFLY TOLD—Continued

More than 600 attended. Some 55 articles were displayed by 30 dealers and manufacturers, including radios, refrigerators, electric and gas ranges, washers, kitchen ensembles, and other major kitchen appliances—also a new bike for the youngsters, with a motorized version for shopping and commuting.

And what about consumer interest? Plenty! In no time 8,000 prospective buyers (and borrowers) were clocked and registered.

Junior Council

The Junior Advisory Council pro-

gram initiated by BANK OF AMERICA, California, 18 months ago has entered a new phase of development. During the formative months, while the council was organizing itself and evolving its program and procedures, the area from which original membership was drawn was limited to points within easy reach of a central meeting point in the San Francisco Bay area. Now with the staggered terms of membership running out and the organization fully geared for its job, new members are being selected from distant points of the branch system.

The council's practice is to meet weekly to consider suggestions from the

staff and make cash awards for meritorious ideas, also to develop recommendations in operations and service. The group is also empowered to recommend to the senior management new policies or changes in present policies which it believes would benefit the bank. Vacancies on the Junior Council are filled by the senior management from a panel of names submitted by the council itself. No conditions of rank, length of service, location or age are imposed, the principal requirement being that nominees shall have displayed qualities of initiative, competence and potential leadership.

Ohio Banking History

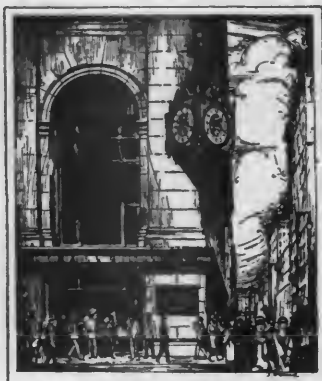
When the Ohio Historical and Philosophical Society held its annual meeting at Cincinnati recently, the FIFTH THIRD UNION TRUST COMPANY drew public attention to the occasion with a window exhibit of local banking mementos, circa 1788-1820. Center attraction in this display was the original stock ledger of the Miami Exporting Company (founded 1803), open at the page showing the signatures of William Henry Harrison and Jacob Burnet. Organized for the purpose of trading, shipbuilding and banking, this company became strictly a banking business in 1807 with paid-in capital of \$150,000, and 190 stockholders. During the first years it paid from 10 to 14 per cent dividends.

Two account books from the John H. Piatt Company, first private bank, showed how business was carried on in the days when paper currency and credit were the principal media of exchange. A lease drawn in 1820 quoted the rent for a store at \$300 in specie or \$700 in Piatt paper—and the tenant was to

Andrew Robertson, chairman of Westinghouse Electric Corporation, testifying before the Senate Labor Committee



INTERNATIONAL
BANKING



A COMPLETE financial service for correspondent banks, developed through more than eighty years of conservative banking is offered by **The First National Bank of Chicago.**

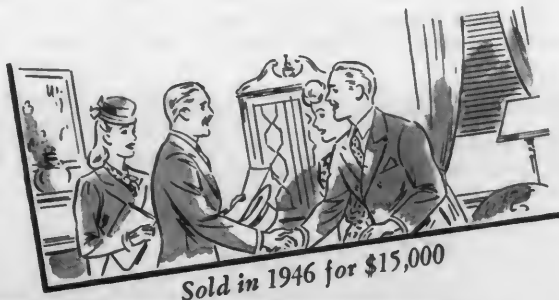
Inquiries relative to any phase of this service are invited and will receive prompt attention.



**The First National Bank
of Chicago**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The Story of a Home...



Picture this home—built in 1939 for \$10,000, and fully insured against fire. The owner paid his premiums promptly, his insurance agent faithfully kept the policy in force. Yet *somebody failed*, for the owner suffered a 50% loss when this home was destroyed by fire recently!

Why?

Under soaring property values, many an owner has outgrown insurance coverage that hasn't kept pace with increasing replacement costs. When fire strikes, his insurance offers only partial protection.

The same loss pattern is intensified when a co-insurance clause is in effect and valuation is set too low—the actual loss increases as values increase.

That's unfortunate—bad for the insured *and* the insurance agent.

Alert Home Insurance producers, therefore, are awakening policyholders to the situation, urging re-appraisal of values. Backing them up, The Home Insurance Company is doing everything possible to show the need for added insurance to cover today's increased values.

★ THE HOME ★
Insurance Company
NEW YORK

FIRE • AUTOMOBILE • MARINE

BRIEFLY TOLD—Continued

"keep the glass whole in the windows." An interesting collection of currency issued by Cincinnati's five original banks, and belonging to John J. Rowe, president of the FIFTH THIRD, was also displayed.

New Radio Show

The SECOND NATIONAL BANK OF HOUSTON aims its new radio program, "The Garden Club of the Air," at an

audience of homemakers at 11:30 A.M. every Tuesday and Thursday, over Station KPRC. The program, originated by Mrs. Ralph Conselyea, was broadcast for a number of years prior to the war and won a wide following to its entertaining and educational discussion of flora and fauna. Mrs. Conselyea is considered an expert on the subject of gardening in the Gulf Coast area.

Profit-Sharing Plan

The GIRARD TRUST COMPANY, Phila-

delphia, has initiated a profit-sharing plan for employees which provides for setting aside annually in December, for either deferred or immediate payment as provided in the program and allocated to participants in proportion to salaries and wages, a distribution of 15 per cent of that portion of the preceding fiscal year's earnings available for dividends which may exceed 6 per cent of the average daily balance of capital accounts—that is to say, of capital, surplus, undivided profits and reserve for contingencies.

It was estimated that the above formula would provide, on 1945 earnings, a distribution to each participant equal to approximately 8 per cent of his base compensation during the period for which he was qualified as a member of the plan. For example, employees who had completed two years or more of service would be entitled to a distribution measured by their base compensation for the entire year, while employees with more than one but less than two years' service, would be entitled to a distribution on their base compensation commencing during the quarters following the first year of service.

The plan provides that employees earning \$3,000 or less a year will receive their entire distribution in cash. Those earning between \$3,000 and \$8,500 will receive a cash distribution on the first \$3,000, and the balance will be held in trust. Employees earning more than \$8,500 receive no immediate payment; their full shares are retained in trust. The trust or general fund arrangement further provides for interest dividends on individual credits and other benefits.

Consumer Loans to 5 P.M.

New quarters, an increased staff and extension of services to include financ-

W. Gibson Carey, Jr., president of Yale & Towne Manufacturing Company, proposed to the Senate Labor Committee a 10-point program for minimizing industrial disputes



HARRIS & EWING
BANKING



BIG...but not big enough

THE Bell System was big before the war, but it has to be bigger in the future. The nation's needs have grown and it's our job to keep pace with those needs. We're spending close to two billion dollars in the next few years for expansion and improvement.

Size brings responsibilities and the Bell System aims to be big in more than size. The over-all policy is to give the best of service, at the lowest possible cost, to every one using the telephone.



BELL TELEPHONE SYSTEM

IBM Proof Machine

Endorses Checks Automatically!



It Endorses as it Sorts, Lists and Proves

Save Check-Endorsing Time

Automatic endorsement of outgoing and printed identification of incoming checks are features of the IBM Proof Machine which can save time and money for your bank. Endorsements are handled quickly and accurately without disturbing listing sequence—at the same time that the machine sorts, lists and proves the checks. Phone, write or visit a nearby IBM office today for full information.

IBM INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building • 590 Madison Avenue • New York 22, N. Y.



STATEMENT • DECEMBER 31, 1945

ASSETS

Cash in Banks and Office.....	\$ 6,575,055.67
Bonds.....	13,123,898.00
Preferred Stocks.....	9,945,890.00
Stocks of Affiliated Insurance Companies....	15,007,081.00
Common Stocks.....	24,594,135.00
Agents' and Premium Balances.....	3,567,499.08
(not over three months due)	
Other Admitted Assets.....	317,180.33
TOTAL ADMITTED ASSETS.....	\$73,130,739.08

LIABILITIES

Reserve for Unearned Premiums.....	\$19,038,046.02
Reserve for Losses and Loss Expenses.....	5,145,910.00
Reserve for Dividends.....	487,500.00
Reserve for all Other Liabilities.....	2,155,705.29
Capital Stock.....	\$ 8,150,000.00
Surplus.....	38,153,577.77
POLICYHOLDERS' SURPLUS.....	46,303,577.77
	\$73,130,739.08

Securities carried at \$1,618,243.00 in the above statement are deposited as required by law.

The securities carried in the above statement have been valued on the basis prescribed by the National Association of Insurance Commissioners; i.e., bonds which are amply secured and not in default are carried at amortized values; other bonds are carried at December 1, 1945 market quotations or amortized values whichever is lower. Stocks are carried at December 1, 1945 market quotations, except shares of affiliated companies which are carried at the book values indicated by the statements of such affiliated companies.

Based on December 31, 1945 market quotations for all bonds and stocks owned (except shares of affiliated companies which are carried at book value), the total admitted assets would be increased to \$74,737,520.08 and the policyholders' surplus to \$48,060,358.77.

DIRECTORS

EARL D. BABST.....New York City Chairman of the Board, American Sugar Refining Co.	JESSE S. PHILLIPS....New York City Vice-President, Great American Insurance Co. Formerly Superintendent of Insurance of New York
H. DONALD CAMPBELL New York City President, Chase National Bank of New York	GEORGE A. SLOAN.....New York City Industrial Executive
ARTHUR O. CHOATE...New York City Clark, Dodge & Co.	HOWARD C. SMITH....New York City Estate Trustee
LOUIS W. DOMMERICH New York City L. F. Dommerich & Co., Commission Merchants	MAURICE J. SULLIVAN, New York City Chairman of the Board, American Can Co.
PERCY H. JOHNSTON, New York City Chairman of the Executive Committee, Chemical Bank & Trust Co.	ERNEST B. TRACY.....New York City President, United States & Foreign Securities Corporation
SAMUEL McROBERTS...New York City	ROY B. WHITE.....Baltimore President, The Baltimore & Ohio Railroad Co.
WILLIAM H. KOOP.....New York City President and Chairman of the Board, Great American Insurance Co.	GARRARD B. WINSTON New York City Shearman & Sterling & Wright, Attorneys

The Great American Insurance Company and its affiliated companies of the Great American Group write practically all forms of insurance except Life

AGENTS THROUGHOUT THE UNITED STATES

BRIEFLY TOLD—Continued

ing of automobiles and appliances are features of the expansion program of the personal loan department of the FIRST BANK AND TRUST COMPANY, South Bend, Indiana. The department is housed on the ground floor of a downtown office building. The interior was extensively remodeled to conform in appearance to the main banking room, with attractive appointments for serving personal loan customers.

The department will observe special hours: 9 A.M. to 5 P.M. daily, and 9 A.M. to 1 P.M. on Saturdays. Regular banking hours close at 2 P.M. daily and at noon on Saturdays.

Teaching Thrift

The EMPIRE CITY SAVINGS BANK, New York City, adopts what seems to be a new wrinkle of thrift education. Savings message inserts are a permanent part of the bank's regular machine posted passbooks. As entries are recorded, the depositor cannot possibly disregard the separate flyleaf which gives him facts, figures and charts on a savings goal. Obviously, the passbook is a perfect medium in itself for encouraging the casual depositor to become an earnest saver.

In order to provide complete coverage of all depositors, the bank intends to use the first series of inserts for general distribution by tellers. New inserts on the savings theme will be released from time to time in bound-in passbooks and for other distribution. Poster displays and other literature will tie in with this program.

War!

"There's One More War For Us to Win" says the headline of a recent ad-

J. A. Rafferty, vice-president of Union Carbide and Carbon Corporation, before the Senate Atomic Energy Committee



HAGGIS & LEWIS
BANKING



Copyright 1946, L. C. SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y

... which typewriter?



THE scene is a draft board. The time is late 1940. The typewriter is a Smith-Corona, typing names like Farnsworth, Vavrineck and Hershberger on important little cards—hundreds, thousands of them. That same Smith-Corona, and others like it in many other draft boards, is still going strong today, as board officials and service men alike prepare to return to civilian work.

And with increasing speed, new Smith-Coronas are coming from the production lines . . . to repeat the great record of their predecessors, and even more dependably than ever to carry their share of the big job ahead.



Smith-Corona

Makers also of
Smith-Corona Portables



BRIEFLY TOLD—Continued

vertisement by the **THIRD NATIONAL BANK** of Nashville, Tennessee. "We defeated Italy . . . Germany . . . and Japan. But there is a home-front war which may prove to be most serious of all. That's the war on rising prices. . . ."

So runs the copy. It likewise posts a caution to the free spenders and those black-marketeers who drive prices higher in the spiral of inflation. Calling for enlistment in the war against rising prices (by starting a savings account now), the **THIRD NATIONAL** appeals for "less spending by YOU and more savings by YOU who are determined to keep American dollars good."

"Home-Town Credit Savings"

Designed to aid banks in their drive for a greater share of consumer financing of cars and appliances, **FIREMAN'S FUND** group of insurance companies has created an advertising program for bank use built around the theme "Home-town Credit Savings."

The program consists of 10 advertisements in mat form for local newspaper advertising, folders and radio commercials offered gratis to all banks through local agents. In short, this program is a follow-through on the plan endorsed by the National Association of Insurance Agents "bank-agent" program.

The copyrighted name, according to the announcement, capitalizes on cer-

tain psychological advantages which inherently belong to banks, but which, up to now, have been used rather sparingly in competition with finance companies. The words "loan" and "borrow" are negative terms. On the other hand, "savings" is a popular bank service with positive appeal. The word "credit" likewise appeals to the self-interest of the customer. Teaming up these terms indicates a strong approach.

With delays in reconversion still holding up volume production on many consumer articles, the initial advertisements in the Fireman's series strike the theme of suggesting that the individual start his savings account at his local bank to accumulate funds for the down payment of things he plans to later buy on bank-credit terms.

Visual Ads

The **UNITED STATES NATIONAL BANK** of Portland, Oregon, in its advertising, is using concrete ideas to visualize the uses of loans. Instead of employing general copy it illustrates a specific item, such as a kitchen range. The ads are designed to create goodwill with both dealers and prospective clients.

Many banks are using copy of a similar nature.

Behind the Scenes

The 12th annual statement of the **RAPID CITY NATIONAL BANK**, South Dakota, was presented in an attractive booklet, in two colors, which took the reader behind the scenes in the bank and introduced him to the personnel by means of photographs of the various departments.

Pictorial charts, a listing of investments, a floor plan of the bank, and an explanation of balance sheet items help

Charles E. Wilson, president of General Electric Company, leaves the White House after a conference with President Truman



HARRIS & EWING
BANKING

A Job well done on time

Depends on Performance

MM dependable performance in seed bed preparation is due to the many outstanding features on the Wide Cut Disc Harrow. Timely seed bed preparation and seeding is essential to a good crop.

1. Each bearing equipped with hard maple bushings filled with oil—oiling and greasing unnecessary.
2. Bearings are longer and larger in diameter than ordinarily used. Load is distributed evenly over entire length of bearing.
3. Bushings easily and cheaply replaced when wear occurs.
4. Bearing spools provide smooth, hard, and true round spindle for the bushings.
5. Steel heat hardened end thrust collar located in center of each bearing takes all end-thrust.
6. Gang bolts equipped with special wear take-up washer which prevents assembly from ever becoming loose once properly tightened.
7. Gang drawbars designed to put draft on the bearings practically at right angles to the axis of the gang bolt when discs are in working angle. This keeps full face of bearings in even contact with spindle, meaning less wear at any point. See illustration.

The No. 14 Wide Cut Disc Harrow may be placed at working angle, withdrawn from it or folded easily to half its width entirely by tractor power.

The assistance given farmers by Bankers during the war years made it possible for them to do a job well and on time in meeting increased food production quotas. Now that more new and improved farm equipment is available, Bankers can do much to secure a more economically stable future for agriculture by extending counsel and credit for the purchase of more modern and efficient farm machinery. MM Dealers will be of assistance in planning the future of our basic industry . . . farming.

MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY
MINNEAPOLIS 1, MINNESOTA, U. S. A.

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**CONTINENTAL ILLINOIS
NATIONAL BANK AND TRUST COMPANY
OF CHICAGO**

COMMERCIAL BANKING

**CORPORATE AND PERSONAL
TRUST SERVICES**

FOREIGN BANKING FACILITIES

**UNITED STATES GOVERNMENT
AND MUNICIPAL SECURITIES**

SAVINGS DEPARTMENT

Member Federal Deposit Insurance Corporation

WHO IS HE?



He is the Man Every Business Likes because he helps to raise standards of accuracy, speed and simplicity in the handling of all figure work, with such typical advantages as

- More calculations per pay roll dollar
- Elimination of double calculations for proof
- Proof of accuracy without special manipulations

In 20 minutes—no more—with the Marchant Calculator and its 20 Points of Superiority, he can show you how to apply these short-cuts to your pay roll, mark-ups, costs or other figure-work.

Yes, this figure-work specialist—your local Marchant representative—will be glad to prove these statements by demonstration, at your invitation.



THIRTY-SIXTH YEAR

Marchant Calculating Machine Company
Home Office: Oakland 8, California, U. S. A.
SALES AGENCIES AND MANUFACTURER'S
SERVICE STATIONS GIVE SERVICE EVERYWHERE

BRIEFLY TOLD—Continued

complete the story of the year's activities.

Small Business Kit

Specimens of display advertisements, booklets, news releases, and other materials to be used in calling attention to banking's role in New York's small business development program were mailed recently to members of the NEW YORK STATE BANKERS ASSOCIATION by Chairman Neil D. Calanan of the committee of commercial development of the association.

In a covering letter, Mr. Calanan, vice-president, Manufacturers and Traders Trust Company of Buffalo, said:

"The informal program has a dual purpose—first, to publicize the effort that is being made by New York State to reestablish and maintain small business enterprises which are so vital to our economic welfare, and second, to let the people know that the banks are ready, willing and able to supply credit in full measure for all constructive purposes to all competent individuals, firms and corporations—small, medium and large."

Educator-Banker Banquet

Ninety educators, 27 bank personnel representatives and 17 representatives of the Los Angeles Chapter of the American Institute of Banking attended the first educator-banker banquet sponsored by the Public Relations Committee of the Los Angeles A. I. B. The purpose of the banquet was to ask the help of the schools in obtaining future bankers from graduating classes, and to offer the facilities of the A. I. B. and the Los Angeles banks in furthering business education.

The banks' program outlined at the banquet and accepted by Vierling Kersey, superintendent of Los Angeles City Schools, was as follows:

- (1) The banks invited the schools to use them as their technicians on any questions pertaining to banking;
- (2) Banks agreed to make available to the class rooms a list of talks on banking and commercial subjects;
- (3) Banks extended an invitation to schools to have classes visit banking quarters;
- (4) The banks proposed a "bankers' day" for about 100 students thought most likely to succeed in banking, selections to be made by the business education departments of the schools, with a half-day program at the A. I. B. chapter rooms;
- (5) An essay contest on topics relat-



"I want one of those new gift checks to pay my income tax with!"

ing to banking, the banks to offer prizes of \$100, \$50 and \$25 for the best three essays entered, and a prize of \$10 for the best essay in each participating school.

"The educators were most enthusiastic about the whole affair and for days afterward the chapter received letters of thanks and congratulations," reports George Clark, chairman of Los Angeles Chapter's Public Relations Committee.

Suggestion

To the Editor:

"The other evening I attended a Farm Bureau meeting. A part of the program was a movie put on by the local electric power company. Its purpose, besides being entertaining, was to show the many uses for electricity on the farm.

"While watching it, I wondered if the banks had a similar film showing the various services offered the public. For instance, it would be entertaining and educational to show the course of a check deposited in this office and drawn on a bank in California. It could show the depositor, the teller, and how it would be sorted in this office, and each step through our correspondent bank to its final destination.

"It appears to me that this would foster better public relations. It would show the service a bank gives its customer and what he gets for his money when charged for service. It is my opinion that the average depositor doesn't care a hoot how big the bank is, nor for a comparison of financial statements. But a program that would give him an insight to the many operations back of drawing his check would interest him and convince him that there is a great deal of service back of his account."

ROGER W. FLINT, Manager
The Casco Bank & Trust Company,
Bridgton, Maine

Payroll Savings

(CONTINUED FROM PAGE 71)

the interest statistics. From the old card there are reproduced on to the new card the common information and the new balance.

The new cards then go to be tabulated, to prove that the balances agree with the total new balances on the posting sheet. This completes the check of these transactions.

The new transaction card containing the present balance, and the statement card with the last deposit transcribed thereon, are merged in the collator and sent to the tellers to await the next transaction.

While these transactions seem to entail many operations and to consume much time, it must be understood that a single operator can keep several machines running at the same time and that some cards progress from one machine to another before the entire company group has completed the first step.

The semi-annual interest paid on accounts is also figured mechanically. Each account is analyzed and a daily control is kept on the variance in balances on the individual accounts. Due to the variety of methods used in dividend payments, it does not seem advisable to explain this step other than to say that it can be done and is done.

OTHER factors in this system which are worthy of comment are:

- (1) A trial balance is taken of each control as the weekly deposit is made.
- (2) Quarterly and semi-annual trial balances are completed in one evening. This includes proof on balances, interest credited to accounts and statements prepared for delivery to depositors.
- (3) Statistics regarding size of balances or average balances by company can be prepared in a day's notice.
- (4) On "over the window" transactions, the transaction card is placed in the regular posting machine and the transaction is recorded on the card and tape for control purposes. At the end of the day's business, all posted cards are sent to the punched card department where the transactions are punched into the cards. Thereafter the cards follow through the same procedure as the "list" deposits.

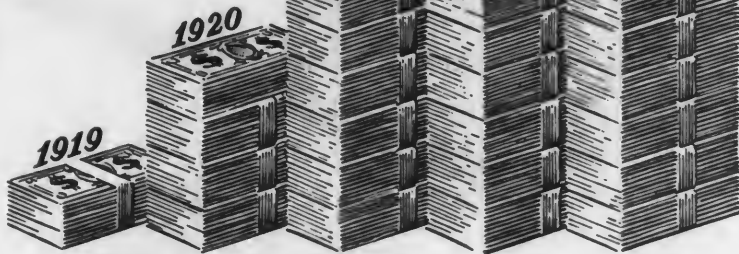
The payroll deduction posting system, devised by members of the Buffalo Savings Bank staff, has worked efficiently for many years. Minor improvements and refinements are constantly being made.

March 1946

Look how our payments of **CREDIT LOSSES** **JUMPED** after World War I



get this free book on
CREDIT LOSS CONTROL



FAILURES MULTIPLIED after World War I. As one result . . . in just three years . . . credit losses paid by American Credit Insurance jumped to more than 20 times the 1919 figure.

WILL HISTORY REPEAT? No one knows. That's why thousands of banks now advise customers to carry American Credit Insurance . . . which places a definite cash value on customers' accounts receivable . . . and guarantees that they will be paid. Many banks go farther than that. They insist on this added protection in granting loans . . . and the bank now may be included as a named assured without charge.

"CREDIT LOSS CONTROL" . . . a timely new book . . . contains important facts and figures that you need . . . to assist customers who seek your advice about credit policies and problems. For a copy address: American Credit Indemnity Company of New York, Dept. 45, First National Bank Bldg., Baltimore 2, Md.



J. E. Fadden
PRESIDENT

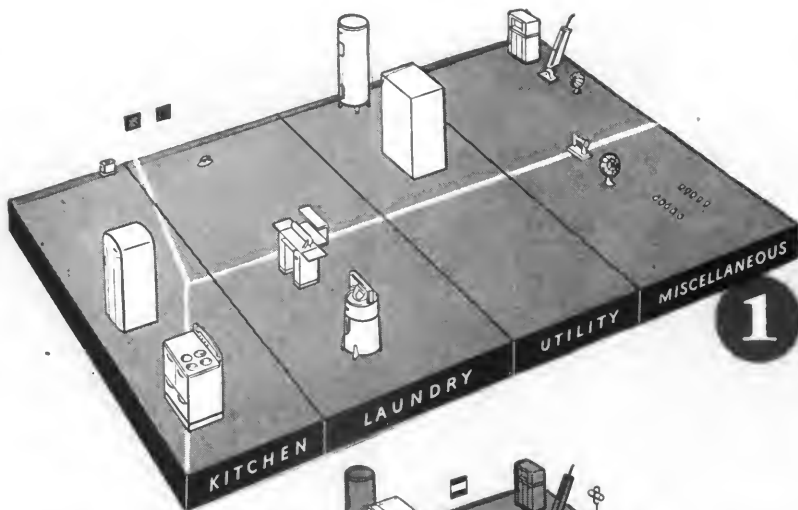
**American
Credit Insurance**

*guarantees payment
of accounts receivable*

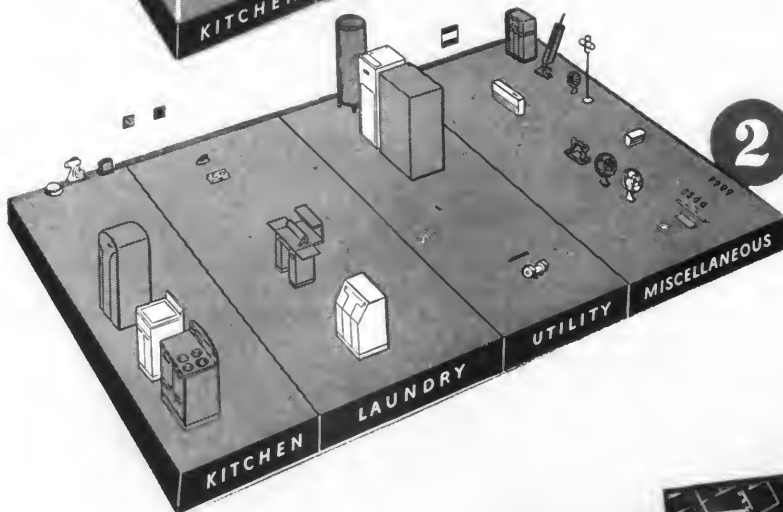
OFFICES IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA

WESTINGHOUSE OFFERS
A NEW IDEA . . .

4 degrees



1 Thrift Degree—the minimum standard for Electrical Living. Includes appliances, equipment and lighting shown.



2 Budget Degree—more equipment and automatic features are added to the Thrift standard. Additions include a dishwasher, home freezer and Laundromat.

WHICH OF THESE DO YOU WANT?

FREE. Four Degrees of Home Electrification for Electrical Living. Gives full information on basic equipment and wiring requirements.

Home Wiring Handbook, \$1.00. Complete technical information on wiring systems for Electrical Living. 120 pages. Dozens of charts and tables.



Of Electrical Living..

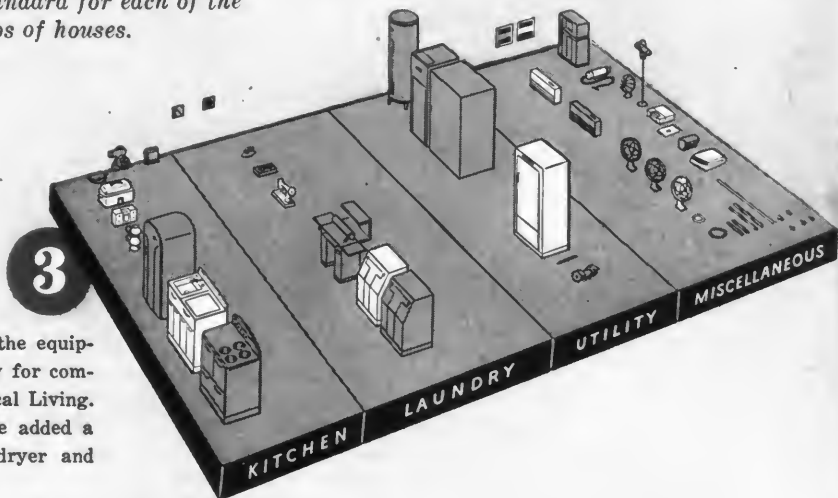
these four degrees can help you get larger, sounder loans

Tomorrow's residential values will be gauged by how well the electrical system of a house continues to serve the constant increase in the use of electricity.

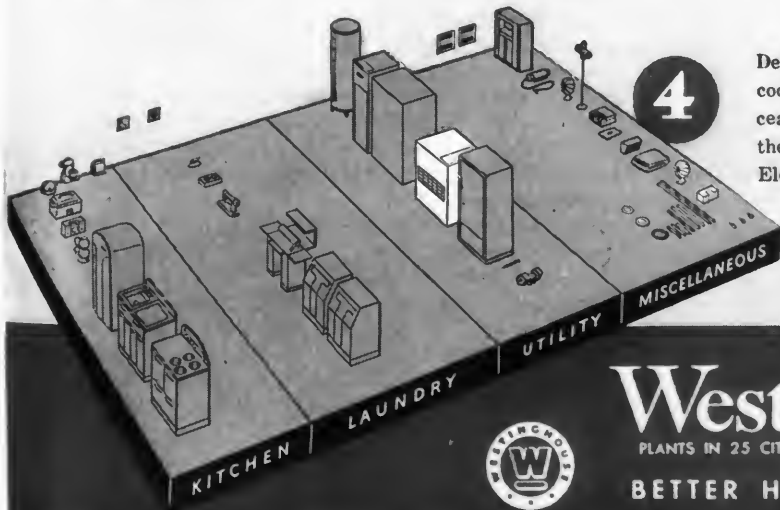
In order to provide practical standards by which you may evaluate the electrical installation in a house, Westinghouse has established a yardstick—the *Four Degrees of Electrical Living*: Thrift, Budget, Ideal, and DeLuxe. These degrees set the standard for each of the four popular price groups of houses.

They include basic electrical equipment as part of the system. By including this equipment in the original mortgage you can increase the amount of your loan.

For your free booklet, write Westinghouse Electric Corp., P. O. Box 868, Pittsburgh 30, Pa. Send dollar for Handbook to Westinghouse Electric Corp., Extension Training Department, Pittsburgh 30, Pa. J-91561



Ideal Degree—provides all the equipment and lighting necessary for comfortable, economical Electrical Living. To the Budget standard are added a garbage disposer, clothes dryer and Precipitron.



DeLuxe Degree—adds central air cooling and extensive use of concealed and decorative lighting to the Ideal degree. Here we have Electrical Living at its best.



Westinghouse
PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE
BETTER HOMES DEPARTMENT



Income Tax-Lien-After Acquired Property

Q. Where a Federal income tax lien has been filed in the office designated by the state, in accordance with Federal law, can a judgment creditor on a judgment rendered against the taxpayer after the tax lien was filed collect from the judgment debtor-taxpayer out of money due him for services rendered after the tax lien was filed, and before satisfaction of tax lien?

A. Not if the tax lien is for more than the amount due. The tax lien applies to property acquired during the life of the lien. It has priority over a garnishment, based upon a judgment of a state court, of the money due for services.

This was decided by the Supreme Court of the United States in a very recent case. In 1939, income tax notices of liens were filed to cover deficiencies in the 1920, 1921, and 1922 taxes of one Maddas, and in 1941 a similar notice of lien was filed for a 1936 deficiency. In 1941 a bank in Pennsylvania obtained a judgment against Maddas. There was due Maddas, as compensation for services as state court receiver, some \$3,800 from the trustee in bankruptcy of the Victor Brewing Company. The bank claimed under its garnishment and the United States claimed under its lien for income taxes. The District Court held that the entire amount should be paid to the United States, and the Supreme Court affirmed. The Supreme Court held that the lien applied to any property owned by the delinquent at any time during the life of the lien. (*Glass City Bank of Jeannette, Pennsylvania, v. The United States of America*, Supreme Court of the United States. Decided November 13, 1945. 66 sct. 108)

Q. What is the life of an income tax lien?

A. Until it is satisfied or becomes unenforceable by reason of lapse of time. *Sec. 3671, U. S. Internal Revenue Code.*

Q. If not satisfied, when does the obligation secured by an income tax lien

become unenforceable because of lapse of time?

A. Six years after the assessment of the tax, unless distraint or a proceeding in court has been begun before this period elapses. *Sec. 276, Internal Revenue Code.*

In the *Glass City Bank* case, *supra*, the question whether the income tax lien had lapsed because neither distraint nor proceeding in court had been begun within six years after the assessment apparently was not raised or considered: The Supreme Court considered only the question whether the lien attached to after acquired property.

The assessments, as to the 1920, 1921, and 1922 taxes, were made in 1935. The statutory time within which collection proceedings could be begun was six years from the date of assessment. Notice to the taxpayer of assessment and demand upon him for payment do not constitute any part of a proceeding to collect. Neither does the filing of a notice of lien. These steps are merely prerequisites to the commencement of a proceeding to collect or to enforce a lien. They are not a part of the proceeding itself. In the *Glass City Bank* case, the District Court recited that the collector had made timely demand for the taxes, and had filed the notices of liens. It did not recite that the collector had filed any claim in the bankruptcy proceeding. It seems from the opinions of the District Court (*In re Victor Brewing Co.*, 54 F. Supp. 11), the Circuit Court of Appeals (146 F. 2^d 831), and the Supreme Court that these courts apparently assumed that the Government was entitled under its lien to collect the amount due the taxpayer as receiver, if the lien applied to after acquired property.

The taxes were assessed August 12, 1935. The six year period for commencing proceedings for collection expired August 12, 1941. The order granting compensation to the receiver was made April 9, 1943.

Whether or not the Government had proceeded within the statutory period

to institute collection proceedings, the principle involved of importance to banks is that a Federal income tax lien is not of permanent duration. In the *Glass City Bank* case, there was another lien for taxes for 1936, assessed in 1941, in excess of the amount involved. Therefore the point that the 1920, 1921 and 1922 liens had lapsed would have been only of moot importance, even if it had been raised. The original order of the referee, which was affirmed, directed payment to the Government to apply only on the 1936 taxes. The opinions, unless carefully studied, may give the impression that a Federal tax lien is permanent, that it continues until paid. The Supreme Court is careful to state that the lien applies to any property owned during the life of the lien. If, in its discussion, it referred only to the 1920, 1921, and 1922 taxes, its decision actually related only to 1936 taxes, the lien on which clearly had not elapsed, for the order which it affirmed gave the Government a payment on 1936 taxes only.

If the life of an income tax lien were perpetual as long as the tax was unpaid, bankers would have reason to be concerned about this decision. But since the life of such a lien ceases when the tax obligation becomes unenforceable, the decision that an income tax lien covers after acquired property does not render income tax liens more troublesome to banks in the ordinary course of their business than liens based upon judgments of state courts.

Banks' Liability—Oral Stop Payment Order

Q. Where a bank accepts a stop payment order on a lost check by telephone and the depositor issues a new check in lieu of the lost check, is the bank liable to the depositor for payment of the lost check to a stranger, despite a statutory provision that a bank need honor only stop payment orders in writing?

A. Yes. Acceptance of a stop pay-
(CONTINUED ON PAGE 100)

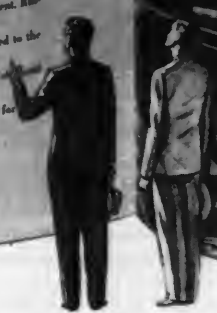


CENTRALLY LOCATED WORLD PORT

The commanding position of Metropolitan Oakland Area is shown on above sketch map of the Pacific Basin, with its hundreds of millions of potential customers and rich sources of raw materials . . .

Logical location for export to the countries of the Pacific, the Orient, Russia, South America, Australia, New Zealand, Canada, Alaska.
Aid for importing raw materials to be manufactured and distributed to the American market.

On the mainland side of San Francisco Bay, Direct loading between cars of three trans-continental railway systems.
Spacious deep-water terminals with thoroughly modern facilities for handling all types of cargo.



... "and here on page 22 is a map showing how favorably Metropolitan Oakland Area is located for world trade, especially with the Orient, Australia, New Zealand and South America."

With incoming raw materials to be manufactured and distributed to the American market, and outgoing finished products ranging from canned and dried fruits to diesel engines, Metropolitan Oakland Area was a leading world port before the war. Postwar it bids fair to become the import-export center of the West.

Deep water harbors and terminals unexcelled on the Pacific Coast . . . a \$55,000,000 port and terminal expansion program . . . mainland terminus of three transcontinental railway systems with direct loading between ship and cars . . . close-in manufacturing districts paralleling the waterfront . . .

These are only a few of Metropolitan Oakland Area's advantages.

**METROPOLITAN
OAKLAND AREA
CALIFORNIA**

Write for "It's an Amazing NEW West"

Read about the astonishing increase in population, in income and other important indices. Get the facts and figures that show Metropolitan Oakland Area to be the most favorable location for fast, low-cost distribution by rail, water, highway and air. Learn about our huge power supply, natural resources, favorable climate, and many other factors that make this "The NATURAL Industrial Center of the NEW West."

If the West Coast is included in your reconversion plans — with or without export-import in mind — Metropolitan Oakland Area offers unequalled advantages and profit opportunities.

Write for "It's an amazing NEW West" now!

METROPOLITAN OAKLAND AREA • 389 Chamber of Commerce Bldg. Oakland 12, Calif.

The NATURAL Industrial Center of the NEW West

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • HAYWARD • LIVERMORE • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANORO • RURAL ALAMEDA COUNTY

ment order by telephone constituted a waiver of the statutory provision which existed only for the benefit and protection of banks. (*Stamford State Bank v. Miles*, Texas Civil Court of Appeals, March 16, 1945, 186 S.W. 2^d 749.) This case presents a novel question on which the court stated it could find no authorities precisely in point. The facts and opinion are reviewed more in detail as follows:

The clerk in the bank who answered the telephone made a written note of the amount of the check, \$350, the date,

the payee's name, etc., and of the fact that a second check would be issued, and promised to stop payment. He, however, neglected to notify the paying tellers. The buyer gave the seller a new check. The first check was presented for payment by a stranger to the bank endorsed in the name of the payee, (evidently a forgery) and another endorser, and the bank paid it. The bank, however, did not pay the second check when presented by the real payee. The payee sued the buyer-drawer for the amount of the second check, and the latter pleaded payment and alternatively asked for judgment against the bank

for the amount of the first check. The bank pleaded that the stop payment order was merely oral and not in writing as required by the statute.

The court gave judgment to the payee against the drawer of the check and gave judgment in favor of the drawer against the bank.

In reaching this decision, the court held that the bank's failure to stop payment was not due to the fact that the stop payment order was not in writing, but to the failure of the bank clerk to notify the tellers. The bank was actually adequately informed of the stop payment order, and the only delinquency occurred in its own interior workings.

The form of signature card agreement recommended by the Bank Management Commission of the A.B.A., printed in "Paton's Digest," Vol. II, p. 1685, contains the clause, "No stop-payment request, renewal or revocation shall be valid if oral or unless served at the bank." According to "Paton's Digest," Vol. III, p. 3455, Op. 3:1, a stop payment order is not invalid because not in writing, in the absence of an agreement to the contrary. The opinion of the court indicates that an oral stop payment order is valid despite such an agreement if the order is accepted by the bank.

Bank's Liability for Misappropriations by Fiduciary

Q. An executor opened an account as such and deposited therein the funds of a testamentary trust. He already had a personal account in the same bank, on which his wife was authorized to draw by power of attorney. He drew certain funds from the executor's account and deposited them in his personal account. Subsequently, certain checks drawn by his wife exhausted the funds in his personal account, and a small check drawn by her to a department store invaded the funds in the personal account which had been transferred to it from the executor's account. Later the executor transferred a large amount from the executor's account to a special account which he had in another bank, and cashed counter checks drawn by him on the executor's account. Is the bank liable beneficiary of the testamentary trust for the amount misappropriated by the executor?

A. Yes. The bank is liable for the full amount misappropriated by the executor, including checks cashed by him and checks drawn to his order or to his special account, on the executor's account.

A bank is, in general, entitled to as-

(CONTINUED ON PAGE 102)

Tip to Travelers...



1. "My handbag's gone! Stolen! With my American Express Travelers Cheques! And I don't know anyone in this town. But—wait—what was it that bank teller said? 'In case of loss...'"



2. "I'm glad that teller told me to report to an American Express office if any of my cheques were stolen. There's nobody else in this town I could go to. And something else he said..."



3. "When I bought the cheques, the teller said to write the serial numbers on this record form and carry it separate. I also noted the date whenever I spent a cheque. Here's the list."



4. "With this record, you'll get a refund more quickly. I know you're glad you carried your travel funds in American Express Travelers Cheques instead of in cash!"

YOUR bank has a real opportunity to serve business and pleasure travelers who need protection for their funds. For further information or advertising material, write W. H. Stetser, Vice President, American Express Co., 65 Broadway, New York 6, N. Y.

AMERICAN EXPRESS
Travelers Cheques

Are Chicago and St. Louis Part of America — or Not?

Why should through rail travelers be held up at their frontiers? The cities aren't to blame. What can be done about it?

ALTHOUGH our 48 states are knit together by the greatest rail system in the world, we are still strangely backward on one score.

A passenger cannot go through Chicago or St. Louis, two of our biggest rail centers, without changing trains. He must break his trip.

It is almost as if he reached the frontier of some foreign state whose borders were closed to traffic. There is no customs barrier at Chicago or St. Louis, but the traveler must still pay an exasperating toll—in delay, inconvenience, and bother.

Half a Million Victims!

This is bad enough for the transcontinental traveler who would like to board a sleeper on one coast and ride through to the other—without the nuisance of packing and transferring baggage, making double Pullman reservations, waiting around for connections.

But it is worse for the passenger who starts his journey only a few miles either side of Chicago or St. Louis—and still must change trains. For example, travelers between Fort Wayne and Milwaukee, and between Cleveland and Des Moines, must also break their journeys.

More than half a million passengers a year—the vast majority on short mid-continent trips—are forced to make troublesome, time-wasting stopovers at Chicago or St. Louis.

Why should this be so?

The cities themselves are not responsible for setting up a barrier in the way of the through traveler. Such a barrier promotes neither good business nor good will for the community.

For, while travelers with business to transact would automatically stop over, those who are forced to stop resent the



inconvenience and delay—particularly in these days of overcrowded restaurants and cabs. It makes them down-right mad at Chicago and St. Louis!

And it is so unnecessary! In Canada, you can travel across continent from Montreal to Vancouver, by a choice of two routes without changing trains. Canada isn't split down the middle. Why should we be?

An Unsolved Mystery!

No one has ever given an adequate explanation as to WHY there is no connecting rail service through Chicago and St. Louis (or through Memphis and New Orleans, for that matter)—as there is through New York, Washington, Kansas City, and other big rail centers.

It remains an unsolved mystery. But the plain fact is—the public is not getting through service!

How About Action NOW?

The Chesapeake & Ohio and the Nickel Plate Road are not the only railroads that, working with others, could provide

such through service. But we are the only roads that have offered to take immediate action.

This is the proposal we have gone on record as making:

Chesapeake & Ohio, whose western passenger terminus is Cincinnati, stands ready now to join with any combination of other railroads to set up connecting transcontinental and intermediate service through Chicago and St. Louis, on practical schedules and routes.

The Nickel Plate Road, which runs to Chicago and St. Louis, also stands ready now to join with any combination of roads to set up the same kind of connecting service through these two cities.

Through railroad service cannot be blocked indefinitely. The mysterious frontier must be abolished—in the interest of the traveling public and the railroads themselves.

We invite the support of the public, of railroad people and railroad investors everywhere—for this essential improvement in rail transportation.

Chesapeake & Ohio Railway • Nickel Plate Road

Terminal Tower, Cleveland 1, Ohio

sume that a fiduciary will not misappropriate trust funds. The fact that trust funds are commingled with other funds of the fiduciary does not of itself put the bank on notice of misappropriation. But when trust funds thus commingled were invaded by a check drawn by the executor's wife, a stranger to the trust relation, the bank was placed on notice of misappropriation and could no longer assume that the executor would properly apply any of the trust funds. The counter checks cashed and the checks to the executor's special account were all subsequent to the date of pay-

ment of the first check drawn by the executor's wife which invaded funds transferred from the executor's account to the personal account. (*Lee v. Corn Exchange Bank Trust Company*, App. Div. 2nd Dept. N. Y. Nov. 5, 1945, N. Y. Law Journal, November 24, 1945.)

For treatment of many other circumstances in which a bank is or is not liable for misappropriation by a fiduciary see "Paton's Digest," Vol. II, pp. 1738-1763.

Income Tax Deductions

Q. May a buyer who pays taxes on New York real estate assessed before his

purchase deduct them from gross income in his Federal income tax return?

A. Yes, if the seller was not a resident of the tax district in which the property was located and the taxes had not become a lien at the time of purchase. Otherwise, the inference is no, but the question is not decided. (*Commissioner of Internal Revenue v. LeRoy*, (CCA 2^d) decided November 7, 1945. New York Law Journal, November 27, 1945.)

Whether a buyer of real estate may deduct taxes assessed before purchase and paid by him afterward is a vexing question not entirely settled. Under some circumstances, the Commissioner of Internal Revenue contends that the amount of taxes accrued before purchase must be considered additional cost of the property, hence capital investment and not deductible by the buyer when he pays them.

The test is whether the seller was personally liable for the taxes or they became a lien on the property before transfer of title. In the one case, they would be considered as the seller's taxes, hence not deductible by the buyer. In the other case, they would be a charge against the property when acquired, which would reduce the equity the seller had to transfer, and, hence, presumably reduce the purchase price.

A case recently arose in which a seller, resident of Nassau County, New York, sold real estate in New York County to another resident in Nassau County. The latter paid the accrued taxes when they fell due, and deducted their amount from his gross income. The Commissioner of Internal Revenue disallowed the deduction, but the tax court reversed his action and allowed it. The Circuit Court of Appeals affirmed the tax court.

In this case, the former owner never became liable for the accrued taxes, for the reason that he was not a resident of the county where the real estate was located. An owner who is a non-resident of the tax district in which the property is located is not, in general, personally liable. The Court cited *McGregor v. Johnson* (C.C.A.—2^d) 39 F. 2^d, 754. Under New York law, the taxes became a lien October 1, 1940. The title passed September 30, 1940, hence before the lien attached. The court held that the taxes became the buyer's taxes, and his payment of them was not capital investment but deductible from his gross income as payment of his own taxes.

The court left undecided the question whether the taxes would have been deductible by anyone if the seller had been a resident of the district in which the property was located.



A PRIMARY MARKET FOR GOVERNMENT SECURITIES

As one of Chicago's principal dealers in U. S. Government Securities, The Northern Trust Company has immediate information on all issues. Orders are quickly executed and investors are invited to call at all times to discuss market conditions. Correspondent banks find that the complete facilities offered by our bond department is one of the many helpful services of this 56 year old bank.

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Is there a Gulliver in Your Business?



This is Gulliver. The Lilliputians roped him because they thought his size would be an asset. But his costly upkeep became such a problem the Lilliputians wished Gulliver would escape.

* * *

RECORDS ARE VITAL to your business. But, as a business grows and prospers, the upkeep of expanding records becomes a serious factor in space costs. Like Gulliver, their costly upkeep in terms of wasted space becomes a liability.

You can free your office or plant from space-wasting "Gullivers" through microfilming by York Microstat. Microstat has transferred the documents and files of 2,200 leading firms to imperishable film . . . reducing the originals 98% in size. This has opened up thousands of square feet of space for productive, profitable use.

Soon, Microstat's revolutionary Fassel Camera

will be available to Business everywhere . . . in compact, portable form.

The original Fassel Camera has been operating for five years at a nationally known insurance company where it has microfilmed many millions of records.

Now York has re-engineered the Fassel to make it a completely modern, streamlined piece of office equipment. Wait until you see the new model Fassel Camera before you make commitments for flow camera work. You'll save time, space, money, needless risk.

In the meantime, if you have engineering drawings or documents to be microfilmed, let Microstat's J-7 do it for you. Both the J-7 and Fassel Cameras carry Microstat's original insurance policy which guarantees replacement of any lost or destroyed records with actual size facsimiles at no cost. Insures you for ten times the cost of microfilming. Write or phone today for further information. Address Department B.

YORK MICROSTAT CORPORATION 18 West 48th St., New York City

NEW YORK.....Microfilm Corporation
PHILADELPHIA.....Chas. W. Speidel & Company
PITTSBURGH.....Microstat Corporation of Penna.
NORWALK, CONN......Microstat Corporation of New England
JACKSONVILLE, FLA......Records Reduction Company
CLEVELAND.....The Microfilm Corporation
DETROIT.....Precision Microfilming Corporation
LOS ANGELES.....Microstat Company of California

SAN FRANCISCO.....Microstat Company of California
CHICAGO.....York Microstat of Illinois, Inc.
HOUSTON.....Microfilm Company of Texas
TORONTO.....Microfilm-Microstat Limited
HAVANA.....National Theatre Supply Company of Cuba, S. A.
MEXICO CITY.....Sistemas De Reproducción 3. de R. L.
RIO DE JANEIRO.....Companhia Auxiliar De Servicos De Administraçao
MONTEVIDEO.....Uruguay Microfilm Dell' Acqua & Balanovski

INTERNATIONAL HEADQUARTERS.....International Microstat Corp., 18 West 48th St., New York

Heard Along Main Street

Huckel Heads NYFA

WILLIAM HUCKEL, an assistant cashier of the Chase National Bank, was elected president of the New York Financial Advertisers at the association's annual meeting and luncheon. Other officers elected were: First Vice-president, P. RAYMOND HAULENBEEK, vice-president of the North River Savings Bank; Second Vice-president, EARL S. MACNEILL, trust officer of the Continental Bank and Trust Company; Secretary, LEE C. HORNNEY, financial advertising manager of the New York Post; and Treasurer, ROBERT J. STIEHL, circulation manager and eastern advertising representative of BANKING.

Directors for the 1946 term were elected as follows: W. FRANCIS FITZGERALD, Emigrant Industrial Savings Bank; CHARLES C. HULL, American Institute of Banking; B. H. LEATHER, The New York Times; LOUIS S. LEBENTHAL, Leblenthal and Company; MRS. ISABEL B. MURRAY, Hudson Advertising Company; THEODORE W. NORCROSS, Bank of New York; DUDLEY L. PARSONS, of Dudley L. Parsons, public relations; RUSSELL S. SIMS, Albert Frank-Guenther Law, Inc.; RUEL S. SMITH, Time, Inc.; and EDWARD B. STURGES, 2ND, of Edward B. Sturges, 2nd, Inc.

Bank Changes Hands

WILEY R. REYNOLDS, president of the First National Bank in Palm Beach, has purchased controlling interest in the First National Bank in Ft. Lauderdale. W. W. McEACHERN will retire as president of the bank. Other officers, employees and directors will remain. MR. McEACHERN is state chairman of the



COURTESY THE CHASE

Florence Zamenick, left, and Alice Shiber, of the 11 Broad Street branch of the Chase National Bank, and co-chairmen of the "Dancing for Servicemen" Committee, accepting on behalf of the Chase Bank Club, a certificate of commendation from Brigadier General Ralph DeVoe, at Halloran Hospital, New York, for meritorious service to the Second Service Command. Chase sent an average of 50 girls, from a group of 125 volunteers, to a total of 452 dances, dating from March 1943

Florida War Finance Committee, past president of the Florida Bankers' Association, and former president of the State Bank Division, American Bankers Association. He expects to devote the next few months to Latin American travel.

N. Y. State Safe Deposit

At the annual election meeting of the New York State Safe Deposit Association held at the Hotel Pennsylvania in New York City, the following officers were elected for a one-year term:

President, ROSWELL D. REGAN, vice-president and general manager of the National City Safe Deposit Company of New York; First Vice-president, JOHN A. ELBE, vice-president and cashier of the Lincoln Savings Bank of Brooklyn; Second Vice-president, JOHN F. LEE, assistant cashier of the Lafayette National

Bank of Brooklyn; Treasurer, E. WALTER BOEDECKER, assistant secretary of the Fidelity Safe Deposit Company of New York; Secretary, JAMES A. McBAIN, assistant treasurer of the Chase Safe Deposit Company of New York.

Elected to the executive committee were: LOUIS W. FEUSS, manager of the Irving Safe Deposit Company of New York and WESLEY P. CALLENDER, manager of the Safe Deposit Department of the Dime Savings Bank of Brooklyn. ALBERT F. SMITH, secretary of the Central Hanover Safe Deposit Company of New York and GEORGE E. KIRBY, assistant vice-president of the Green Point Savings Bank of Brooklyn, retired from the executive committee upon the expiration of their terms.

Banks Lend Men to Red Cross

Five executives of New York banks are among the nearly two score business men whose services have been loaned by their firms to the Manhattan Commerce and Industry Committee of the Red Cross 1946 Fund. They will assist in administrative work during this year's campaign and all the men are devoting their full time to their present duties, which will continue until the close of the drive, March 30.

RICHARD G. MACGILL of the Bankers Trust Company, is serving as assistant to JAMES BRUCE, vice-president, National Dairy Products Corporation and chairman of the Red Cross Commerce and Industry Committee.

Others are JAMES V. BOHEN, City Bank Farmer's Trust Company; LUDWIG

(CONTINUED ON PAGE 106)

"What Industry Expects of Banking" was the provocative subject which drew hundreds of Cleveland bankers to the third of a series of four forums sponsored by the Forum and Seminar Committee of Cleveland Chapter. Picture shows part of the audience as they heard Thomas Coughlin, president of The Morris Plan Bank of Cleveland introduce John K. Thompson, president, Union Bank of Commerce, who delivered the main address and conducted the panel discussion



For Durable, Attractive,
Modern Buildings —

EXTERIOR TYPE Douglas Fir Plywood

There are scores of reasons why Exterior type Douglas fir plywood is so widely used for the exteriors of homes, stores, farm structures and many commercial buildings.

This modern "miracle" wood makes possible many construction economies. The large panels cover surfaces quickly, with a minimum of labor. Fewer fastenings are needed — and these may be placed close to the edge of panels without danger of splitting.

Plywood's cross-laminated construction gives every panel

great strength, too—adding to the rigidity of the framing. The large, smooth panels permit striking, beautiful, modern effects—and at the same time help keep out dust and drafts because "joints" are kept to a minimum.

Exterior type plywood—made with completely waterproof synthetic resin binder—will not delaminate, even in boiling water. Its rugged, durable, weatherproof qualities have been proved by years of use and by constant laboratory testing. Make full use of its many advantages!



Big panels go up quickly— with a minimum of handling, cutting, fitting and nailing.



Smooth attractive walls are easily achieved with plywood. There are fewer joints and "cracks."



Exterior type plywood can be bent to form pleasing curves—without danger of splitting.



Exterior type Douglas fir plywood is made with completely waterproof synthetic resin binder, especially for permanent outdoor use. Sound 1-Side grade of Exterior type plywood (EXT-DFPA) is generally specified for outside siding—and every panel MUST carry

EXT. - D.F.P.A.

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the "grade trade-mark" shown above. For information, write the Douglas Fir Plywood Association, Tacoma, Wash. For prices and delivery information, see your lumber dealer.

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SEE YOUR NEAREST LUMBER DEALER



YOUR CUSTOMER'S INVENTORY
CAN BE MADE BANKABLE

UP! UP! UP!



**LOANS based on
FIELD WAREHOUSE
RECEIPTS...**

increasing in volume!

A preferred Collateral

Bankers have shown great interest in this plan of Inventory Financing and many have advertised their willingness to make Loans based on Field Warehouse Receipts as preferred Collateral. Let us explain the Safety and economy of our extensive FIELD WAREHOUSING SERVICE.

Your Protection

- 1 **Value** of the Merchandise.
- 2 **Our Ability, Experience and Skill**—Supported by our Warehousemen's Legal Liability and Employees Fidelity Bond, underwritten by The Hartford Accident and Indemnity.
- 3 **Our Record Stands**—Not one dollar of loss to Lending Agent Bonding Company or Ourselves.



WRITE TO
NEAREST OFFICE
Let our district Manager discuss Valid Warehouse Receipts and the Safety and Economy of this Service with you.

FIELD WAREHOUSING DIVISION
ST. LOUIS TERMINAL WAREHOUSE CO.
SERVING INDUSTRY OVER TWENTY YEARS
GENERAL OFFICES—ST. LOUIS MO.
CINCINNATI... KANSAS CITY
CHICAGO • DALLAS • MEMPHIS

MAIN STREET—Continued

VIT Cerven, Guaranty Trust Company; GERALD WEST, branch manager, Public National Bank and Trust Company, and A. RAYMOND KUTZ, of the New Business Department, Manufacturers Trust Company.

Inter-Bank Ski-Meet

The sixth inter-bank ski-meet, sponsored by the Manufacturers Trust Company of New York, was scheduled for the week-end of March 1 at the Birchmont Club, North Conway, New Hampshire. New England banking institutions entered more than 400 representatives in the meet on the slopes of Cranmore Mountain, home of the Cranmore Mountain Skimobile. The annual dance and crowning of the ski queen were added features of the event. Cranmore Mountain and the sport's facilities are owned by HARVEY D. GIBSON, president of Manufacturers Trust, who, during recent years, has been unable to attend the inter-bank ski-meet because of his activities with the International Red Cross.

Banker Receives Legion of Merit

Colonel J. WARREN ANDREWS, vice-president of the First National Bank of Montgomery, Alabama, recently was awarded the Legion of Merit by order of the War Department for "exceptionally meritorious conduct in the performance of outstanding services in various staff assignments at the Charleston Port of Embarkation from 1943 to 1945."

Colonel ANDREWS enlisted in the Regular Army during World War I. He went overseas with the Seventh Division as a second lieutenant and was stationed in France. Colonel ANDREWS resigned his commission in the Regular Army in 1925, but remained in the



This "Skimobile," installed by Mr. Gibson, has 180 miniature red and blue cable cars to transport skiers up Cranmore Mountain

reserve corps. He was recalled to active duty in August 1942.

The presentation was made by Major General David M. Schlatter, acting commandant of the Army Air Forces School, at Maxwell.

At one time Colonel ANDREWS worked for the Farmers Loan and Trust Company of New York.

Back From the War

Lieutenant Commander ROBERT W. CLARK, JR., was appointed to the position of educational director of the Investment Bankers Association of America. Prior to joining the Navy in 1942, Mr. CLARK was associated with the Peoples National Bank of Washington, Seattle.

Colonel ERNEST R. LEE was elected to the board of directors of the Indianapolis Morris Plan. Colonel LEE, recently returned to Indianapolis on ter-
(CONTINUED ON PAGE 108)



Colonel Andrews, left, receiving congratulations on being awarded the Legion of Merit from Major General David M. Schlatter

Will their next stop be your bank?

There's an important NEXT step this typical American family will take, once they've "looked 'em over" and decided which model they're going to buy. Their next step is—financing!

We've been telling *millions* of prospective car buyers to have a look at The State Farm Bank Plan—to see their local State Farm agent *and* cooperating local banks before they close a deal, so they may make a three-way savings on the purchase of their next car.

Seven thousand agents of The State Farm Mutual Automobile Insurance Company—world's largest

—have been carrying this message direct to the company's 1,200,000 policyholders, who represent better than a four billion dollar market in postwar financing. Additional millions of people are learning about The State Farm Bank Plan through the most powerful national advertising support ever put behind a bank plan.

Have YOU had a look at The State Farm Bank Plan, to discover what remarkable, new profit opportunities it affords? Secure a place for your bank on this billion dollar "buy-way" today!





**STATE FARM
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To capitalize on this State Farm Promotion—

send today for the booklet we've prepared on The State Farm Bank Plan. It's called "New Profit Opportunities for Banks"—explains in detail how the State Farm Bank Plan works for you. Also includes a recent survey on our policyholders' buying plans. We've prepared another booklet, "The State Farm Group Loan Life Plan—Good Will Insurance for Banks," explaining how you can insure consumer loans at low cost. These booklets are both *free*. Simply indicate on this coupon whether you would like one or both booklets. Then clip it and mail to State Farm Mutual, Bloomington, Ill., *the world's largest auto insurance company*. There is no obligation!

--CLIP NOW!... MAIL TODAY!--

State Farm Insurance Companies B-36
Bloomington, Illinois

Gentlemen:

Please send us, without obligation, the FREE booklet or booklets we have checked below:

"New Profit Opportunities for Banks"

"The State Farm Group Loan Life Plan—Good Will Insurance for Banks"

Name.....

Bank.....

Address.....

City.....Zone.....State.....

MAIN STREET—Continued

minal leave, was aide de camp to General Dwight D. Eisenhower. He was also recently named president of the Terminal Transport Company, a common carrier truck line serving Alabama, Georgia, and Florida.

Captain BUFORD WALL of the First National Bank, Clarksville, Tennessee, returned to duty after three and a half years' service in the Army. He left the bank as assistant cashier and returned as vice-president.

GEORGE S. STEPHENSON, commander, USNR, recently released from the Navy,



Mr. Baylis



Mr. Reierson

returned to the Fifth Avenue office of Bankers Trust Company, New York, as assistant treasurer. CHARLES W. FARNUM, after two and a half years in the Navy, returned as assistant trust officer. CHESTER BAYLIS, JR., was recently elected trust officer, after more than

three years in the U. S. Navy. ALLAN K. MURRAY was made assistant treasurer, assigned to the Rockefeller Center office, after his release from the Naval Reserve, where he held the rank of lieutenant commander. Commander ROY L. REIERSON, after serving in the Navy since 1942, returned as an assistant vice-president.

J. D. DILLON, DAVID H. CROCKETT and H. N. O'CALLAGHAN, former assistant cashiers, were advanced to assistant vice-presidents of the American National Bank of Nashville, Tennessee. Mr. DILLON and Mr. CROCKETT are both veterans of World War II.

Irving Trust Company, New York, has announced the return from service with the U. S. Navy of Lieutenant WILLIAM E. PETERSON as assistant vice-president.

LESLIE COLEMAN has been named vice-president of the Bank of the Manhattan Company, New York, and will be in charge of the bank's southern division. He comes to the New York bank from the Second National Bank of Houston, Texas. After graduating from Rice Institute and Harvard Law School, Mr. COLEMAN joined the staff of the San Jacinto Trust Company of Houston, Texas. In 1933 this company became a national bank.

When the war started he became a major in the U. S. Army and was placed in charge of civilian personnel of the Army Air Forces, Central Flying Command, Randolph Field, Texas. During the time he was in the Army the San Jacinto National Bank merged with the Second National Bank of Houston. In April of 1945 he was placed on the Army's inactive list and was elected a vice-president of the Second National Bank in charge of oil loans.

CARROLL PAYNE JONES, trust officer, has returned to his position at the Trust Company of Georgia after serving for two years as a lieutenant in the Navy. After indoctrination training, Mr. JONES was sent to the Aviation Supply Office, Naval Aviation Supply Depot, Philadelphia, where he was stationed

Mr. Coleman

Mr. Jones



Highlights in Insurance History

MARINE FRAUDS

In the early 19th century, American shipping was harassed by an elaborate system of Marine frauds. Notorious crimes were practiced along the Atlantic coast and among the West Indies. In collusion with paid wreckers, vessels were run ashore, lured in by false lights and destroyed, or taken into West Indies ports to be fraudulently condemned and sold; often the rotting, worthless ones were abandoned to the underwriters at exorbitant prices. Exposures brought about by the underwriters ruined many prominent merchants thought to be above suspicion. American shipping and the Marine Insurance industry joined in bringing these criminals to trial and a new era of safety began.

Marine underwriters have always been faced with unusual problems. The manner in which they met conditions during the recent World War reflects credit on the companies. The NATIONAL UNION and BIRMINGHAM are proud to pay tribute to Marine Underwriters for their excellent performance.

National Union and Birmingham
FIRE INSURANCE COMPANIES
 PITTSBURGH PENNSYLVANIA

until his discharge. He was assigned to aviation planning work.

Commander EUGENE S. NORTHROP, after serving in the U. S. Naval Reserve since 1942, returned to Manufacturers Trust Company, New York, as assistant secretary and was promoted to assistant vice-president.



Upon completion of his terminal leave, Major SIDNEY MATHEWS resumed his duties as assistant trust officer of the Commercial National Bank and Trust Company,

New York. CLIFFORD B. PURSE, who before his entry into the U. S. Navy was assistant vice-president of the Commerce Union Bank, Nashville, Tennessee, was recently elected assistant vice-president of the Commercial National.

SEYMOUR DRIBBEN, on leave of absence with the U. S. Navy for nearly five years, has been appointed assistant vice-president of the Chemical Bank & Trust Company, New York. Mr. DRIBBEN, who achieved the rank of commander in the Navy, and is the possessor of six battle stars, the bronze star, a fleet commendation and Pacific and American area citations, will again be associated with the metropolitan division handling the bank's business in New York.

WILLIAM S. WOODS, who was on duty with the Navy for more than two years, also has returned to his position as vice-president of the Trust Company of Georgia, Robert Strickland, president, announced recently.

Mr. WOODS served as a lieutenant in the administrative branch of the Navy and was stationed in Washington, but his duties in connection with war contracts took him to many parts of the country.

LLOYD B. HATCHER, recently discharged from the Marine Corps as a captain, has returned to the Trust Company of Georgia as assistant vice-

Mr. Woods



Mr. Hatcher



president in the investment department.

Central National Bank of Cleveland honored more than 35 of its returned service people at a dinner meeting attended by the bank's staff.

IRA F. WEISS, for more than three years in the Security and Intelligence Division, AAF, has been made assistant secretary of the Trade Bank and Trust Company, New York.

Have You Heard?

DUNLAP C. CLARK, president, American National Bank of Kalamazoo, Michigan, has been elected chairman of the Kalamazoo Council for Veterans Affairs, which for almost two years has conducted a counseling center for the benefit of discharged veterans.

Colonel CLARK is a member of the Committee on Service for War Veterans of the American Bankers Association and chairman of the National Defense Committee of the United States Chamber of Commerce, of which he is also a director.

EDMUND G. FLOWERS has been appointed comptroller of the Kings Highway Savings Bank of Brooklyn, New York. He formerly held the post of assistant secretary.

THOMAS L. RAY, formerly in the investment business with Barcus-Kindred & Company, Chicago, has joined the bond department of the Mercantile-Commerce Bank and Trust Company, St. Louis.

WILLIAM C. CHRISTENSEN and associates have purchased the controlling interest in the State Bank of St. Paul, Oregon. Mr. CHRISTENSEN will act as

Effective co-ordination

of all departments assures rapid, efficient handling of every type of banking transaction. You are invited to use any or all of our facilities.

CITY NATIONAL BANK AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)



ALL-STEEL COMBINATION TRAYS



Easily carried. Holds all five denominations in one tray. Lacquered on Olive Green Color.

STYLE A: Holds \$12.00 in pennies, \$50.00 in nickels, \$150.00 in dimes, \$150.00 in quarters and \$240.00 in halves. Size: 18" x 4" x 5".—PRICE \$6.75

STYLE B: Holds \$24.00 in pennies, \$100.00 in nickels, \$300.00 in dimes, \$300.00 in quarters and \$480.00 in halves. Size: 18" x 7" x 5".—PRICE \$8.10

HEDENKAMP & CO. ALL PRICES F.O.B. BANK AND OFFICE SUPPLIES
NEW YORK, N. Y. 343 Broadway, Dept. K-3, New York 13, N. Y.

president; J. L. SEARCY and S. J. SMITH, vice-presidents; A. H. FLICKER, cashier; and Mrs. ROSE BERNING, assistant cashier.

ROBERT S. WALKER has retired as a vice-president of the Pacific National Bank, Seattle, Washington, after 46 years of financial and banking activity in the Northwest.

Promotions at the Dime Savings Bank of Brooklyn include the appointment of FREDERICK W. JACKSON as assistant mortgage officer; THOMAS S. SITES, assistant secretary; EVERETT J. LIVESEY, assistant comptroller.



Mr. Walker



Mr. Jackson

L. B. GUNN, vice-president and trust officer of the State-Planters Bank and Trust Company, Richmond, Virginia, has been elected a member of the board of directors. He has been active in the affairs of the Virginia Bankers Association and is a past chairman of the asso-

ciation's committee on trusts. He is also a past vice-president for Virginia of the Trust Division of the American Bankers Association.

The Union Bank of Los Angeles announces the promotion of J. W. LEWIS and LOUIS SIEGEL to vice-presidencies; J. W. LUHRING and R. R. NEWMARK to assistant vice-presidencies.

The Commercial National Bank and Trust Company of New York announces appointments and promotions, as follows: CHARLES E. WOLFF, vice-president and cashier, became vice-president; EDWIN R. WESTMAN, assistant vice-president, became cashier; CORNELIUS J. CAREY, assistant vice-president; CLIFFORD B. PURSE, assistant vice-president; JOHN F. COOK, manager, foreign department; EDWIN G. GALLAWAY, assistant cashier; and MALCOLM C. MCMASTER, assistant trust officer.

EDWARD W. SMITH, formerly executive vice-president of the Clinton Trust Company, New York, has been elected president to succeed the late LEE S. BUCKINGHAM. Other Clinton Trust promotions include the election of THEODORE R. SCHWARZ and JAMES M. COOKE to vice-presidencies; CHARLES T. POTUZAK, treasurer; and NELSON H. CLEVERLY, assistant vice-president.

Miss WINIFRED HAINES, after 49 years at the First National Bank of Kansas City, has retired from her position as assistant cashier and head of the women's department.

JOHN J. BARRY, formerly a member of the editorial staff of the *Boston Globe*, has been elected a vice-president of the National Shawmut Bank of Boston. For the past five years Mr. BARRY has been associated with National Shawmut as a news analyst on its radio program "Frontline Headlines." This program will continue.

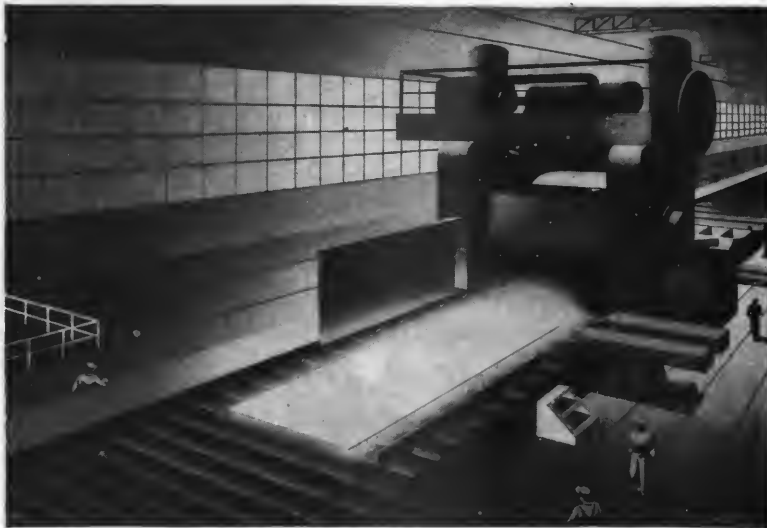
MARGUERITE PATTON, who served as chairman of the Seattle Bank Women's Committee during the Seventh War Loan and the Victory Loan drive, has been named assistant cashier of the
(CONTINUED ON PAGE 112)

Mr. Barry

Miss Patton



BANKING



THE TEMPO OF BUSINESS TODAY

THE Midwest's future beckons invitingly. Here business and industry, strategically placed in the center of America, move forward to new achievements with the aid of modern technological progress — and move at an increasing tempo.

As a *business-minded bank*, it is our function to aid in the maintenance of this stepped-up tempo. Frequently it is our privilege to cooperate with correspondent banks in assisting their customers to solve efficiently the problems of finance which arise in an expanding industry. Possibly we can be similarly helpful to you.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit

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OUR BUSINESS IS TO HELP BUSINESS

Fifty-Sixth
Annual Statement

DECEMBER 31, 1945

ASSETS	
United States Government Bonds . . .	\$12,668,120.08
State, Municipal and other Gov't Bonds . . .	597,237.16
Railroad Bonds	14,609.70
Public Utility Bonds	304,833.36
Preferred and Guaranteed Stocks	3,294,855.00
Common Stocks	6,424,807.00
TOTAL BONDS AND STOCKS	\$23,304,462.30
Cash in Banks	\$1,777,537.05
Cash in Offices	32,356.25
	1,809,893.30
Premiums, not over three months due	212,269.41
Accrued Interest	54,405.04
Other Assets	397,146.25
Post War Refund—Excess Profits Tax	244,409.23
TOTAL ADMITTED ASSETS	\$26,022,585.53

LIABILITIES	
Reserve for Unearned Premiums	\$ 3,616,249.73
Reserve for Losses and Claims	3,535,485.16
Reinsurance Reserves	2,313,276.09
Funds held under Reinsurance Treaties	885,532.01
Commissions and Accounts Payable	357,630.15
Federal, State and Other Taxes	575,595.70
TOTAL LIABILITIES	\$11,283,768.84
Capital Liabilities:	
Voluntary Reserves:	
Contingencies	\$1,250,000.00
Security Fluctuation	2,318,955.19
Post War Period	244,409.23
	\$3,813,364.42
Capital Paid In	2,000,000.00
Surplus	8,925,452.27
Surplus to Policyholders	14,738,816.69
TOTAL LIABILITIES	\$26,022,585.53

Bonds and Stocks are valued in accordance with requirements of the State of New York Insurance Department. On the basis of December 31, 1945 market quotations for all bonds and stocks owned, this company's Total Admitted Assets and its Surplus would be increased by \$393,488.12. Securities carried at \$1,142,714.49 in the above statement are deposited as required by law.

This statement does not reflect a claim in the amount of \$148,275.93 which has been filed for refund of 1943 Federal excess profits tax under carry-back provisions of The Internal Revenue Code.

Directors

A. M. ANDERSON <i>J. P. Morgan & Co., Incorporated, New York</i>	JOHN T. JONES <i>Vice-President, New York</i>
PERCY CHUBB 2nd <i>Chubb & Son, New York</i>	EMORY S. LAND <i>President, Air Transport Association, Washington, D. C.</i>
PRESCOTT S. BUSH <i>Brown Brothers Harriman & Co., New York</i>	JUNIUS L. POWELL <i>Chubb & Son, New York</i>
CLINTON H. CRANE <i>President, St. Joseph Lead Co., New York</i>	GEORGE H. REANEY <i>President, New York</i>
D. ROGER ENGLAR <i>Bigham, Englar, Jones & Houston, New York</i>	REEVE SCHLEY <i>Vice-President, Chase National Bank, New York</i>
WILLIAM A. HAMILTON <i>Hamilton, Ont.</i>	CARROL M. SHANKS <i>President, Prudential Insurance Co. of America, New Jersey</i>
HENDON CHUBB, <i>Chubb & Son, New York</i>	

UNITED STATES GUARANTEE COMPANY

NEW YORK CITY

FIDELITY SURETY CASUALTY

Aviation Insurance through Associated Aviation Underwriters

MAIN STREET—Continued

Seattle-First National Bank. Other Seattle-First National promotions include: C. F. HUMMEL, vice-president, who will continue as manager of the Wenatchee Valley branch at Wenatchee; J. H. McCLURE and N. K. SMITH of the Seattle main office and B. C. GRANGAARD, of the Olympia branch, assistant vice-presidents.

H. STEWART PEYTON was named trust officer. Newly named assistant cashiers, in addition to Miss PATTON: R. F. GEARHEARD, J. H. GORMLEY, E. H. LATIMER and FRED W. MOE, at the main office, Seattle; H. L. BRADLEY

and KENNETH STOREY, at Spokane and Eastern branches. Mrs. MARGARET BOWEN was appointed assistant manager, Sumner branch, and J. L. RICKERT, assistant manager, Raymond branch.

Miss MAYBEL C. OLIVER, vice-president, United Savings Bank, Detroit's only woman bank officer of senior rank, has announced her resignation and retirement from the bank after 35 years' continuous service.

Thirteen members of the staff and of the board of trustees of The Manhattan Savings Bank, New York, were honored



Miss Oliver



Mr. Hutchins

recently for having served a total of 435 years with the bank. WILLARD K. DENTON, president of the bank, presented mementos to seven members of the staff and six board members, each of whom had served 25 years or more. AUGUSTUS S. HUTCHINS, a trustee, was accorded special recognition for having served as a board member for 62 years.

CARL A. RICHTER, vice-president and secretary, is the bank's oldest officer and employee in term of service, having started with the bank 43 years ago. Other staff members with 25 or more years of service: FRED A. STOEKLE, EDWARD GORSKIN, GERALD K. HAYWARD, HENRY J. HEIL, GEORGE J. METZ and HELEN E. SIEMERS.

Iowa-Des Moines National Bank and Trust Company announces the election of CLYDE H. DOOLITTLE as a director and the promotion of GERALD O. NELSON to assistant vice-president.

There's a new bank name in Pittsburgh. As this issue of *BANKING* went to press, directors of the First National Bank and the Peoples-Pittsburgh Trust Company had approved a merger and taken steps to submit the plan to the stockholders. It was indicated that the combined institution will be a national bank, Peoples First National Bank & Trust Company.

The directors selected F. F. BROOKS, president of the First National, for the board chairmanship, and ROBERT C. DOWNIE, president of Peoples-Pittsburgh Trust, for the presidency.

Federal Reserve Appointments

Atlanta: ROBERT STRICKLAND, president of the Trust Company of Georgia, who was recently appointed to the Federal Advisory Council by the board of directors, Federal Reserve Bank of Atlanta, is a former member of the board of directors, Federal Reserve Bank of Atlanta. He is also a director of the Nashville, Chattanooga and St. Louis Railway, Coca-Cola International Corporation, Tubize Rayon Corporation and Dyersburg Cotton Products Company.

(CONTINUED ON PAGE 114)

BANKING



Doing Business

DOWN SOUTH AMERICA'S WAY?

If your banking business extends to Mexico, Latin or Central America, it will pay you to investigate the advantages offered by this bank's specialized knowledge of this field of foreign trade.

Our services are both functional and advisory in scope, our foreign banking contacts

widespread. The foreign department is under the supervision of one of the country's internationally known experts on foreign trade.

Our interest in and knowledge of South American banking has long been a feature of Mercantile-Commerce service to its correspondent banks.

MERCANTILE
Bank and
ST. LOUIS 1



Trust Company
MISSOURI

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

SAFE DEPOSITORY LIABILITY INSURANCE

You Get

\$50,000

Protection against Liability imposed by law:

- | | |
|---|--|
| 1 — Mysterious Disappearance | 5 — Flood, tornado or other acts of Nature |
| 2 — Negligence or dishonesty of employees | 6 — Misplacement of box in wrong compartment |
| 3 — Burglary, Robbery, Theft | 7 — Improper or illegal entry by means of duplicate key or forged papers |
| 4 — Fraudulent, fictitious and erroneous claims | |

PLUS Legal defense in connection therewith

THE COST is only \$75, one year—\$187.50, three years

provided the total number of safe deposit boxes does not exceed 937. A small additional premium is made for banks having more than this number of boxes.

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK
80 Maiden Lane, New York 8, N. Y.

Gentlemen: We desire to purchase a Safe Depository Liability Policy
In amount of \$.....Term.....No. of Boxes.....
on premises

Name.....

Address.....

Name of Your Insurance Agent or Broker.....

Pittsburgh: At the Pittsburgh Branch of the Cleveland Reserve bank, Dr. ROBERT E. DOHERTY, president of the Carnegie Institute of Technology, retired from the board of the branch and was succeeded as chairman by HOWARD W. JORDAN, president of the Pennsylvania Rubber Co., of Jeannette, Pennsylvania, a member of the board since 1944.

ALBERT H. BURCHFIELD JR., vice-president of Joseph Horne Co., Pittsburgh department store, was appointed by the board of governors for a three-year term on the branch board to succeed Dr. DOHERTY.

LAURENCE S. BELL, executive vice-president of the Union National Bank



CAMPBELL

Nearly 1,600 bank men and women attended the 42nd annual banquet of New York Chapter, American Institute of Banking, its first banquet since 1942. The chapter conferred honorary membership upon Gordon S. Rentschler, chairman, The National City Bank of New York, "in recognition of his leadership, accomplishment and public service." *L. to r.*, A.I.B. National President David T. Scott, Comptroller of the Currency Preston Delano, Chapter President Edgar C. Egerton, Mr. Rentschler, and former Export-Import Bank President Wayne C. Taylor, guest speaker

of Pittsburgh, was named by the Federal Reserve Bank directors to succeed

CLARENCE STANLEY, president of the Union Trust Co., of Pittsburgh, on the branch board.

St. Louis: The board of governors of the Federal Reserve System has designated RUSSELL L. DEARMONT, St. Louis, as chairman of the board and Federal Reserve agent of the Federal Reserve Bank of St. Louis, to succeed WILLIAM T. NARDIN, retired.

The following have been appointed directors of the branches of the Federal Reserve Bank: CECIL C. COX, farmer, Stuttgart, Arkansas, and CHARLES A. GORDON, vice-president, Simmons National Bank, Pine Bluff, Arkansas, directors of the Little Rock branch; GEORGE O. BOOMER, president, Girder Corporation, Louisville, and LEE L. PERSISE, president of The State Bank of Salem, Indiana, directors of the Louisville branch; LESLIE M. STRATTON JR., executive vice-president, Stratton-Warren Hardware Co., Memphis, and NORFLEET TURNER, president, First National Bank of Memphis, directors of the Memphis branch.

Election of directors of the Federal Reserve Bank of St. Louis was as follows: A. WESSEL SHAPLEIGH, president of Shapleigh Hardware Co., was re-elected as a Class B director; PHIL E. CHAPPELL, president of Planters Bank & Trust Co., Hopkinsville, Kentucky, was elected a Class A director; K. AUGUST ENGEL, president of the Arkansas Democrat Co., Little Rock, was elected a Class B director.

Richmond: A. L. M. WIGGINS, president of the Bank of Hartsville, S. C., and former president of the American Bankers Association, has been appointed to membership on the Federal Advisory Council for 1946 by the Federal Reserve Bank of Richmond, succeeding ROBERT V. FLEMING, president of the Riggs National Bank of Washington, D. C., who is also a former A.B.A. president.

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LOW COST CHECKING ACCOUNT

ASSURES
PROFITABLE
ACCOUNT VOLUME



The ThriftyCheck service plan is an acknowledged leader in the nation-wide swing to no-minimum-balance checking accounts. Our client banks are convinced that it is the most practical service for their use — the single charge to the depositor for the sale of the book cuts down handling detail.

Imprinting the depositor's name on every check (delivered at once) speeds up bank operations — and pleases the customers.

For information about ThriftyCheck as a profitable bank service write:

BANKERS DEVELOPMENT CORPORATION
31 Nassau Street, New York 5, N. Y. Rector 2-7580

FIRST NATIONAL BANK

SOLID BRONZE BANK SIGNS AND TABLETS

Select International Bronze signs and tablets for your bank. Wide choice of standard and custom designs. Estimates and special sketches cheerfully submitted. Superb workmanship, modest prices, satisfaction guaranteed. Write for Free illustrated Catalogue B. SHOWS HONOR ROLLS, AWARDS and other bank needs.

INTERNATIONAL BRONZE TABLET CO., INC.
36 East 22nd St., New York 10, N. Y.

ST. LOUIS SNAPSHOTS

HE GETS ALL THE BREAKS... HE HAS A ROOM AT THE HOTEL

Mayfair

Financing the Coffee Market

WRITING in *The Grace Log*, John J. Riley, manager of the foreign department, Grace National Bank, New York, calls attention to the significant role played by banks in the progress and improvement of coffee marketing procedures over the past 30 years.

"The up-to-date financing methods offered by their foreign departments," he says, "has facilitated the ever-increasing movement of coffee to the United States.

"Early in World War I, bankers in the United States saw great opportunities for the establishment in this country of facilities for the financing of foreign trade. England could not continue the shipping facilities which it had formerly placed at the disposal of the coffee-producing countries. Her exporting to these countries was curtailed, and the advisability of accumulating and maintaining large sterling balances by the Central and South American countries no longer existed.

UNDER these changed conditions, importers were encouraged to purchase their stock of green coffee in terms of U. S. dollars, financing it by means of approved bankers' credits payable in New York. Shippers were able to negotiate their drafts on New York as readily as they previously had on London. The result was the predominant use of the U. S. dollar credits of the many issuing banks in the United States for financing importations of green coffee.

"Because of this long and favorable experience with coffee, banks were able to adjust their facilities quickly to that trade's oft-changing requirements during World War II. For example, foreign sellers' requests for payment at a point of delivery in the interior of producing countries—a departure from the long-established practice of making payment against ocean bills of lading—were readily met.

"Now the banks look forward to opportunities to develop their service further as new coffee markets unfold."

When it follows a spending philosophy a nation finally reaches the point where it must decide whether the government or the people should spend the money.

What the world needs now for recovery is a real labor movement.

One thing you can say about the old automobiles on the road: They rattle before they strike.

The Bible must be a great book to survive all the translations that are made of it.

The country is getting more and more prosperous as our money buys less and less.

**NO
MUSIC**



. . . UNTIL SOME ONE BLOWS IT

The old saying about "he who bloweth not his own horn, said horn remaineth in a state of unrootedness" applies to banks as well as to other businesses, especially to banks seeking new, out-of-town business. For while your bank, with its attractive building, complete services, and capable, courteous personnel, is well known in your immediate community, it is probably just a name to many out-of-state banks and commercial firms. That's why so many banks "blow their own horns" by advertising their facilities in the Bankers Directory (the Blue Book). To increase *your* bank's new business, use a *prominently displayed listing* in the Blue Book—the preferred financial directory of the world for 73 years. Write today for Blue Book rates.

**THE RAND McNALLY BANKERS' DIRECTORY
"THE BLUE BOOK"**

536 South Clark Street • Chicago 5, Illinois

"Inflation must be getting terrible —
I got a raise!"



March 1946

THE VIEW FROM HERE

THERE is no question that the most important single need to alleviate the inflationary pressure is the elimination of industrial strife at the earliest possible moment, Frank C. Rathje, A.B.A. president, told the Association's mid-winter trust conference.

* *

Sound management of the public debt would dictate a conversion of the short-term government obligations now held by the banks into long-term bonds suitable for non-bank investors, in the opinion of Dr. Marcus Nadler, professor of finance at New York University.

* *

Emil Schram, president of the New York Stock Exchange, said securities price increases were a reflection, not a cause of public fears for the value of the dollar. He asserted that official Washington quarters were fostering the erroneous belief the stock market was the primary source of trouble.

* *

More than usual attention was attached to statements of Paul Kronacker, Belgian Supply Minister, who said Belgium's acute emergency was past and that the government had decided private trade with the Western Hemisphere should be resumed.

* *

Eugene W. Stetson, chairman of Guaranty Trust Company, New York, warned stockholders at the annual meeting that with the end of war financing reduction of securities' profits must be expected.

* *

Elliott V. Bell, New York Superintendent of Banks, has proposed reduction of small loan interest rates from 2½ to 2 per cent a month up to \$300 and extension of the limit to \$500. The last \$200 would carry 1 per cent a month. This would be the lowest small loan rate in the country.

* *

Banks and other credit granters should examine first quarter financial statements this year from the viewpoint of how 1946 operations will be affected by wage demands and competition among labor unions for greater membership, advised Dr. Leo Wolman, professor of economics at Columbia University.

* *

"An act of statesmanship in behalf of ourselves and the whole world, directed against no other nation or group of nations and establishing no tenable precedent for other credits" — this was the statement of Allan Sproul, president of the Federal Reserve Bank of New York, in support of the proposed loan to Britain.

Aubrey G. Lanston, vice-president of First Boston Corporation, urged higher interest rates on Treasury certificates to make them more attractive for non-bank investors.

* *

Ralph E. Flanders, shortly before his retirement as president of the Federal Reserve Bank of Boston, said: "Federal income taxes have virtually put a stop to the growth and development of new undertakings."

* *

Unless the job of disposing of the tremendous surplus of government materials is handled carefully and intelligently, "grave injury to American business, American labor and the American way of life" may result, says Lee R. Fleming of the Office of Surplus Property of the RFC. Nobody would argue with that.

* *

Hongkong dollar quotations have made their reappearance, giving evidence that commercial relations with the Orient are reviving. Quotes are based on the prewar rate and are about 25.35 cents to \$1 (Hongkong). There are also rumors of an Italian lire devaluation to about one-half the price of the French franc.

* *

Trouble of much greater magnitude than in 1931-33 may develop three or four years from now unless caution is exercised by lenders on real estate and housing, according to John H. Fahey, administrator of the Federal Home Loan Bank System.

* *

Establishment of a joint commission of industrialists, bankers and engineers from Britain, Canada and the United States to plan for development of India, was advocated by John Abbink, chairman of the National Foreign Trade Council. How's that again?

* *

Deposits of £1,060 millions and assets of £1,115 millions announced by the Midland Bank of England are the largest ever recorded by a joint stock bank in the British Empire.

* *

Following similar action by banks in various parts of the country, the Association of Stock Exchange Firms is polling its nationwide membership on a year-round five-day week.

* *

Only 26 of 51,572 loans guaranteed by the Veterans Administration resulted in defaults.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

FINANCIAL STATEMENT December 31st, 1945

ASSETS

Cash in Banks		\$ 3,282,233.65
Investments:		
Bonds of United States Government	\$11,438,768.36	
All other Bonds	1,456,194.54	
Preferred Stocks	7,148,232.00	
Common Stocks	11,449,229.95	31,492,424.85
Capital stock of National Surety Marine Insurance Corporation, a wholly owned subsidiary		2,172,903.54
Premiums in Course of Collection, Not over 90 Days Due		1,502,980.65
Accrued Interest		44,418.02
Reinsurance and Other Accounts Receivable		54,060.97
Home Office Building		500,000.00
TOTAL ADMITTED ASSETS		<u>\$39,049,021.68</u>

LIABILITIES, CAPITAL AND SURPLUS

Reserve for Losses and Loss Adjustment Expenses		\$ 4,169,253.28
Reserve for Unearned Premiums		8,599,100.66
Reserve for Commissions, Expenses and Taxes		1,984,843.07
Capital Stock	\$ 2,500,000.00	
Voluntary Reserve for Fluctuations in Security Prices	4,278,021.37	
Surplus	17,517,803.30	
Surplus to Policyholders		24,295,824.67
TOTAL		<u>\$39,049,021.68</u>

Investments are carried on the basis prescribed by the New York Insurance Department—bonds being carried at amortized or investment values and stocks at values based on rates promulgated by the National Association of Insurance Commissioners. If investments were carried at the December 31st, 1945 market quotations, total assets, voluntary reserve for fluctuations in security prices and surplus to policyholders would be increased by \$470,939.43.

Bonds carried at \$1,155,500.00 are deposited as required by law.

News Around and About

(CONTINUED FROM PAGE 57)

"Our local dealer does not hesitate to pass along to us any loan that, in his opinion, is first quality."

Consider the Repayment Schedule

Elvin Humble, president of the First National Bank, Rushford, Minnesota, writes: "We've carried a considerable volume of farm paper over a period of years, and to date we have not lost one dollar on this class of paper. We try to get one-third down and finance the balance over a period not exceeding 18 months. However, we find that farmers do not like monthly instalments on farm machinery so we try to set a schedule at some particular time of the year when he disposes of some grain, livestock, or other produce.

"On tractors we extend loans for two or three years, preferably two years with payments due in the Spring and Fall. To arbitrarily set dates at any other time during the year is just an aggravation to the average farmer and a lot of work for the bank; invariably the farmer comes in to explain he won't have any money for 30, 60, or 90 days, and then of course one is obliged to extend the note or make a new one. It is much better to arrange a schedule at the start to coincide with income seasons.

"Personally, I feel that a lot of our farmers have become discouraged with time payment plans on farm equipment because they are pressed for payments at the wrong time of the year. We find the average farmer in normal times needs his milk check and egg money for operating expenses and the bulk of his income comes when he markets his grain, hogs or cattle. Instalment credit for the farmer is a lot different than dealing with a salaried worker."

Mr. Humble adds that the bank develops farm implement business through contacts with local dealers and by consistent newspaper advertising.

Chattels

F. Richard Atkinson, assistant cashier, Forest County National Bank, Tionesta, Pennsylvania, says: "Most of our farm machinery financing has heretofore been financed on a straight commercial loan basis with amortized payments and reducing interest payments; however, with the advent of our enlarged consumer credit department we will finance all loans of this type

through this department, increasing our interest income.

"We plan to use on farm implement credit a chattel mortgage as approved by the new Pennsylvania Chattel Mortgage Act. We will record each chattel. Banks located in states having chattel mortgage acts will find the mechanics of this type of loan greatly simplified. Before this act was passed, we used a bill of sale supported by a collateral note which made the transaction bulky and not too satisfactory.

"Our loans are made direct over-the-counter for the most part, but we do plan to discount dealer paper. We also plan to advertise our dealers' products via direct mail to a select mailing list and also through newspaper advertising. This will be supplemented by personal calls on our farm friends."

Personal Contact Counts

From the coal and timber country of Jamestown, Tennessee, E. M. Shelley, cashier of the Union Bank, sends a tip on business-getting methods. Says he, "I make it a point to attend all farm sales and other public gatherings and mix with the crowds. When I find a farmer who wants to buy, but hasn't the cash, I suggest helping him with a bank loan. It's much like walking in a store and having the merchant ask you to buy.

"We feel that any banker who gets out among his customers, visits with them, breaks bread with them, and sees at first hand what they are doing and how well, can find many opportunities for service. He can develop a better class of business out in the field than by waiting behind a desk."

"He's a country boy who came to the city and made good. An' has a home in the country"



Dealer Contacts Are Important

"We have always considered the First National Bank of Wayland (New York) a farmer's bank," writes J. R. Scott, assistant cashier. "With new developments in farm equipment, increased agricultural extension work, and the influx of Maine potato growers within the last few years, the methods of farming in this area have changed considerably.

"Our farmers have become machinery conscious. Many of them have changed from diversified farming to one-crop farming and have learned through our friends from Maine that successful growing of large acreages of a cultivated and sprayed crop necessitates a substantial outlay in mechanical equipment.

"Through newspaper advertising, and particularly through friendly dealers, we have encouraged the farmers to finance their requirements with a bank loan.

"Our approach has been almost entirely through farm implement dealers; an approach we learned to value in our automobile financing. Our initial loans, I believe, came through an automobile dealer whose paper we handled, and who decided to take on some farm machinery.

"After a short study, we saw possibilities in this field and decided to follow our experience in automobile financing, taking a chattel mortgage, and relying largely on the strength of this collateral."

Mr. Scott advises that the bank's usual terms are one-third down, and balance payable on one or several notes over a reasonable period, depending upon the type of equipment. In general, the bank requires dealer endorsement on used equipment notes, but not on new machinery unless the purchaser is unknown or has little or no equity in the farm he is working. The bank requires fire insurance coverage for the period of the loan. It is purchased by the bank at about 90 cents per hundred per year, and added to the note. Machinery is insured for the cost price, not the unpaid balance. The purchaser gets a copy of the certificate of insurance directly from the agent. Until recently, the bank charged 6 per cent simple interest on machinery notes, but has reduced it to 5 per cent on original balances of \$500 and over.

Mutuals to Promote Home Ownership

PROMOTION of home ownership on a sound financial basis takes first place as a theme for advertising which will be placed in home community newspapers by the 532 mutual savings banks, according to a survey on advertising made by the Committee on Savings Development of the Savings Division of the American Bankers Association. L. A. Tobie, president of the Meriden Savings Bank, Meriden, Connecticut, is chairman of the committee, which made the survey to guide the activities of the committee and also for the use of the A.B.A. Advertising Department in preparation of new advertising material for mutual savings banks.

The committee and the Advertising Department sent a questionnaire to all mutuals, which are located in 17 states. Complete replies received from 248 banks disclosed that mutual savings bankers are doing much constructive thinking about the specific things that their institutions want to do and say in connection with their promotional activities. There is a tremendous interest among the mutuals as to the future development of their business. Not long ago mutual savings bank advertising was confined almost entirely to promotion of savings accounts, with occasional mention of safe deposit boxes for rent. The emphasis in their advertising message is now changed, and mortgage loan services now occupy first place.

One-fourth of the 221 banks which reported that they offer mortgage loan service are devoting more than half of their advertising budget to these loans,

and 139 banks have definitely earmarked from 25 to 50 per cent of their advertising for this purpose.

Savings accounts were a close second in the advertising programs, bank-by-mail, life insurance, home repair and modernization loans, and safe deposit boxes running in about that order. It is estimated that a typical savings bank advertising program will be devoted about half to mortgage loans and a little less to savings accounts, with an occasional mention of the other bank services which also include Christmas clubs and special savings accounts and holiday and institutional messages.

The portion of mutual savings bank advertising which will be devoted to promotion will have as its most popular theme the encouragement of soundly financed home ownership. Running a close second will be ads designed to get new savings accounts, and there will be a substantial budget portion of the advertising used to present the mutual savings philosophy.

Because mutual savings banks are cooperative community institutions, heretofore they have not been in the

same competitive position as commercial banks. As a result of the conservative attitude thus fostered by their position, the advertising budget of the average mutual is not as large as that of a typical commercial bank of the same size.

The survey showed that two-thirds of the mutuals with deposits of over \$5 million reported that they had spent less than \$1,000 a year for advertising. Seventy-five per cent of the banks with between \$5 million and \$10 million on deposit spent less than \$5,000 a year.

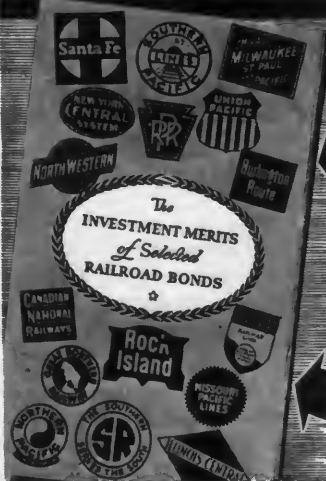
Only 40 per cent of the banks with deposits between \$10 million and \$30 million said they spent more than \$5,000 a year. Of the 190 banks giving advertising budget figures, 116 spent less than \$5,000 a year. Banks reported their choice of advertising medium in order of importance as follows: (1) Newspapers, (2) direct mail, (3) radio, (4) window and lobby displays, (5) car and bus cards. The size of newspaper advertisements preferred is two columns by six inches, although some banks prefer a three column size of 10 column inches in depth.

"Mrs. Martin wanted me to propose her name. She wants to join"



March 1946

INFORMED ACTION IS THE KEY TO SUCCESSFUL INVESTING



A Revitalized Industry

Today's railroads are a revitalized and, to a large extent, a reorganized industry from the standpoint of both operations and financial structure. The industry is one for which the public has new respect and appreciation growing out of its courageous pre-war accomplishments and its amazing wartime record of achievement. Instead of being a declining industry, it appears to be entering a new phase of development which, if not as expansive and dynamic as in its earlier stages, promises to be at least more stabilized and certainly no less necessary to the growth and well-being of the nation.

Send for this Informative Folder on Railroad Bonds

HALSEY, STUART & CO. INC.
123 S. La Salle Street, CHICAGO 90, Illinois
Gentlemen: Please send me, without cost or obligation, "The Investment Merits of Selected Railroad Bonds."

Name _____
Address _____
City _____ State _____
KC-2

The basic factors essential to qualification of selected railroad bonds for favorable investment consideration are discussed interestingly and non-technically in an up-to-date analysis, "Investment Merits of Selected Railroad Bonds." Send for it, without obligation, as a guide to informed action.

Use this request form—at no cost.

HALSEY, STUART & CO. INC.

CHICAGO 90, 123 SOUTH LA SALLE STREET NEW YORK 5, 35 WALL STREET AND OTHER PRINCIPAL CITIES

MODERN
DISTINCTIVE
FUNCTIONAL



ECUSTA

Fine Flax AIR MAIL PAPER FOR BUSINESS

Let the distant-going correspondence of your corporation be specially suited to fly the airways economically. Let Ecusta air mail paper, made by a new process direct from linen flax fibre, also symbolize the importance of your "Via Air Mail" letters. Look for the Ecusta watermark.

Ecusta fine flax air mail and business paper is readily available through leading paper merchants from coast-to-coast. Call in your stationer, printer or engraver now and ask him to show you specimens of this high quality letter-head paper. Or write us and we will cheerfully mail samples of Ecusta paper to you.

*Fine Flax Writing • Fine Flax Air Mail
Bible Paper • Thin Paper Specialties*



ECUSTA PAPER CORPORATION

PISGAH FOREST • NORTH CAROLINA

Mutuals' Deposits Set New Record

THE National Association of Mutual Savings Banks reports that total deposits in the mutuals on January 1 were \$15,332,202,146, an increase of \$2,000,391,516 over a year ago—a record rise.

Total assets increased by \$2,200,799,979 to make a total of \$17,013,451,176 for the year. Mutual depositors increased by 581,533, a total of 16,902,762 accounts in 1945.

Interest-dividends paid to depositors remained stable, emphasizing continued limited investment possibilities, the average rate paid upon deposits being 1.68 per cent. The average deposit in "regular accounts" (excluding special purpose accounts such as Christmas Clubs, school savings, etc.) amounted to \$1,104.06, and the overall average deposit was \$907.08.

Combined surplus of mutual savings banks reached the peak figure of \$1,628,857,713, an increase of \$174,119,405 over the total for 1944. This established a ratio of surplus to deposits of 10.6 per cent, one of the most substantial ever afforded any large sum of small capital.

COMMENTING on these record gains, Isaac W. Roberts, president of The Philadelphia Saving Fund Society and of the National Association, said:

"The fact that such a large segment of the American public is entrusting its savings to our mutual savings banks is an indication of the determination of the people to build up reserves against the uncertainties of the future in peacetime as well as in war. It is apparent that a nationwide orgy of spending now would accelerate current inflationary trends. To guard against this contingency, mutual savings banks are exerting all their influence. Much is being accomplished by a definite program of public education through advertising, public addresses and everyday customer contacts. By constantly preaching the philosophy of thrift and careful spending, mutual savings banks are making a vital contribution to the welfare of our country and helping to maintain the stability and integrity of our economic system."

The cynics are not certain whether some foreign nations are looking for succor or a sucker.

North of the Border

CANADIAN industry was quite seriously threatened by the American steel strike. While Canada doubled her basic steel productivity during the war and installed many new alloy and carbon units, she still has to import from the United States a large variety of steel products, such as structural material and sheet metal. A modified form of steel control, to direct available supplies to the most essential consumers, was imposed in Ottawa immediately the strike was called in the United States, and domestic producers were urged to step up their output as much as possible.

This strike is apt to have more serious repercussions in Canada. About the time, a few weeks ago, that comparisons between labor troubles in the United States and Canada were in order—with self-congratulations that only 150 Canadian workers were on strike, against a million and a half Americans—a movement, encouraged by the CIO strategy in Washington, got under way to bring working conditions and wage rates in the two countries more into line. Thus a steel employees' union resolved to press for a 40-hour week, with the same take-home pay as for a 48-hour period.

If this drive is successful similar moves can be expected by other labor organizations. It might be explained that there is no standard 40-hour week in Canada and that overtime is seldom paid until 48 hours are put in. Take-home pay therefore has not suffered as much reduction as in the United States and consequently less dissatisfaction has occurred since overtime war work ended. Canadian labor, however, has fared well, its basic wage rates rising by nearly 20 per cent over the increase in living costs. After allowing for layoffs from war work the aggregate of Canadian payrolls shows a net reduction of not more than 10 per cent. This decline would not involve hardship for Canadian workers. Yet leftist labor elements seem bent on following the lead of their American fraternity, to press for wartime wages at the expense of the general public.

Coincident with the Dominion Government's lifting of price ceilings on about 300 commodities in recognition of uneconomic prices for the relative products (incidentally, none of these is of staple character or in acute short

supply) was official encouragement of a 5 per cent increase in the general wage level, accompanied by an announcement that collective bargaining would be permitted to reach that objective. But that is not enough to satisfy militant labor leaders.

The critical world food situation is of as much concern to Canada as to other countries. Canada's food exports in 1945 were valued at nearly 1¼ billion dollars, over \$100 million more than in 1944, notwithstanding a decline of about 15 per cent in farm production last year owing to unfavorable crop conditions. Included in these exports of 1945 was a variety of foodstuffs to the United States valued at over \$300 million. Some of these food shipments to the United States were for reshipment to other countries, Canadian wheat milled in bond for Cuba, for example.

ADDITIONAL food exports from Canada would seem to require not only some diversion of non-European and non-British shipments, as well as stricter rationing, but official requisitioning of some supplies that now go to various domestic processing plants, including distilleries. In wheat alone Canada has a total stock of about 200 million bushels and could export with reasonable safety another 150 millions by next July,

Here are five of Canada's best-known assets—the Dionne quintuplets. In the picture they're officiating at the coronation of Frances Frair as "Snow Queen of the North" at the North Bay, Ontario, winter carnival. In case you can't name 'em: l. to r., Emilie, Yvonne, Cecile, Annette and Marie. Lower right, Barbara White, a title contestant



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The heavy drain upon Canada's food stores will probably result in some further inducements to higher food production in the next crop year which, it is to be hoped, will open earlier than in 1945 and be generally more favorable for planting and growing. Such conditions are to be hoped for not only to maintain food exports on their present high level but, also, to make ample provision for next Summer's tourist trade, which may be of record proportions. Canada, a vast and unique tourist land, has of course become better known in other countries because of her war efforts.

which would bring total exports to nearly 350 millions for the crop year ending that month. This would be the largest supply of wheat available to deficit countries.

It is realized by those interested in tourist trade that transportation and accommodation facilities must be improved as soon as possible. These facilities have been maintained in as good condition as circumstances would permit, but they have of course been subjected to more than ordinary wear and tear during a period of inadequate replacements.

While overcrowding of year-round routes and hotels, as well as shortages of labor and materials continue, renovation and expansion of tourist facilities cannot fully be undertaken, but much can, and probably will, be done in the next six months in districts catering to seasonal trade by individuals and groups of local citizens to prepare better accommodation for visitors in the Summer of 1946. By that time congestion on the railways will have been relieved by the completion of the heavy troop movements.

The clearance of these routes for civilian traffic and the reasonably good state in which Canada's large highway system has been maintained promise easier, more comfortable traveling conditions to the forests, mountains, lakes, streams, and ocean resorts that make Canada a tourists' wonderland.

Pilots in Blue Denim

(CONTINUED FROM PAGE 51)

Usually he drives directly to the ranch headquarters where a farm truck or pickup has been left for him. Or he may drive to another place where he finds a horse in a small "trap"—which in ranch lingo means a small horse pasture. He saddles up the horse, takes along a hammer and staples, and rides along the fences to keep them in repair. Windmills must be checked, too. They're often damaged by high winds and since cattle depend upon them for water, they must be kept in good shape.

Sooner or later one of these ranchers mentions shooting coyotes from airplanes. That seems to be a favorite sport all over the Southwest and in Kansas and Nebraska as well. Some of the ranchers serve as "spotters" for their passengers, usually city sportsmen who are eager to test their marksmanship against the wily prairie wolves. Thousands are shot each year in this manner.

"Down" cattle are easily located from the air. Howe mentioned one time when he located a missing steer for which he had been looking for several days.

VISITORS to the high plains of Texas usually complain of the strong winds that blow almost constantly. Texans are used to the wind although they sometimes complain because their little ships are grounded by them. Ordinarily, however, these winds do not handicap fliers because a plane must head into the wind either when taking off or landing. Finding a landing place apparently is no problem, either. Landing a plane in a rough country is no harder on the ship than on an automobile driven over the same kind of terrain.

Howe has a rubber cushion on his plane elevators. This keeps them from being damaged by the brush. Also, he's learned that a metal fuselage is more practical than a fabric-covered one. I asked him why. His answer was unexpected.

"Cattle won't leave a fabric-covered fuselage alone," he said. "They'll rush up to a plane after it comes to a stop in their pasture and start licking the fabric. The glue has a strong appeal to them. It doesn't take long for their tongues to rasp a hole into the wing."

All over America, but principally in the wide open reaches of the Southwest, these little planes are coming into their own as a vehicle for air-minded agrari-

ans. Many of the boys who flew high-powered, complex, pursuit ships and huge bombers in the war are returning to the farms and ranches. Colonel Taylor says that many cattlemen consult with him regarding ships for their sons when they're discharged from the Air Corps. Other boys served in the ground forces and are fully acquainted with the mechanical problems of servicing planes. Their plans include operating small airports or buying little planes

so they can give flying lessons. One unofficial estimate is that more than 300,000 privately-owned planes will be flown in 1948 compared with about 25,000 five years ago.

If that is the case, it will be only a short time until bankers are handling "airplane paper" as casually as they made loans to purchase new cars back in 1940 and 1941. And many of those loans will go to flying farmers and ranchers.



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A Management-Staff Council

(CONTINUED FROM PAGE 35)

"official" judgments. But as of today, it seems to sum up like this:

(1) Thus far we haven't produced the creative thinking on operating problems some of us had anticipated; on the other hand, the Council's contributions to the personnel program have been tremendously helpful.

(2) Interest on the part of the staff at large has not developed as we had hoped; but those active in the Council and on its committees are keenly interested and we may anticipate this will spread as time goes by.

(3) Employee delegates have had a tendency to reflect management rather than employee point of view, which is accounted for by the fact that employees have consistently elected senior and supervisory level employees who have thought in management terms for years. (Interestingly enough, predominantly feminine units will invariably elect male delegates!)

(4) Many of the problems handled by the Council could have been handled more expeditiously by management alone, but there are undoubted values in democratic participation which transcend mere considerations of expediency.

(5) There is a tremendous amount of clerical work for the Personnel Department in keeping the Council going. The Council members cannot be loaded with these details—they have their regular



A cross-section of the Wachovia staff as the Council's bowling league gets set for an evening of fun

jobs to do. But if the bank is willing to pay the bill and supply the staff, the work soon becomes part of the normal operation of the department.

You will appreciate how difficult it is to transpose a new experience in human relations into a documentary report. If you sat with us at the Council table you would become a part of it. You would hear the normal problems of living together discussed freely—you would watch the solutions shape up out of the thinking of the group—you would see employees growing in qualities of leadership. And you would probably wonder, as we do now, whether this is another Utopian dream or a new source of strength for private chartered banking in America.

Improved Protection Under Blanket Bonds

NEGOTIATIONS for improved protection under bankers' blanket bonds have been concluded by the A.B.A. Insurance and Protective Committee. The changes announced by the Surety Association of America include broadening of the following clauses:

(1) Premises insuring clause to include *loss of* furnishings, fixtures and equipment caused by larceny, theft, burglary or robbery, also damage to such property and to the bank's premises caused by vandalism or malicious mischief.

(2) Redemption of United States Savings Bonds insuring clause to specifically cover any loss through guaranteeing or witnessing signatures upon, as well as paying or redeeming, Series A to E bonds which have been forged, counterfeited, raised or otherwise altered, or lost or stolen, or on which the signature to a request for payment has been forged.

(3) Transit insuring clause in Form No. 24 to cover property of the insured bank while being transported by messengers of depository banks or public officials.

Details of these and other improvements in coverage and phraseology of the bonds are given in the February issue of the Association's *Protective Bulletin*.

No additional charge is made for the better protection, and endorsements or revised bonds to effect the changes should be received in the near future, by all banks insured under bankers' blanket bonds.

For Complete
Correspondent Service
in Atlanta

The
Fulton National Bank
of Atlanta
ATLANTA GEORGIA

Member of the Federal Deposit Insurance Corporation

Consumer Credit Digest

(CONTINUED FROM PAGE 46)

rent loads, even assisting dealers in taking over appliance market. This should make for better feeling among dealers who complained that utilities offered too many free services with appliances.

There is no way to foretell how far the program will go, nor how long it will last (possibly only until utilities regain prewar current loads), but the movement is definite and growing.

Kitchen Equipment Deliveries

Metal cabinet sinks and kitchen cabinets rolled from Edison General Electric (Hotpoint) assembly lines by the latter part of January, completing an all-electric kitchen package, according to a company official. Accelerated production would make possible "complete dealer stocks of cabinets and sinks across the nation by late Spring, with delivery to consumers by early Summer."

New Products

"Snoplane": A streamlined winter vehicle on skis, driven by small aircraft engine and pusher-type propeller, for use in cross-country transportation. Weighs 550 pounds, features glass-enclosed cabin with seating capacity of four, and sealed beam headlights. Likely customers will be trappers, telephone and telegraph linesmen, and field agents of the U. S. Bureau of Reclamation. Built by Davis & Price Co., Durango, Calif.

Junior tractor: A new idea in tractor design, to aid in mechanizing over

The Chase National Bank of New York is organizing a consumer credit department for the bank's head office and 27 branches in New York City. Department is designed to meet various personal requirements and will accommodate small businesses which prefer to utilize bank credit on an instalment payment basis.

three million farms of less than 40 acres which previously could not afford the least expensive tractor models. Retail price may be less than \$400. Model has engine in the rear, pushes tools ahead instead of dragging them behind it. Not expected on the market for at least a year. Allis-Chalmers is the company.

500-pound midget car: Currently being road-tested. Will sell for between \$500 and \$600. Salable stocks expected by June. Manufacturer: Bobbi Motor Car Corp., San Diego.

Precipitron and Bug Bomb: The first an electrostatic air cleaner developed by Westinghouse and produced in quantity during the war for use in manufacture of delicate military equipment, now to be built for home use. The latter is an aerosol insecticide dispenser ready for marketing nationally. The company will also, for the first time, enter the electric home heater field, developing markets in the Pacific northwest and mid-south.

"Cobra Tone Arm": Zenith describes as the "hit of the show" a new record player tone arm, reputedly child-proof. Because its operation is radionic, this arm is lighter than any other. Extreme lightness of pressure of filament on record (2/3 of an ounce) is expected to increase record life 1,000 per cent.

Television spot pickup unit: Spot visual pickups of newsworthy events—parades, sports events, fires and disasters—are made possible by a portable camera-transmitter unit built originally to help bombardiers steer their missiles directly to the target. Unit is light enough to be carried in an ordinary large-size suitcase, can be operated by battery if power line is not available.

If legislative bodies met less frequently they would not have the time necessary to pass unnecessary legislation.

Illiteracy may be a terrible handicap, but it protects a person from some of the novels now being published.

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1854

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Connecticut
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1850

FOUITABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA
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MR. BARRETT

Financial Counsel for Veterans

(CONTINUED FROM PAGE 36)

Through the "grapevine," word of this service has spread around, and veterans have come to this center from all parts of the state and from other states. Bridgeport easily leads the state in the number and amount of both home loans and business loans to veterans. During January, one Bridgeport bank alone approved 98 home loans, totaling approximately \$600,000, and in the same period refused about the same number and amount. The commercial banks have also made hundreds of business loans in varying amounts, for the most part of which the veteran was not required to make use of his GI benefits, but was able to save these benefits for a home loan.

WHEREAS business loans are necessarily for a short term, usually not more than a year, the home loan guaranty is twice as large and extends for a period of 20-25 years. The amount of saving in interest to a veteran on a business loan under the GI bill is perhaps one-tenth of what he could save under his home loan; and as any part of the guaranty once made cannot be used again, the veteran usually gains by retaining his full credit for a home loan.

Also, only a few business deals can be kept in a status quo pending the examination and appraisal by the Veterans Administration. On business loans, our bankers have been very liberal, but not

I have found GI Joe to be a most reasonable person. Though young in years, he has matured greatly under fire. He has learned, through necessity, to distinguish between the essential and the non-essential. He has had a wide experience in sizing up comrades, enemies, and superiors. He is alert for anything that savors of a "brush-off" or a "run-around," and wants to be shown facts. On the other hand, he is quick to recognize informed and friendly interest, the keynote of the Bridgeport plan.

to the point of carelessness.

Prominent business men and lawyers in the community are often called in for counsel on a business venture; and if a loan is not considered feasible, the veteran is shown why the proposed business venture would not be one in which he ought to risk his own money.

Bridgeport has an estimated veteran population of 25,000 who are prospective home owners, representing a total borrowing capacity of some \$150,000,000. The bankers feel that this virgin field for business during the next 10 years is something worth cultivating, and that the goodwill engendered by the current special effort on their part will pay handsome dividends.



Pat Uliano has a radio repair business

Someone has said the secret of a long life is hard work. Well, we always knew it wasn't so simple.

A tariff is a device by which one protected industry charges another protected industry too much.

It isn't true that red-headed women marry meek men. The men just get that way.

The coal companies might want to consider those rockets which will hurl a ton 60 miles.



General Oglethorpe Hotel, Wilmington Island, Georgia, is headquarters for this month; organization meeting of the International Monetary Fund and the Bank

WASHINGTON

(CONTINUED FROM PAGE 30)

one of them might easily attract large attendance, under present conditions prevailing in the national capital. The following are highlights of present trends:

(1) British loan. The President sent to Congress a special message asking for the approval of the publicized commitment for \$3,375,000,000. Representative Spence, chairman of the House Banking Committee, issued a statement promising full and free hearings on the proposal, which he endorsed. The bill, in the form of a joint resolution, is now before the two banking committees, with no early hearings indicated and prospects for favorable action considered gloomy.

(2) The labor committees of Congress are apparently ready to report out and support bills for raising the minimum wage up to around 65 cents per hour, leading to 75 cents in the course of three to five years. That there will be opposition to so sharp an increase is conceded and various compromises are expected to be offered.

(3) Considerable planning is going on for further control of bank holding companies. There are prospects for the introduction of a new bill, to replace one offered earlier, and specifically endorsed by the Federal Reserve Board. There seems to be, however, little more than a hope of such legislation being passed by this Congress.

(4) An initial review of the tax situation is slowly getting under way. The House Ways and Means Committee is now considering a fat volume study of a special subcommittee on social security taxes.

It is noted in that study that there are upwards of 50 proposals for Social Security law changes. Ahead of this same House committee is the proposal for changing the carry-back provisions of the tax law which, according to pro-labor forces, are being used to help break strikes. Farther ahead are plans for easing off some of the excise taxes.

(5) Among the financial agencies there are expanding plans. Included is the program of the Export-Import Bank, which is now entering upon a broader lending program abroad. To strengthen its staff the bank has added several new staff members. Among them is Sidney Sherwood, named 'secre-

Paul A. Porter, chairman of the Federal Communications Commission, was named director of the Office of Economic Stabilization when President Truman promulgated his new wage-price policy



tary to the board of directors. Mr. Sherwood has long worked among Washington's government agencies, including the Foreign Economic Administration, the War Production Board, the State Department. He is a Princeton University graduate and was formerly in the copper business.

Government Reorganization

(6) The Bureau of the Budget is now considering plans for more extensive government reorganization. An early product was the merging of the Smaller War Plants Corporation. Its lending business went to the Reconstruction Finance Corporation, and its advisory service to the Department of Agriculture. The change, however, was not well received in some Congressional circles. The House Small Business Committee issued a critical report, but it moved too late to stop the change.

(7) The Federal Deposit Insurance Corporation, under its new chairman, Maple T. Harl, is expanding its personnel. There will be more examiners in the field and an effort made to bring its work up to date, now that personnel for the work is returning from the armed services.

(8) A meeting of the representatives of the nations participating in the Bretton Woods Agreements is scheduled for early in March. A choice of headquarters for operations of the International Monetary Fund and the International Bank for Reconstruction and Rehabilitation will be among the decisions to be made.

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For Congressmen Only

ONE of the world's smallest banks is located in the Capitol, under the House of Representatives, reports *Pathfinder* magazine.

"It is run by Kenneth Romney, House sergeant at arms, and its membership is limited to Representatives (no Senators need apply). About 325 of them use it.

"Strictly speaking, it's not really a bank, since it's not incorporated, has no charter, pays no interest, and doesn't take deposits.

"What we really are,' Romney explains, 'is a disbursing agency under the U. S. Treasury. We get the Congressmen's paychecks to distribute, and most of them just leave the money here to accumulate. If they do, we give them checks to cash against their accounts just like a bank.'

"Romney estimates annual turnover at about \$12 million, including some cashing of personal checks for congressional clerks and secretaries.

"The sergeant at arms checks are usable anywhere, just like a bank check. Since they are, indirectly, checks against the U. S. Treasury, they're honored all over the world.

"There was a western banker, however, who didn't recognize a sergeant at arms bank check when he saw one, and thought he had caught a Congressman (a political opponent) trying to cash a phony check. He phoned all the way to Washington before he found out there really was such a bank."

Rockefeller Center Theatre, New York, interim meeting place of the UNO General Assembly



INTERNATIONAL
BANKING

Houses for Veterans?

(CONTINUED FROM PAGE 66)

asked to encourage production by absorbing undue risks in developing these materials. This contribution is expected to amount to about 20 per cent of the total outlay or \$200 million.

Rapid tax amortization of new plant facilities which produce new materials or manufactured homes is also called for.

New Workers. Materials and labor are the twin shortages that constitute the present emergency. The new program contemplates the recruitment and training of 1,500,000 additional on-site and off-site workers by the middle of 1947. This would more than triple the present force.

To attract workers to the industry, it is proposed to raise wage rates where they are abnormally low, and, where no other course is possible, to make premium payments to cover wage increases.

Postponement of Non-Essential Construction. Non-residential construction, whether private or public, is to be deferred to allow the veterans' emergency housing program to go ahead at full speed. In order to divert materials and manpower to the program, it is proposed not only to postpone the initiation of non-essential building, but even where necessary to defer the completion of projects already started.

Local emergency housing committees are to determine, on the basis of specified standards, what construction currently under way is essential and should be continued, and what further permits should be issued for non-residential construction.

Land and Facilities. The program states that while it is clear that the central responsibility for the provision of building lots and the furnishing of utilities rests with the community, it may be necessary for the Government to assist in providing facilities and developing sites.

Priorities and Allocations. It is proposed that the greater amount of materials will be channeled, by means of priorities and allocations, into homes selling for \$6,000 or less or renting for not more than \$50 a month. It is not proposed, however, to change the present Civilian Production Administration priorities regulations, under which the ceilings are \$10,000 selling price and \$80 rent.

Price Controls. Strict control over prices of materials is asked in the program, as well as a continuation of rent

control and the authorization of ceilings on prices of new and existing housing and on building lots in urban areas.

Financing. Presumably the greater number of the individual homes built under this program will be financed with veterans' guaranteed or insured loans. A proposal is made, however, for the insurance of 90 per cent loans to builders, based on necessary current costs of construction rather than on long-term economic value. This financing is along the lines of Title VI of the National Housing Act, and is intended primarily to encourage construction of rental housing.

Community Participation. The new program is dependent for success on cooperation at the community level. Where they do not exist, emergency housing committees will be formed, composed of representatives of local government, veterans, labor, builders, material producers, financing institutions, and other interested groups, which will undertake to clear away any obstacles that might impede the progress of the program in their localities.

Legislation. In order to implement the program, a variety of new legislation is necessary. It is estimated that an appropriation of \$600 million will be needed for premium payments for increased production of materials. Funds must be provided for research into new construction methods and materials, and for the costs of developing them. The rapid tax amortization of new plant facilities calls for permissive legislation, as does the insurance of 90 per cent loans to builders based on current costs.

The program also asks for the extension to December 31, 1947, of the authority for priorities and allocations,



"This letter complaining about housing conditions is from a dangerous crank. . . . He threatens to move in with me!"

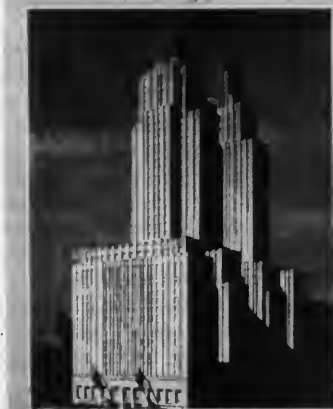
which is now scheduled to expire next June. An appropriation of \$250 million is needed to finance the relocation and conversion to temporary housing of surplus Army and Navy barracks which it is estimated will furnish 100,000 units. The proposed extension of price controls requires additional legislation. The program also asks for the adoption of the Wagner-Ellender-Taft Bill.

Mortgage Bulletin

The principle and the benefits of solar orientation are discussed in the March bulletin which the American Bankers Association Advertising Department is sending to banks as the fifth in its mortgage merchandising series.

Film for Home Planners

Westinghouse Electric Corporation has a new film, "The Dawn of Electrical Living," for showing to groups such as home planners' clubs. Prepared by the Walt Disney studios, the color picture is designed to inform the public of the importance of adequate wiring.



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The Deposit Slip Trick

(CONTINUED FROM PAGE 43)

fore they close. Here—this may help to identify me." From his wallet he took a Merchant's National Bank slip, showing a deposit of \$125 made that same day. The Merchant's National stamp, "duplicate," with the date, and the teller's initials written across it, carried immediate conviction.

Almost automatically young Bumiller turned the check over and handed it back to the customer, proffering him also a pen. In the rush of the day's business all thought of the deposit slip warning had left his mind. With a number of people waiting in line and the doors of the bank about to close, he was intent on getting through for the afternoon without needlessly offending a customer by holding everything up while he verified an obviously convincing account and signature.

"Just endorse this, if you will, Mr. Saunderson," he asked, "as a precaution, since I'm not personally acquainted with you."

Obligingly, Saunderson endorsed the check. The two signatures agreed perfectly. Clearly, the customer presenting this check had written it himself, on his own account. Quite sure that he was merely doing a slight favor to one of the bank's depositors well known at another branch, Bumiller reached into his currency-drawer and asked:

"How would you like it, sir?"
"Oh, tens and a five."

It was not until that moment that the number written on the upper corner of the check caught Bumiller's attention: 42,593. That was a big number. Suddenly one of the sentences that he had read that morning clicked in his mind: "A peculiarity that may identify him is his habit of using an unusually high numeral on the worthless checks that he presents." And a genuine deposit slip as identification!

"Excuse me a moment," he said, turning his head and listening as if he had heard someone calling him from the rear of the room. Then he stepped out of his enclosure, asking a clerk at a desk behind him to keep his eye on the cage.

What had that warning notice told him to do? Notify the Comptroller's Office immediately! Okay! But before he could even get to a telephone he saw his "Mr. Saunderson" leave the window, warned by a crook's quick intuition that something had gone wrong, and start for the door of the bank.

"Without his money!" raced through

Bumiller's mind. The check was already stamped and out of reach. It was an absolute give-away!

"Stop that man, Harry!" he called to the bank's uniformed attendant and day watchman. But before Harry, himself no longer young, could interfere the forger had disappeared.

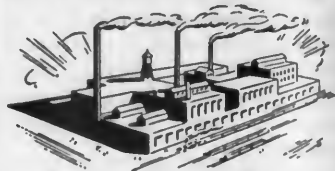
When Dade Bumiller went into action he went in all over. Chagrin flooded over him like fire at the thought he had let a crook fool him so easily, even after being forewarned. But even while the sense of humiliation was searing him, he had pushed through a swinging door and was running for the bank's entrance.

It was a long chase. The forger was a good runner, with a big head start. But Bumiller was better, and the run finally ended at a crowded intersection, with Bumiller clutching at his quarry and gasping at the same time to a traffic policeman: "Arrest him! I'm from the Merchant's National Bank!"

"Well," the branch manager told his young teller, after it was all over, "it was —er—highly unorthodox. But it was —er—good work. We won't forget it."

SPIRIT of '46

BUILDING AMERICA



THE SPIRIT OF '46 is that of a nation alert to tomorrow, manifest in the functional design of modern industrial buildings created for new beauty and utility. Apparent, too, is the modern protection, the enlightened efficiency which bring eminence to Illinois' oldest and largest fire insurance companies.

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MILLERS NATIONAL

Insurance Company

ILLINOIS FIRE

Insurance Company

HQME OFFICE: CHICAGO

Prefabrication Is Still Young

(CONTINUED FROM PAGE 60)

particular unit of the same type. If an investor can save \$500 on each of 100 units in his project, that means his equity can be \$50,000 less than otherwise, increasing the return on his investment.

"In the past 10 or 15 years we have fully demonstrated that prefabricated sections are practical and economical. Today the cost of our prefabricated parts is about one-third of the total cost of the finished unit, and the percentage is steadily growing as increased use is made of prefabrication."

The chief problems of the industry in the future, he said, will be to keep pushing up the percentage of prefabrication in housing as a whole, to try to have some prefabrication included in every house, and to intensify research and development of new materials which can be used in prefabrication to improve the quality and liveability of houses.

His company maintains research laboratories, cooperating with manufacturers of raw materials and contractors, which constantly experiment not only in methods of standardizing parts, cutting costs and shortening the time of construction, but also in the use of new materials and types of construction in order to increase flexibility and beauty of design and utilization of space so as to give more for the money, extend the life of the house, and create high re-sale as well as first-hand values.

Architects and buyers, Mr. Taylor added, are able to make their own choice as to architectural design, exterior appearance, surfaces, color composition, room sizes and other arrangements, since the basic prefabricated parts can be put together on the "chassis" of the house in a wide variety of selection.

DISCUSSING the question of centralization vs. decentralization in prefabrication, Mr. Taylor said that if the country is to reach the post-reconversion goal of 1,000,000 residential units a year for some years to come, as most experts agree is essential to solve the housing problem, prefabrication will be called upon to play a large part, and will need to rely largely upon volume production, sound engineering, and efficiency in order to achieve the lower costs, improved quality and better design needed to satisfy the demands of the average consumer for decent housing at low cost.

Nevertheless, he did not believe that

completely centralized mass production, as in the automobile industry, would be effective in housing. He favored assembly at the site and regional prefabrication plants, such as already in use by his company, as more economical and practical than a central plant, and also as making possible the greater variety and flexibility in choice of parts demanded by home purchasers, compared to the greater standardization accepted by automobile buyers, and as avoiding the necessity for the dislocation of existing craft unions which might follow the adaptation of the Detroit idea to prefabrication.

Any savings in manufacturing costs from full mass production procedure in a big central plant, like an automobile plant, he argued, would be more than offset by additional transportation costs in shipping bulky housing sections long distances across the country.

Accordingly, his company has committed itself to plants serving a territory of 200 to 300 miles each. However, he said, it might prove economical to manufacture certain lighter sections, which would cost less to ship, at a central plant as far as 750 miles from the site, especially after a sufficient volume of business had been built up at the regional plants so that there would be enough of the lighter pieces required to insure a substantial saving by producing them at a central plant.

"However," he added, "the industry

is still young, and it is too early to attempt definitive answers to all such problems. Exceptions may come up from time to time."

Asked for suggestions on how banks could cooperate in the distribution and financing of prefabricated housing, Mr. Taylor gave this threefold answer:

"First, by informing themselves on what prefabrication really is and what it actually can do;

"Second, by promoting housing in general, working to make building codes reasonable and fair, and acting in every other way possible to secure general community cooperation;

"Third, by analyzing the housing needs of their communities, not only from the single angle of home ownership, but also from the viewpoint of rental property."

He explained his third point by saying he felt many bankers have "owneritis," with the result that they do a good job in financing home ownership but fail to go out after the 50 or 60 per cent of the market involved in financing rental property and fail to interest investors in rental investments.

Because many banks have failed to recognize that every community needs a goodly percentage of rental housing, and that some people don't want to buy or shouldn't buy their own homes, he asserted, an inflation of real estate prices often occurs in communities because of a shortage of rental property.

"Special Correspondent"

In newspaper work, a "special correspondent" is distinguished by ability to carry out difficult or unusual assignments. Among banks there are also "special" correspondents, upon which other institutions may *always* count. In New England, the Shawmut is known for prompt handling of difficult or unusual situations and for its "outstanding strength" for 109 years.

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Your Reading

Bank Reports

FINANCIAL REPORTS OF AMERICAN COMMERCIAL BANKS. By *Reverend Brian A. Kirm*. The Catholic University of America, Washington, D. C. 366 pages.

PROFESSOR KIRN, head of the university's economics department, considers first the historical development of legal reports of commercial banks and then examines the character of annual reports being sent by banks to their stockholders.

As a sampling he analyzes 78 reports of the 200 largest commercial banks. He finds little uniformity in terminology in condition and income statements and notes that the reporting, especially of income, was "generally inadequate."

"From the point of view of content," he says, "most of the reports have been found wanting in several respects. They not only fail in the adequacy of their treatment of financial data, but also there is little uniformity among banks in this matter. The use of a varied terminology, the differences in the combination of items, present a considerable problem when it comes to comparing the financial position of different banks by means of the balance sheet. While fewer banks report the results of operations through the use of income statements, the problems of inadequacy and variation here are even greater.

"In most cases the narrative section is wanting from the point of information given, and lacking in life and appeal because of failure to include points of human interest. Judged by what an annual report should contain, even the 10 best reports among those examined perhaps should be pronounced only fair."

The first problem of bankers interested in promoting better annual reports, says Dr. Kirm, "must be to arouse a wider circle of their number to a sense of the obligation of reporting periodically to their stockholders." He asserts that in actual practice "it was found that only about 78 of the 200 largest banks in the United States submit annual reports." How long determination of whether stockholders and the public shall be given more information about bank operations will remain in the bankers' hands, he states, is problematical and he wonders whether a commission similar to the SEC will be created by law to supervise reporting.

"There are indications that seem to point in this direction. Certainly, it is more desirable that banks by measures of self-discipline make such means unnecessary."

Statement Analysis

PRACTICAL FINANCIAL STATEMENT ANALYSIS. By *Roy A. Foulke*. McGraw-Hill Book Company. 681 pages. \$6.50.

MR. FOULKE's experience in business statistics is well known. For many years manager of the specialized report department of Dun & Bradstreet, Inc. (of which agency he is now vice-president), he annually compiled the 14 leading ratios for 78 lines of manufacturing, wholesaling and retailing—ratios that are used by thousands of business men.

The present book is written for the practical use of the banker, business executive, accountant and credit man. It is divided into seven parts: the background of analysis, the analysis of small business enterprises, the internal analysis of balance sheets, their comparative analysis, analysis of profit and loss statements, analysis of surplus accounts, and the evolution and limitations of accountancy.

Students using it as a text find questions and problems at the end of each chapter—practical examples to illustrate the techniques outlined. Mr. Foulke, an occasional contributor to *BANKING* ("New Business Opportuni-



"Book of the month"—the income tax form!

ties," in the February issue, was his most recent article), is a widely recognized authority and the reader and student of this text can share here in his long experience and study in a field that commands increasing attention, especially in a period of expanding business.

Commercial Law

CREDIT MANUAL OF COMMERCIAL LAWS. National Association of Credit Men. 774 pages. \$6.50.

THE 1946 edition is the 38th annual appearance of this handbook of the laws of trade. It provides a discussion of the legal steps in credit transactions from receipt of an order until the account is collected. A special check list

"I'm having the library completely done over, dear — all new books!"



BARNEY TOBEY IN THE NEW YORK TIMES BOOK REVIEW

BANKING

of the steps is offered as an introduction. The book centers around the basic laws of contracts, sales, regulation of corporations in trade, secured sales contracts, etc.

Our Southern Neighbors

INDUSTRY IN LATIN AMERICA. By George Wythe. Columbia University Press. 371 pages. \$4.

DR. WYTHE surveys the industrial aspects of Latin American economies, presenting statistical and factual material particularly useful to students, teachers and others who are interested in world affairs.

Chapters discuss the extent and nature of industrialization, raw materials and fuel, capital and free enterprise, limitations of the market, government and industrial, and detailed consideration of the 20 republics.

Britain

GREAT BRITAIN IN THE WORLD ECONOMY. By Alfred Edward Kahn. Columbia University Press. 314 pages. \$4.

THE change in Britain's economic position between the two world wars is here studied. The book deals with causes, implications and consequences, viewed in the light of the theory of international equilibrium. Britain's balance of payments, which chart variations in her world economic position, and the factors involved, are investigated. The au-



"You're sure you can't find anything in your law books that'll make our neighbor stop buying things we can't afford?"

thor also relates the international phase of British economy to the broader local processes. In general, his concern is with "the material welfare of the British people."

Study of Trusts

AN INTRODUCTION TO THE STUDY OF TRUSTS. American Institute of Banking, New York. 130 pages. \$1.50 to Institute members and bankers.

THIS little book is designed as the basis for a short course in trusts. It will be especially useful to new employees of trust institutions and departments, and also valuable to employees in other departments of commercial banks.

Chapter subject matter explains how trust departments settle estates, serve individuals and business, how trust property is invested and safeguarded, how the trust department operates, and what trust business means in everyday life.

The course based on this text, which can be taught over a period of 10 to 12 hours, should be considered a supplement to the Institute's curriculum and not as a substitute for other trust courses offered by the A.I.B.!

A 12-page glossary of trust terms concludes the volume.

William A. Irwin, National Educational Director of the Institute, says in a preface, that the "Introduction" attempts to meet the need "for an understanding of the fundamentals of trust work," which is greater than ever "because of the increasing number of moderate sized and even small estates and trusts which trust institutions are being called upon to handle."

There is a lot of difference between the term "fat-head" and "overhead."

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L. H. LINDEMAN
Treasurer

February 8, 1946

March 1946

BANKING'S Advertisers

March 1946

AETNA LIFE AFFILIATED COMPANIES....Cover III <i>Wm. B. Remington, Inc.</i>	FIREMAN'S FUND INSURANCE COMPANY INC..... 20 <i>North-Pacific Advertising Agency</i>	MORaine HOTEL..... 128 <i>Harry Atkinson, Incorporated</i>
ALLEN WALES ADDING MACHINE CORPORATION.....Cover IV <i>The Caples Company</i>	FIRST NATIONAL BANK OF CHICAGO.... 86 <i>Foots, Cone & Bolding</i>	NATIONAL CASH REGISTER COMPANY.... 16 <i>McCann-Erickson, Inc.</i>
AMERICA FORE INSURANCE & INDEMNITY GROUP..... 113 <i>Prince & Company, Inc.</i>	FIRST NATIONAL BANK & TRUST COMPANY OF OKLAHOMA CITY..... 123 <i>Erwin Wooley & Co., Ltd.</i>	NATIONAL SHAWMUT BANK, BOSTON... 131 <i>Doremus & Company</i>
AMERICAN APPRAISAL COMPANY..... 3 <i>Klau-Von Pietersom-Dunlap Associates, Inc.</i>	FOX RIVER PAPER CORPORATION..... 29 <i>Scott-Telander</i>	NATIONAL SURETY CORPORATION..... 117 <i>Averell Broughton Advertising Agency</i>
AMERICAN CREDIT INDEMNITY COMPANY.. 95 <i>Von Sant, Dugdale & Company</i>	FRIDEN CALCULATING MACHINE COMPANY George I. Lynn Advertising	NATIONAL UNION FIRE INSURANCE COMPANY..... 108 <i>Parker-Allston Associates, Inc.</i>
AMERICAN EXPRESS TRAVELERS CHEQUES. 100 <i>J. M. Mathes, Inc.</i>	FRIEHAUF TRAILER COMPANY..... 74 <i>Schipper Associates</i>	NEW YORK HANSEATIC CORPORATION.. 3 <i>Albert Frank-Guenther Law, Inc.</i>
AMERICAN NATIONAL BANK & TRUST COMPANY, CHICAGO..... 110 <i>Albert Frank-Guenther Law, Inc.</i>	FULTON NATIONAL BANK..... 124	NEW YORK TRUST COMPANY..... 125 <i>McCann-Erickson, Inc.</i>
AMERICAN SURETY COMPANY..... 31 <i>Albert Frank-Guenther Law, Inc.</i>	GENERAL ELECTRIC COMPANY..... 5 <i>Foster & Davies, Inc.</i>	NORTHERN TRUST COMPANY, CHICAGO.. 102 <i>J. Walter Thompson Company</i>
AMERICAN TELEPHONE & TELEGRAPH COMPANY..... 88 <i>N. W. Ayer & Son, Inc.</i>	GREAT AMERICAN INSURANCE COMPANY.. 90 <i>Cecil & Presbrey, Inc.</i>	OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY..... 133 <i>Blakemore Company</i>
ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC..... 14 <i>Campbell-Ewald Company, Inc.</i>	HALSEY STUART & CO., INC..... 119 <i>Doremus & Company</i>	OTIS ELEVATOR COMPANY..... 7 <i>G. M. Basford Company</i>
BANCO COMERCIAL ANTIQUEBENO..... 12 <i>Albert Frank-Guenther Law, Inc.</i>	HAMMERMILL PAPER COMPANY.....84, 85 <i>Batten, Barton, Durstine & Osborn, Inc.</i>	PARSONS PAPER COMPANY..... 24 <i>Wilson, Haight & Welch, Inc.</i>
BANK BUILDING & EQUIPMENT CORPORATION..... 10 <i>Krupnick & Associates</i>	HEDENKAMP & COMPANY..... 109 <i>Martin Advertising Agency</i>	PHILADELPHIA NATIONAL BANK..... 19 <i>Albert Frank-Guenther Law, Inc.</i>
BANKERS DEVELOPMENT CORPORATION.. 114 <i>Bryant Griffin</i>	HOME INSURANCE COMPANY..... 87 <i>Albert Frank-Guenther Law, Inc.</i>	PHOENIX INSURANCE COMPANY, THE... 126
BANKERS TRUST COMPANY..... 25 <i>Cowan & Dengler, Inc.</i>	HORNBLOWER & WEEKS..... 4 <i>Abbott Kimball Co., Inc.</i>	POLK & COMPANY, R. L..... 125
BANK OF AMERICA, N.T. & S.A..... 18 <i>Charles R. Stuart, Inc.</i>	INSURANCE COMPANY OF NORTH AMERICA COMPANIES..... 77 <i>Alley & Richards Co.</i>	PUBLIC NATIONAL BANK & TRUST COM- PANY OF NEW YORK..... 133 <i>Rose-Martin, Inc.</i>
BANK OF MONTREAL..... 6 <i>Doremus & Company</i>	INTERNATIONAL BRONZE TABLET CO., INC. 114 <i>Will Burgess and Company</i>	RAND McNALLY & COMPANY..... 115 <i>Needham, Louis and Brorby, Inc.</i>
BEECH AIRCRAFT CORPORATION..... 32 <i>The McCormick-Armstrong Company</i>	INTERNATIONAL BUSINESS MACHINES CORPORATION..... 89 <i>Cecil & Presbrey, Inc.</i>	RECORDAK CORPORATION.....80 81 <i>J. Walter Thompson Company</i>
BURROUGHS ADDING MACHINE COMPANY Campbell-Ewald Company	IRVING TRUST COMPANY..... 135 <i>J. Walter Thompson Company</i>	REMINGTON RAND, INC. (SYSTEMS DIVISION)..... 121 <i>Addison Vars Company</i>
CASE COMPANY, J. I..... 58 <i>Western Advertising Agency</i>	LAMONTE & SON, GEORGE..... 2 <i>Samuel C. Crool Co., Inc.</i>	ROYAL BANK OF CANADA..... 12 <i>Albert Frank-Guenther Law, Inc.</i>
CHASE NATIONAL BANK OF THE CITY OF NEW YORK..... 55 <i>Albert Frank-Guenther Law, Inc.</i>	LAWRENCE SYSTEM..... 21 <i>McCann-Erickson, Inc.</i>	ST. LOUIS TERMINAL WAREHOUSE COMPANY..... 106 <i>Christy Humberg Advertising Agency</i>
CHESAPEAKE & OHIO RAILWAY COMPANY Kenyon & Eckhardt, Inc.	LIBBEY-OWENS-FORD GLASS CO..... 28 <i>Fuller & Smith & Ross, Inc.</i>	SMITH & CORONA TYPEWRITERS, INC., L. C. 91 <i>Newell-Emmett Company</i>
CITY NATIONAL BANK & TRUST COMPANY, CHICAGO..... 109 <i>George H. Hartman Company</i>	MANUFACTURERS NATIONAL BANK, DETROIT..... 128 <i>Edwin Bird Wilson, Inc.</i>	STATE FARM MUTUAL AUTOMOBILE INSUR- ANCE COMPANY..... 107 <i>Needham, Louis and Brorby, Inc.</i>
COMMERCE CLEARING HOUSE, INC..... 15	MANUFACTURERS TRUST COMPANY, NEW YORK..... 83 <i>McCann-Erickson, Inc.</i>	STATE OF FLORIDA..... 130 <i>Allied Advertising Agencies of Florida</i>
CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO..... 93 <i>Dancer-Fitzgerald-Sample, Inc.</i>	MARCHANT CALCULATING MACHINE CO.. 94 <i>Brisacher, Von Norden & Staff</i>	STATE OF TENNESSEE, INDUSTRIAL..... 4 <i>C. P. Clark, Inc.</i>
CONTINENTAL MOTORS CORPORATION.. 27 <i>Wallace Lindeman, Inc.</i>	MARINE TRUST COMPANY OF BUFFALO... 11 <i>Batten, Barton, Durstine & Osborn, Inc.</i>	TENSION ENVELOPE CORPORATION..... 22 <i>Abbott Kimball Co., Inc.</i>
DE LUXE CHECK PRINTERS, INC..... 11 <i>Presba, Fellars & Presba, Inc.</i>	MAYFAIR HOTEL..... 114 <i>Gardner Advertising Company</i>	THE TEXAS COMPANY..... 131 <i>World Wide Advertising Corp.</i>
DEVINE & CO., INC., C. J..... 6 <i>Doremus & Company</i>	MERCANTILE COMMERCE BANK & TRUST COMPANY..... 112 <i>Oakleigh R. French and Associates</i>	THE TODD COMPANY, INC..... 13 <i>Merrill Anderson Company</i>
DOUGLAS FIR PLYWOOD ASSOCIATION.. 105 <i>The Condon Company, Inc.</i>	METROPOLITAN OAKLAND AREA COMMITTEE..... 99 <i>Emil Reinhardt Advertising Agency</i>	UNITED STATES BRONZE SIGN CO., INC.... 126 <i>Ray-Hirsch & Waterston</i>
DOUGLAS-GUARDIAN WAREHOUSE CORPORATION.....Cover II <i>Merrill Anderson Company</i>	MILLERS NATIONAL INSURANCE COMPANY 130 <i>Doremus & Company</i>	UNITED STATES GUARANTEE..... 111 <i>Bruce Angus Advertising Agency</i>
ECUSTA PAPER..... 120 <i>Fred Rudge, Inc.</i>	MINNEAPOLIS MOLINE POWER IMPLEMENT CO..... 92 <i>Groves & Associates</i>	WALDORF-ASTORIA HOTEL..... 129 <i>Kenyon & Eckhardt, Inc.</i>
FIDELITY & DEPOSIT COMPANY OF MARYLAND..... 26 <i>Merrill Anderson Company</i>	MONROE CALCULATING MACHINE CO., INC. 8,9 <i>Alley & Richards Co.</i>	WESTINGHOUSE ELECTRIC CORPORATION. 96, 97 <i>Fuller & Smith & Ross, Inc.</i>
		WILLARD HOTEL..... 131 <i>Ramer Advertising Service</i>
		YORK MICROSTAT CORPORATION..... 103 <i>Roy S. Durstine, Inc.</i>

28
16
31
17
08
3
25
02
33
7
24
19
26
25
33
15
81
27
12
06
91
07
30
4
22
31
13
26
11
29
97
31
03
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THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

THE OUTLOOK. How to get rid of the price control blues without catching something worse is a question that is bothering business a great deal.

Opinions of business leaders vary greatly but seem to favor a major operation eliminating most of the complicated price machinery on the theory that everyone would be better off in the long run to get the ordeal over with.

The consensus of a great many individuals, whose views were sought on this point, is that the way to resume competition is to resume. They know there would be a period of difficulty and gyrating prices and that some exceptions should be made in the categories of food, shelter and clothing but the general tendency is to borrow a leaf from the philosophy of Salmon P. Chase who, when he was Chief Justice of the Supreme Court in 1866, wrote to Horace Greeley "The only way to resumption (of specie payments) is to resume."

Everyone engaged in business today knows of manufacturers who are making things but not shipping them, of distributors who are not distributing, and of many situations where business is not functioning because it would lose money under present price limitations.

There are those, of course, who feel that strict controls are essential but there is certainly a very powerful belief among business men that it would be better to bring whatever inflation there is right into the open where it can be shot at instead of allowing it to fester in the black market.

Prevailing Opinions

Other frequently expressed opinions of business leaders, gleaned from correspondence with several thousand throughout the country, are briefly:

Inflation is not coming because it is here.

Get production going by means of the right price policies because that is the best safeguard, in the long run, against price inflation.

Have more faith in the laws of supply and demand and less in artificial controls.

Balance the national budget.

Communities must stop looking to the Federal Government for handouts.

Channel government bond sales to non-bank investors by keeping the rate attractive.

Watch out for serious real estate inflation even if it means retaining strict controls.

Even with controls, production will burgeon because demand will find a way, but it takes longer.

Some employers are granting increases contingent on a rise in production and have thus been able to decrease unit costs and achieve lower prices.

The Old Spending Rut

While the attitude of both the public and public's servants toward business has changed greatly, and the problems are altogether different from, let's say, 10 years ago, the political formula follows the same old rut of spending Treasury dollars. This attempt to handle two exactly opposite situations by the same methods would seem to indicate a mental lag somewhere along the line, or a case of arrested political development.

During the great depression we had goods but lacked purchasing power. Today we have purchasing power but want goods, yet the remedy in both cases is supposed to come from the same bottle.

Fortunately there are powerful forces working for private business today which were much less in evidence 10 years ago. Their influence is in the direction of high production, more buying power and lower relative prices, the three main ingredients of a higher living standard.

One of these forces is the strong position that business occupies at the moment in public esteem simply because the public wants to buy and business wants to sell.

Price ceilings, labor disputes or anything else that even appears to block this pleasant relationship are beginning to annoy large numbers of people.

Then there is the fact that there are far more potential customers for all kinds of products than ever before. Ten years ago, for example, about half the families in the United States had incomes under \$1,200. Today only about 6 per cent are in that category. The number of families with incomes between \$1,000 and \$2,000 is just half what it was a decade ago. The number of families in all income groups above \$2,000 has increased considerably in the same period.

Millions of individuals have had an intensive education in the enjoyment of more and better things. They have traveled and seen new parts of the world and new ways of living. The effect has been the same as a vast and sustained advertising campaign to develop new markets.

Another thing that will contribute much toward expanding the public demand for goods is a new and more effective kind of merchandising that is being developed today. Radio, television, new techniques of printed advertising, packaging, also important improvements in distribution are basic elements in the process of increased demand, higher production, lower costs and better living.

There are those other familiar factors, of course, which are working on the side of private business; new products to be exploited, new materials to be developed, new modes of travel and a whole frontier of scientific developments.

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